



## **FINANCE COMMITTEE MEETING**

**July 6, 2016**

**4:00pm – 6:30pm**

**Conference Center Located at Highland Care Pavilion**

**1411 East 31<sup>st</sup> Street Oakland, CA 94602**

**Susana Flores, Clerk of the Board**

**(510) 535-7515**

### **LOCATION:**

**Open Session: HCP Conference Center**

### **MINUTES**

#### **OPEN SESSION/ ROLL CALL 4:05PM**

#### **ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:**

Jim Lugannani, Kinkini Banerjee, and Michele Lawrence.

Quorum was established.

#### **TAB #1 CONSENT AGENDA: ACTION**

Approval of the Minutes of the June 1, 2016 Finance Committee Meeting.

***Action: A motion was made and seconded to approve the Minutes of the June 1, 2016 Finance Committee Meeting. The motion passed.***

***AYES: Trustees Lugannani, Banerjee, and Lawrence.***

***NAYS: None***

***Abstention: None***

#### **TAB #2 CONTRACT APPROVAL: ACTION ITEMS**

- A.** New Contract with Athens Insurance Services, Inc., dba Athens Administrators, to provide AHS third party Workers' Compensation Claim Administration Services for the period of August 1, 2016 through July 31, 2019 (3 Years) for the total amount of \$1,587,464.
- B.** New Contract with Virtual Radiologic Professional of California, P.A. (vRad) doing business as Nighthawk Radiology Services, to provide AHS Radiology interpretations Services for the period of August 1, 2016 through July 31, 2019 (3 Years) for the total amount of \$2,364,375.

Trustee Lawrence thanked the CFO and the Contract department for additional efforts to provide clarity and ensure accuracy around the contract summaries provided for Committee review.

In response to questions from the Committee, the CFO clarified that the organization makes every effort to assist employees who are on workers compensation through the Back to Work program. Staff also reviews workers compensation cases in order to identify overarching issues that may be addressed.

**Action: A motion was made and seconded to approve contract Items A and B for recommendation to the full Board for approval. The motion passed.**

**AYES: Trustees Lugannani, Banerjee, and Lawrence.**

**NAYS: None**

**Abstention: None**

**TAB #3 Retrospective Review of Prior Contract Approvals**  
NONE

**TAB #4 OPERATING REPORTS**

**A. Reporting Reliability**

The CFO provided an update regarding the previously reported reconciliation issue of the General Ledger: Cerner implemented a script to reconcile Soarian financials to the General Ledger and the system has been in balance since June 26<sup>th</sup>. An additional script was set to be tested on June 30<sup>th</sup>. However, the Lawson system suffered a complete failure due to a server crash by the host vendor, Velocity. Lawson was out over the course of the weekend while staff worked to recover the system, which is now up and running. Leadership will be reviewing the situation to ensure the organization has an airtight Disaster Recovery Process. Trustee Lawrence noted that the issue of disaster recovery had been identified by the previous audit and expressed concern that the issue does not appear to be resolved. The CEO explained that the organization will be evaluating the issue to implement corrective measures and a downtime process. The Committee requested an update regarding any planned restitution from the vendor for the expense of this failure on the organization.

**B. Chief Financial Officer Report , May 2016**

The CFO reported a net operating income of \$23.9 million through the end of May 2016, slightly below budget. The reported EBIDA margin was 4.4%, with total revenue at 2.9% favorable to budget. Through May, cash collected as a percent of net patient service revenue was 105%. Net days in accounts receivable have improved from 90 to 66 days. Year to date, net patient service revenue is 2.3% below budget and supplemental revenue is 14.2% above budget.

The Committee held a robust discussion around key issues affecting the Ambulatory Next Available Appointment and the Adjusted Patient Day/Visit metrics.

The organization completed the fiscal year in compliance with the permanent agreement with the County of Alameda. The net negative balance at June 30<sup>th</sup>

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was \$103 million.

**C. Budget Update**

The fiscal year 2017 budget is complete, targeting a 5% EBIDA margin. Staff is working to implement the budget and to address requests for new positions that were placed on hold until the close of the 2016 fiscal year. No major issues are projected for fiscal year 2017.

The CFO presented a new reporting format for fiscal year 2017 that reflects expenses as identified by Strategic Business Unit (SBU). This structure will encourage greater accountability per business unit.

The Committee recommended that staff provide an education session regarding the SBU structure and how financial statements will reflect this change. The CEO informed the Committee that the Board will receive a more in depth explanation of the SBU's at the next Board meeting which will review the Strategic Plan.

**TAB #5 COMMITTEE PLANNING**

The Chair reviewed the Committee Planning calendar for the remainder of the year and noted the importance of continuing retrospective contract reviews. The Chair requested that staff provide a financial forecast when the Committee receives the first quarter review in October.

The organization will be reporting to Board of Supervisors Health Committee in September due to a recess in August.

**Public Comment - None**

**Trustee Comments - None**


**ADJOURNMENT – 5:06pm**

Respectfully submitted by:



Susana Flores  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by:   
M.D. Moyer  
General Counsel