



BOARD OF TRUSTEES MEETING
TUESDAY, January 20, 2015

Executive Suite Located at Highland Care Pavilion
1411 East 31st Street Oakland, CA 94602
Marla Cox, Clerk of the Board
(510) 535-7515

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:06 PM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Kirk E. Miller, Esq., Patricia Scates, Joe DeVries, Maria Hernandez, Tracy Jensen, Michele Lawrence, James Potter, Anthony Varni, Valerie Lewis, Esq., and Barry Zorthian, MD.

Excused: Kinkini Banerjee and Jim Lugannani

Non-Voting Members present: Dr. Joe Walker

TAB #1 UPDATE: CLOSED SESSION

Reconvene to Open Session

TAB #2 UPDATE: CEO Search Committee

Michele Lawrence, Chair, Search Committee introduced Lyn Brennan and Dr. Karen West from the firm of Heidrick & Struggles. Ms. Brennan explained the search process to the Board. Ms. Brennan will be leading the executive search piece and Dr. West will be heading up leadership consulting. Trustee Lawrence provided an update: the Search Committee will be meeting to review time lines, protocols, and ways in which they can manage the confidentiality process and keep the Board informed. She asked if any other member would be willing to join the Search Committee as the Committee has a vacancy. The search firm was asked for one or two of the toughest challenges about filling the position and they responded with (1) the cost of living in Bay Area, which could be dramatically different for their prospects; and (2) the dramatic change in the healthcare environment and AHS' financial challenges.

TAB #3 UPDATE: Financial Performance Improvement Plan

David Cox, Chief Financial Officer (CFO) provided a report. The CFO identified the preliminary need to improve overall performance by about \$80 million over the next 18 months. For this change management will need to implement about \$11.7 million in cost reductions between now and June which will annualize into over \$20 million in cost reductions. Finance continues to improve Revenue Cycle and has identified \$15 million in opportunities. Lastly, Med Assets has been tasked to complete an assessment of the cost structure

throughout the organization to identify about \$40 million in opportunity and come back by the end of January.

TAB #4 INFORMATION: Operations Overview

Mark Fratzke, Chief Operating Officer (COO) announced John Chapman as the Interim CAO for Highland; Kinzi Richholt, Chief Nursing Executive (CNE) will now report to operations as AHS thinks strategically about becoming a “magnet designated organization”. Mr. Chapman will partner with Dr. Mini Swift, Associate Chief Medical Officer, and Reshea Holman, Associate VP for Nursing to lead the Highland campus. The COO reported that in the month of January, San Leandro Hospital (SLH) had an average census of over 50; Alameda Hospital’s (AH) census is 57 today and last year in January it was 30. AH is above 70 ED visits a day and SLH is up to almost 100 a day. Mr. Chapman feels this increase could be from the sicknesses going around, the marketing and advertising in relation to SLH, and also the staff as they improved the processes in the ER as the “leaving without being seen” rate is only 1.5% now. Ambulance crews have commented that they love going to SLH as the wait time and transition time is a lot quicker. John George patient satisfaction in the month of January was in the 96th percentile which is the highest in like psychiatric facilities. At Highland, there is a 90% improvement in hospital acquired pressure ulcers with last quarter having zero hospital acquired pressure ulcers. The COO has been meeting with Dr. Walker, Dr. Parker and Dr. Peruzzi to increase Physician Engagement across the system. Board discussion ensued.

TAB #5 COMMITTEE REPORTS

- **Strategic Planning Committee Report**

Tracy Jensen, Trustee reported on behalf of Kinkini Banerjee, Chair. Orthopedic and Geriatric service lines are going through operational and financial review and will be brought to Strategic Planning Committee (SPC) meeting in March. Randy Rolfe, Interim AHP President, shared priorities and organizational goals: engage in regular consistent communication with the Alameda Health System physician community informing them AHP is real; outlining the benefits of participation; developing physician leaders and appointing any additional Board members. AHP intends to enroll 10-20 new physicians in the next 6 months. All pending managed care contracts are being evaluated to confirm the operational requirements could be met and the financial arrangement are appropriate to AHS. The COO provided an update on the Acute Tower which is on schedule and on budget; the planned opening date is April 2016. The departments/staff that need to move will need space by April 2016. The Board also discussed the 18-month strategic and organizational priorities; many of the cost saving and revenue cycle improvement plans involve reorganizing operations to ensure long-term sustainability. The 2015 work plan will be finalized at the March meeting.

- **Finance Committee Report**

Patricia Scates, Trustee reported on behalf of Jim Lugannani, Chair. The current draft of the County Agreement was reviewed with a note that there was limited change from December. The Interim CEO mentioned there were some direct negotiations with the County on additional terms that may be required; however, we appear to remain on track to complete the agreement for submission to the Board for approval prior to the current February interim expiration date. There is a steady increase in collections, but significant concern around the increase of past due accounts payable. The CFO indicated that approximately \$8 million of the \$12.8 million in the above 120 days category have agreed upon payment terms or are under dispute and he anticipates that past due payables will be back on track within the next few weeks with payment priority given to patient invoices related to care and local vendors. The Committee reviewed the fiscal 2016 operating budget presentation, including management performance improvement plan, which stimulated a discussion of the components of the plan including a potentially aggressive operating ratio target based on past and current performance and the need to implement efficiencies rapidly. The Committee approved the Revised Signatory Authority Policy and a 6-month extension of the Pro Transport agreement.

Audit & Compliance Committee Report

Kirk Miller, Chair reported that we received the final audit report from the auditors. The Committee was surprised that the procedures around accounts payable were not rated as a deficiency and the reporting of those deficiencies, in as much as this has been one of our shortfalls in our financial performance. Valerie Lewis, Trustee, added her concern given the auditor's awareness of the issue prior to the termination of the audit, that there were accounts they could not collect on, and that there was a period in which there were no procedures in place to address the deficiencies. Trustee Lewis asked that newly acquired partners have an understanding of the policies, procedures and controls. Trustee Scates addressed her disappointment with the auditor when she came to present to the Board in December; she thought the auditor was going to give a full assessment and she felt it was embarrassing, frustrating and disrespectful to the organization. Michele Lawrence, Trustee requested that the audit be available on Board Effect. The Committee approved the plan Mr. Kibler created for this year which includes his reports on the controls over access to the IT system, performance of the Worker's Compensation program, and patient encounters without charges. The Chair stated we need to be doing a better job of billing for the services that we provide. Anthony Varni, Trustee stated that we had a budget that said we were going to make \$45 million but we lost \$39 million dollars and he asked is there anything in the auditor's report that identifies areas that caused the loss.

- **Governance Committee Report**

Trustee Lewis, Chair reported that the Committee discussed the Alameda Health Partners (AHP) Bylaws as they related to appointing physicians to AHP. The Bylaws were incorporated in April and the Board of Directors of AHP approved the bylaws in October with the request of adding Joe Walker, MD as the first Physician Director. The Committee discussed the relationship between AHP and current union employees in the context of AHS' status as a public hospital. Governance Committee recommended that the Board approve the appointment of Joe Walker, MD as Physician Director. There was a discussion about the community advisory council and strategy with a suggestion along with the Board of Supervisors that we reach out to faith based organizations as well as our own Board. The Committee discussed the annual community meeting and wanting to reach out to more constituents in different areas of the County. There was a discussion regarding the AHS BOT Bylaws; we need to go back to the Board of Supervisors (BOS) to be clear on what the status is of the Bylaws that have been submitted versus the Bylaws that have been approved. There was a request from QPSC that we look into the requirement of the composition of the committee as well as the voting membership. There was a recommendation to change the paragraph that would change the voting membership from 3 to 5. A motion was made and seconded approving that QPSC membership and function paragraph be changed consistent with language recommended by counsel. There was discussion regarding Executive Succession planning and the CEO review plan. The committee stressed the need for a formal succession plan with a recommended timeline and skillset placement for CEO candidates. The committee discussed the AHS Foundation and would like to have all trustees participate with no set amount but 100% participation. The Chair reminded BOT to participate in measure A if they have not done so already. There was discussion regarding the content of the minutes. Governance Committee recommended to the BOT that Mr. Boggan be appointed to the AHP Board. There was discussion in regards to bylaws for the medical staff appointment to the BOT, QPSC delegation of membership and clarification of versions. There was discussion about the enabling legislation, Health and Safety Code 101850, which was recommended for the retreat for the trustees to understand how this organization exists, also what their duties and obligations are. It was recommended that we discuss jointly with the BOS. The committee recommended Brown Act Training before and during the retreat. The Chair stated that on telephonic conference calls the trustees do have to give prior notice to go out to the public with a number, an address and a sign poster. The Chair reported that Trustee James Falaschi resigned from the Board for health reasons and that there is a vacancy. The Governance Committee will be looking for specific skillsets which include financial acumen, geographic and development and strategic acumen, prior political appointee, served prior to this on a Hospital Board and an opportunity to look outside the Oakland area in a different County. The election of Board Officers action item has been moved to the next meeting in February or March.

Tracy Jensen, Trustee recommends and suggests the Board or executive leadership take action on fulfilling the agreement with Alameda Healthcare District that the Board agreed to have the Alameda Healthcare District Board members appointed to committees of this Board. Trustee Lewis addressed the issue of having limited standing committees to trustees only and they continue to reconcile that and fix the issues.

- **Human Resource Committee Report**

Joe DeVries, Chair reported that the HR Committee met and discussed labor agreements in closed session. They discussed the pulse check (employee engagement survey) that had an increase in patient engagement and a slight decline in confidence in the executive staff. In 2014, 46% of our staff joined the self-insured plan at AHS and in 2015; the rate went up to 50%. Jeanette Loudon-Corbett, Chief Human Resource Officer (CHRO), presented the 5-year strategic direction for HR. The Chair stated that Maria Hernandez, Trustee improved the issue tracking form which he recommends all committees use the new structure to track all items that come up. The committee discussed issues regarding labor and budgeting, getting a report of regretted losses and terminations of staff by gender, ethnicity, age and department to get an idea of any patterns and to have responsibility clarified for one senior manager to ensure workforce diversity.

TAB #6 REPORT: Board President Report

Kirk Miller, President feels we need to build some internal Board infrastructure to support the new interim CEO and interim General Counsel. He is looking to engage management in a more focused effort as a Board to deliver Governance. The Interim CEO pointed out there's a commitment to getting the trustee's material earlier. The Board President would like Mike Moyer, Interim General Counsel (IGC) to evaluate how the materials appear on Board Effect and if they're user friendly. He suggests adding focus to the agendas in regards to improving financial performance and improving access being key agenda drivers. He suggests having a meeting of the Board chairs to discuss aligning the work and seeing how the work flows through the committees to make sure each one is doing the right thing. He also suggested adding short presentations from different types of care and different communities we've served; it would be inspirational and make the rest of the meeting more valuable. Trustee Hernandez suggested guiding the discussions using AHS' pillars to guide our mission and vision. She would like to use this time for problem solving and to be the resource we're supposed to be for the leadership team and not spend an enormous time on Bylaws and voting responsibilities. Trustee DeVries feels if the committees meet at a further interval from when the full Board meets, they could develop a more important report out at the full Board opposed to meeting so close after. Trustee Scates recommends making sure the CEO is in alignment with what is being presented to the Board and hopes at the retreat they have a chance to get the executive staff and Board aligned with each other. Trustee Varni stated he's concerned with the structure of the BOS who control the funds we have available and we're asked to solve these social goals as a county hospital; there are a lot of people that expect us to provide medical services with quality but we don't have enough money to do it. We are somewhat the people that take the blame and also the ones going to be blamed when it doesn't get done. He suggests going to the BOS and state that we can't do everything they want us to do with the budget given; we need more money or some way to lessen what they want us to do. Trustee Potter feels the loan payback should be part of the strategic planning function and monitored periodically to see if it's working or not. Trustee Scates feels when the full Board meets there should be options presented rather than having open ended discussions, which could utilize time better.

TAB #7 UPDATE: Chief Executive Officer Update

Dan Boggan, Interim CEO stated that from the December BOT meeting to the January BOT meeting there have been many changes. He agrees with the Board President that we need to understand what our business is about and we need to experience it in a way that goes to the core of who we are and what we want to achieve for this organization. We will always have people who will need the services of this hospital so we must make sure that there is access and make sure sustainability does exist.

Kerin Bashaw, VP of Quality, discussed the Joint Commission results and findings with the committee. Most of the findings were primarily around documentation and the environment of care like the generator law didn't get checked. Overall the survey went well without any conditional findings. Executive staff have been lined up with each of the findings and there are action plans that are due to the Joint Commission in February.

The CEO discussed the overall strategic plan for the organization and San Leandro Hospital. We have to know for sure we have the \$20 million to keep the hospital open. The Chief Administrative Officers (CAO's) are working together on a strategic plan to make sure we are using the capabilities of each organization to support others within the organization. Our strategic plan should be based on the pillars and will be measured against the pillars to monitor how we're doing and how it impacts access and our financial capabilities.

Med Assets will be providing information regarding other revenue opportunities and making sure we get the Public Hospital Designation for SLH. We have until the end of March before taking any action on SLH. In the event we do, we will go into a very aggressive mode with Sutter who is the Hospital of record.

Trustee Lawrence reminded the Board that we are still engaged in a CEO search and the Board and staff are fairly new and don't really know each other. The climate and perspective has changed dramatically in the last few years and has had an incredible increase on how we have been performing on top of taking on 2 new facilities. All of the elements coming together at this point of time do raise levels of frustration. Coming together as a team both as a Board and staff is a huge priority.

The CEO summarized the key drivers for success which include improving patient satisfaction, financial processes, maintaining commitment to Quality, Safety and Service and engaging the entire staff. There will be a hiring freeze in place February 1st and the only way to have a position filled is if it meets the standards. He wants to know from the lowest levels how we can make this place better.

TAB #8 INFORMATION: NETWORK/COMMUNITY

Trustee Scates expressed the need to understand how the community events are planned and how the Board could be notified with ample time to respond or attend. Carladenise Edwards, Chief Strategy Officer (CSO) stated if it is the pleasure of the Board, they can extend the invitations broader. A profile will be created for each Trustee to know what organization the Trustees are engaged to know who to contact for events.

TAB #9 ACTION: CONSENT AGENDA

- A. Approval of the Minutes from the December 2, 2014 Board of Trustees Meeting**
- B. Approval of the Minutes from the December 19, 2014 Special Board of Trustees Meeting**
- C. Approval of Contracts and Authorization by the CEO to Execute the Following Operating Contracts:**
 - Recommendation by the Finance Committee*
 - A. Amendment with ProTransport-1, LLC to provide transport services for Alameda County patients for the period of April 1, 2012 through April 30, 2015, not to exceed \$2,043,241.**
Mark Fratzke, Chief Operating Officer
Guy Qvistgaard, Chief Administrative Officer
 - B. Agreement with Innovative Consulting Group (ICG) to provide Contract to Hire Resources as requested by Alameda Health System Leadership, for the period of December 1, 2014 through November 30, 2015, not to exceed \$2,365,000.**
David Gravender, Chief Information Officer

D. Alameda Health Partners - Appointment of Ex Officio Board Seat Designated for the Chief Executive Officer of AHS

*Recommendation by the Governance Committee
William Peruzzi, MD, CMO*

**A. ACTION: Appointment of Dan Boggan Jr.
Recommendation: Motion to Approve**

E. Financial Policy Development – Approval of Revision to Signature Policy

*Recommendation by the Finance Committee
David Cox, Chief Financial Officer*

**A. ACTION: Revised Signature Authority Matrix
Recommendation: Motion to Approve**

F. Authorization for the CEO to Execute a Non-binding Letter of Intent:

*Recommendation by Staff
Mark Fratzke, Chief Operating Officer
Dave Cox, Chief Financial Officer*

A. ACTION: Letter of Intent with BSREP Marina Village Owner, LLC to negotiate terms for a lease at 1201 Marina Village Parkway.

ACTION: Upon motion made and seconded, the Board approved items A, B and D. Items C, E and F were pulled to discuss later in the meeting.

ACTION: Upon motion made and seconded, the Board approved item C. Item E was pulled and returned to Finance Committee for language review. Item F was pulled.

TAB #10 Legal Counsel's Report on Action Taken in Closed Session

Mike Moye, Interim General Counsel, reported that in Closed Session the Board approved the Alameda Hospital Local 39 agreement for the period of November 1st, 2014 through August 31st, 2016. The contract has been ratified by the Union. The Board gave its approval to the contract with CIU SEIU and authorization to the CEO to execute the contract upon ratification by Union. The term of the contract is December 1st, 2014 through November 30th, 2016.

Public Comment:

Susan Rosenthal :

Good evening President Miller and members of the Board of Trustees. I'm Susan Rosenthal of the ACMEA Business agent and I wanted to apprise all of you talked at other members at the earlier meeting of the human resource committee but to give you a flavor of what our negotiations are like. We represent the mid managers here in the medical center and those are the people you are relying on to implement the changes. They don't just fall down from the top, they have to get implemented. They are two areas I'm going to give you the over view on. The first is they take away that we are the only Union that has been presented with take a ways both of our rights and economic with include four days of paid time off from all of the employees in this bargaining unit. We are only two hundred people here. It's maybe four percent of the employees so the value of this is maybe a tenth of a percent and yet you are in the process through your negotiators alienating the very people that you need to implement the changes. There are also a number of changes that you

propose to weaken the Union. This is pretty outrageous for Alameda County. The second issue I'm going to talk about is you have nursing supervisors who make eleven and a half percent less not more, eleven and a half percent less than the people they supervise. The only proposal that the medical center is putting forward is to put them into deep class and that is something is not shred of evidence that works. We've offered to participate in a study, we've never been taken up on that offer and you are making these people and they have voted in the past anonymously this is not a system they want. I ask you to direct your CEO and the HR team to rethink these proposals because this is no way to run an organization that's in a major crisis. Thank you.

Valerie Louie :

My name is Valerie Louie and I am a registered nurse in the emergency department. I've worked here since nineteen eighty eight. Today I am speaking to you on behalf of all ACMEA members and in the past twenty seven years I've been here, there's been a lot of changes a lot of growth I've been witness to and some have been good and some have been not so good but the best part is we do try to learn from our mistakes and our successes and we do move forward and I've noticed that we never give up which is great. That's real team work and I think that's why we choose to stay here and work at AHS and we're proud of it. So at the last meeting I attended which was the HR meeting we did learn about the move towards magnet status which is really exciting. It's a lot of hard work. When I was in graduate school I had an internship with a nursing administrator at UCSF when they were starting their magnet journey and I learned a lot through that. There were a lot of meetings, lots of changes and that was just in the very beginning. Much of that implementation was achieved by the efforts of the supervisors and the department managers which is very similar who is represented by ACMEA. And this layer of management was the most invaluable part to proceeding towards the magnet status. I think that we're going to have a similar journey here because we're a very similar size organization and we're all going towards the same journey and I really want to emphasize that we are (inaudible 3:11:45) and we keep the front line and the executive branch connected. That's my true feeling and we are the eyes. We can report back what is working and what may sound good in concept may not work in real situations but we are also committed to the same professional development and what's best for our patients and we are committed to this community. So I am asking for your support of ACMEA because we don't want to waste our energy while we're negotiating this contract and be worried about what's going on but much rather be using that same energy working toward our common goal of achieving magnet status. Thank you for your time.

Celia:

Hi my name is Celia Adal. I am certified dietary manager. I supervise food and nutrition services. I work with campuses here Highland HCP and Fairmont as well. So I supervise the dietary staff to make sure all the food and all the diets all the employees are running professional label and smoothly. I have a few brief things I wanted to ask you in consideration of negotiations. We don't want to have any take a ways. We want to keep the same benefits that SCIU have. We strongly feel we work very hard and to please with our patients and with our staff and we want to make the same benefits. For example one of the benefits that we really want is PTO. For us as a new comer supervisors and managers that have been here shorter time we really need those PTO's and the other point is the five percent differential weekend shift. We work assigned shifts for almost four weeks and we don't get any differential pay versus SCIU nurses that are assigned to work on a weekend shift, they have a differential five percent. As food service supervisors don't get so I'm asking your consideration in really considering all the work we do here. Thank you.

Lisa Jackson:

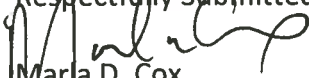
Good evening my name is Lisa Jackson and I am the manager at the department of medical social services. I've been here twenty four and half years. Started off right out of grad school as a line worker and was then promoted to a lead and then to a supervisor and then recently to a manager. Throughout my tenure I've gained increasingly more responsibilities as staff has come and go. I've seen administration after administration after administration after administration. I've been through the audits the all the different consultants come in and out. I've seen things that worked and things that don't. What I really want to share with you guys if I did with the HR committee last week is that in your managers, you have your solution. In your managers, you have you success so what I'm going to ask you to do the HR committee is that you engage and support and invest in your managers. We are your answers. Listening to all the conversation tonight I thought of a lot of things but what I need to help you understand is that in us, you really and truly do have your solution. We are the baby boomers, we're the ones with the strong work ethic, we have innovative ideas, and we think out of the box, we make things happen. We're the ones when there is no director over in the midst of change of executive leadership. The work does not stop; I can answer your question. Work doesn't stop because it's your managers that step up and makes things happen. When our vendors aren't getting paid and we don't have the resources that we need to do our work, it's

me and my coworkers and colleagues who are on the phone with those vendors negotiating that they not cut off for example our sexual assault hotline so that we can serve our victims of rape in our community. We haven't paid our fourteen hundred dollar bill. It's us that are trying to negotiate tools that we need to do surgeries. So what I need you to understand is we are like your house of representatives, we are the connective tissue. Without us, you will not succeed. I mean that's it that's all. When you all have your retreat what I'd like for you to add to your agenda, what I challenge you to add to your agenda is how you can capitalize on the tools and the worth of your managers. We aren't cubic zirconium's, we're diamonds. We're worth more than you'll ever realize. And understand that the vision comes from the execs and the Board of Supervisors but it's us who make it happen. Without us it won't be implemented it won't be successful you won't the Joint Commission any of that. I welcome the opportunity to speak to each and every one of you individually but I know that we're not going to have time for that tonight. Thank you very much.

Board of Trustees Remarks – None

ADJOURNMENT 7:24 pm

Respectfully Submitted by:


Marja D. Cox
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: 
Mike Moyer
Interim General Counsel