



**PUBLIC NOTICE**

**Finance and Management Committee**

**Wednesday, November 28, 2012**

**7:30 a.m.**

**Location:** Alameda Hospital (Dal Cielo Conference Room)  
2070 Clinton Avenue, Alameda, CA 94501  
**Office of the Clerk: (510) 814-4001**

Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address.

This is being noticed as a Board Meeting as a quorum of Directors may be present. Ex-officio members and non-committee members cannot vote on any item, whether or not a quorum of the Board is present.

- |      |   |                     |
|------|---|---------------------|
| I.   | Call To Order   | Michael McCormick   |
| II.  | Action Items  |                     |
|      | A. Acceptance of August 29, 2012 Minutes [enclosure]                                | Michael McCormick   |
|      | B. Recommendation to Accept October 2012 Unaudited Financial Statements [enclosure] | Kerry Easthope      |
| III. | Chief Financial Officer Report  | Kerry Easthope      |
|      | A. 2013 Committee Membership [enclosure]  |                     |
|      | B. December 2012 & January 2013 Committee Schedule                                  |                     |
| IV.  | Chief Executive Officer Report  | Deborah E. Stebbins |
|      | A. Update on Access to County Funding   |                     |
| V.   | Board / Committee / Staff Comments  |                     |
| VI.  | Adjournment   |                     |

**NEXT MEETING SCHEDULED: January 30, 2013**



**Finance and Management Committee Minutes**

October 31, 2012

|                                  |   |                                       |  |
|----------------------------------|---|---------------------------------------|--|
| <b>Members Present: (Voting)</b> | Mike McCormick<br>Elliott Gorelick (partial/teleconference) | Ed Kofman<br>James Oddie<br>Ann Evans | Jim Yeh, DO (partial)<br>William Sellman, MD |
| <b>Management Present:</b>       | Deborah E. Stebbins<br>Kerry J. Easthope<br>Brian Jung      | Richard Espinoza<br>Mary Bond, RN     | Katy Silverman<br>Vandana Behl               |
| <b>Ex Officio/Guests:</b>        | Robert Deutsch, MD  |                                       |  |
| <b>Absent:</b>                   |   |                                       |  |
| <b>Submitted by:</b>             | Kristen Thorson   |                                       |  |

| TOPIC            | DISCUSSION  | ACTION   FOLLOW-UP  |
|------------------|---|---|
| I. Call to Order | Director McCormick called the meeting to order at 7:40 a.m. without a quorum.   |   |
| II. Action Items | A. Acceptance of August 29, 2012 Minutes  | Mr. Kofman made a motion to accept the minutes as presented. Mr. McCormick seconded the motion. The motion carried.   |
|                  | B. Recommendation to Accept the FYE 2012 Audited Financial Statements<br>Auditor Rick Jackson from TCA Partners was present to review the draft Audited Financial Statements for FY 2012. Mr. Jackson addressed questions from Director Gorelick pertaining to materiality limits of \$100,000, exposure to lawsuit relating to AB97, CIP accounts and qualified opinions on seismic issues and the Bank of Alameda loan covenants. Mr. Easthope and Mr. Jackson will expand the foot notes relating to the loan covenants as well as other areas for the District Board meeting. There was a brief discussion on the status of meaningful use and potential funding available to the hospital. Ms Stebbins stated that management is reviewing our current status relating to meaningful | Mr. Kofman made a motion to recommend acceptance of the Audited financial statement with additional information in the footnotes as discussed in the committee meeting. Mr. Oddie seconded the motion. The motion carried with one abstention (Gorelick). |

use and will be providing the Board an update in the near future.

Director Gorelick left the meeting at 8:00 a.m. and joined the meeting via teleconference. Jim Yeh, DO joined the meeting at 8:15 a.m.

C. Recommendation to Accept September 2012 Unaudited Financial Statements

Kerry Easthope presented the financial statements as referenced in the packet and financial statements noting the following key points.

Performance Overview

Waters Edge Skilled Nursing Facility had a positive contribution of \$252,000 in the month of September. There were just over \$100,000 in additional expense in first two months. This will be reduced over the next two months as there is a more accurate understanding of monthly operating expenses. Wound Care program experienced a Net Loss of \$10,600 and YTD Net Loss of \$63,000. September realized a consolidated net loss of \$190,000 which was \$54,000 below the budgeted net loss of \$136,000. In September gross inpatient revenue was above budget by \$106,000 and outpatient gross revenues were better than budget by \$11,000. Net revenue was \$5.94 million and \$76,000 above budgeted Net Revenues of \$5.86 million. Total operating expenses were \$102,000 over budget, an improvement from \$167,000 over budget in August. Cash collections were low again in September at \$3.7 million, down from \$4.5 million in August. We did not receive Medi-Cal payments for last two weeks associated with Emdeon production issues with Medi-Cal 5010 upgrades and received only \$320,000 during September. (Most of this back log was paid on October 9<sup>th</sup> \$1.1 million). Cash and cash equivalents decreased to \$950,000, which equates to 4.7 days cash on hand, down from 8.6 days in August.

Key Volume Indicators

Average Daily Census (ADC) was 180.5 versus budget of 177.4 with Acute at 29.5 vs. budget of 30.3, down 2.7%; Subacute at 33.7 vs. budget of 33.6, up 3.2%; South Shore SNF at 22.3 vs. budget of 20.4, up 9.5%; and Waters Edge SNF at 95.0 vs. budget of 94.0, up 1.1%. ECC volumes were 1,382 vs. budget of 1,377. Wound Care visits were 173 vs. a budget of 100. There were 54 HBO treatments during September, driving up gross and net revenues. Other OP Registrations were at 1,670 vs. a budget of 1,835 or 9.0% lower than budget. Inpatient surgery cases were 48 vs. a budget of 38, up 26.3%. Outpatient Surgery cases were 120 vs. a budget of 172, below budget by 52 cases or 30.2%.

Mr. Oddie made a motion to accept the September 2012 Unaudited Financial Statements as presented. Ms. Evans seconded the motion. The motion carried.

|  |   |  |
|--|---|--|
|  | <p><u>Operating Expenses</u></p> <p>Total Operating Expenses were 102,000 higher than budget in September. Labor costs (Salaries &amp; Temporary Agency) were \$19,000 over budget in September and \$149,000 over YTD. Benefit expense \$28,000 over budget in September but \$55,000 lower than budget YTD. Professional Fees were \$47,000 over budget in September and \$24,000 over YTD. Supplies Expense were \$17,000 over budget in September and \$88,000 over budget YTD.</p> <p><u>Balance Sheet Changes</u></p> <p>Cash &amp; cash equivalents was \$950,000 down from \$2.0 million in August. Net patient accounts receivable increased by \$2.4 million to end at \$12.5 million up from \$10.1 million in August. Accounts payable &amp; accrued expenses were \$10.4 million, up from \$9.7 million in prior month. Current Ratio dipped to 0.94</p> |  |
| <p>III. Chief Financial Officer Report</p> | <p>A. Revenue Cycle Update</p> <p>Mr. Easthope informed the committee that Lola Smart has been hired as the new Business Office Manager. He is also reviewing the long term care billing function to potentially bring back in house.</p>   |  |
|  | <p>B. Follow-up and Responses to Board / Committee Member (Gorelick) Inquiries</p> <p>Mr. Easthope distributed and reviewed a memo as follow-up to questions from Director Gorelick regarding long-term, off balance sheet assets/liabilities, and construction in progress as it relates to the hospital financial statements. Mr. Easthope noted that in regards to the items outlined under the long-term, off balance sheet assets/liabilities (Marina Village Lease, Waters Edge Lease, AB97 Possible Recoupment, Banc of America Lease and Pension Plans) were operating expenses that are recorded each month and do not represent a liability until the period in which the expense is incurred for financial reporting purposes. The District does not own the assets or the corresponding liability.</p>  |  |
| <p>IV. Chief Executive Officer Report</p>  | <p>A. In the interest of time, Ms. Stebbins had no additional report or comments for the committee.</p>   |  |

|                                       |   |
|---------------------------------------|---|
| V. Board / Committee / Staff Comments | Mr. McCormick commented on the District Board Referral Policy and the District By-Laws and the means in which a Board member can add an agenda item for a Board and/or Committee meeting. He suggested that the two documents be reviewed to provide clarity between the two documents. Management will review and report back to the Board of Directors. |
| VI. Adjournment                       | Being no further business, the meeting was adjourned at 8:53 a.m.   |

DRAFT

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING OCTOBER 31, 2012

**CITY OF ALAMEDA HEALTH CARE DISTRICT  
ALAMEDA HOSPITAL  
OCTOBER 31, 2012**

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# ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS OCTOBER, 2012

The management of Alameda Hospital (the "Hospital") has prepared this discussion and analysis in order to provide an overview of the Hospital's performance for the period ending October 31, 2012 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the Hospital's financial performance as a whole.

## *Highlights*

Overall for the month of October, the hospital experienced a combined net operating loss of just \$18,000 against a budgeted loss of \$80,000. Waters Edge showed another good month with a positive net contribution of \$499,300 and a year to date contribution of \$903,252. Wound Care had another strong month in October as the number of visits and hyperbaric oxygen (HBO) treatments have increased. The program's net contribution exceeded budget by \$32,000 in October and is \$42,000 better than budget year to date.

October discharges were 25 or 9.2% below budget but total patient days were 7 greater than budget or 0.1%. Total patient days for inpatient acute services were down 14.4%; subacute days were down 2.0%, skilled nursing days were up with South Shore up by 3.8% and Waters Edge up by 4.8%.

Overall outpatient activity was mixed this month. Outpatient registrations were up 11.5% while emergency room visits were 38 or 2.7% below budget and outpatient surgeries were above budget for the month (first time this fiscal year) by 6 or 4.0%.

The Wound Care program had 245 visits in October compared to a budget of 150, or 63.3% above budget. In October there were 67 HBO treatments, up from 54 in September. As this number increases it will also contribute to greater gross and net revenue for the program.

Total gross revenue in October was generally in line with activity. The overall inpatient component was down 0.8% and outpatient was up 12.8%.

The overall Case Mix Index (CMI) in October was 1.38; higher than last month's of 1.30 and above to the FY 2012 average of 1.32.

Overall expenses were \$6.9 million in October, \$217,000 or 3.2% above budget. Benefits, temporary agency fees, professional fees and supplies were over budget while salaries, purchased services and other expenses were below budget. These variances will be discussed in more detail later in the narrative. As previously discussed, the FY2012 temporary agency budget was understated by about \$40,000 per month and we will need to overcome this variance with positive revenue and/or expense reductions as the year progresses.

The additional expense accrual in prior months for Waters Edge has been reversed. This, in part, attributes to lower Waters Edge expense in the month of October and a greater positive bottom line. Going forward, monthly accruals will be based upon actual anticipated expenditures.

Cash and cash equivalents were \$1.2 million at the end of October up from \$950,000 at prior month end.

Cash collections in October were \$8.2 million which included collections for Waters Edge from August and September. Net accounts receivable decreased by about \$1.8 million from prior month.

Accounts payable and other accrued expenses decreased by approximately \$250,000 from almost \$10.5 million to \$10.2 million. Lastly, the current ratio has dipped to .92, below the required 1.0 of our bank covenants. In early November, the Hospital's \$750,000 Line of Credit will expire and will be incorporated into a new long term loan with Bank of Alameda. The transfer of this short term liability to long term liability will help with our current ratio performance in November.



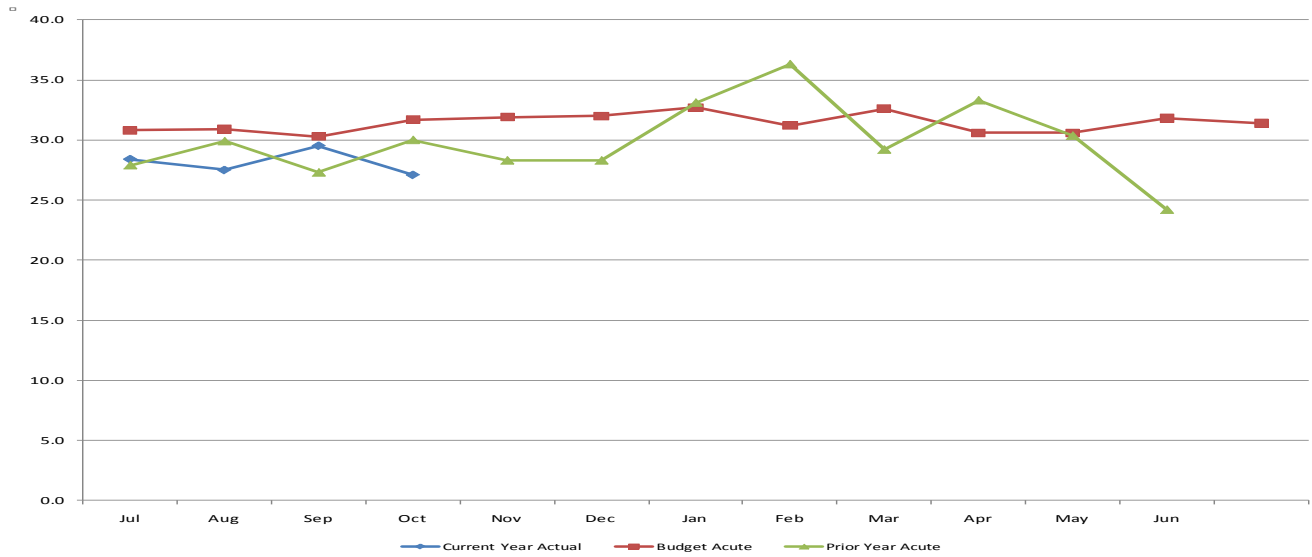
## *ACTIVITY*

### ACUTE, SUBACUTE AND SNF SERVICES

Overall patient days were 0.1% above budget for the month but below October of last year. This month's acute days were below budget by 14.4%, Subacute was down 2.0%, South Shore was up 3.8% and Waters Edge was up 4.8%.

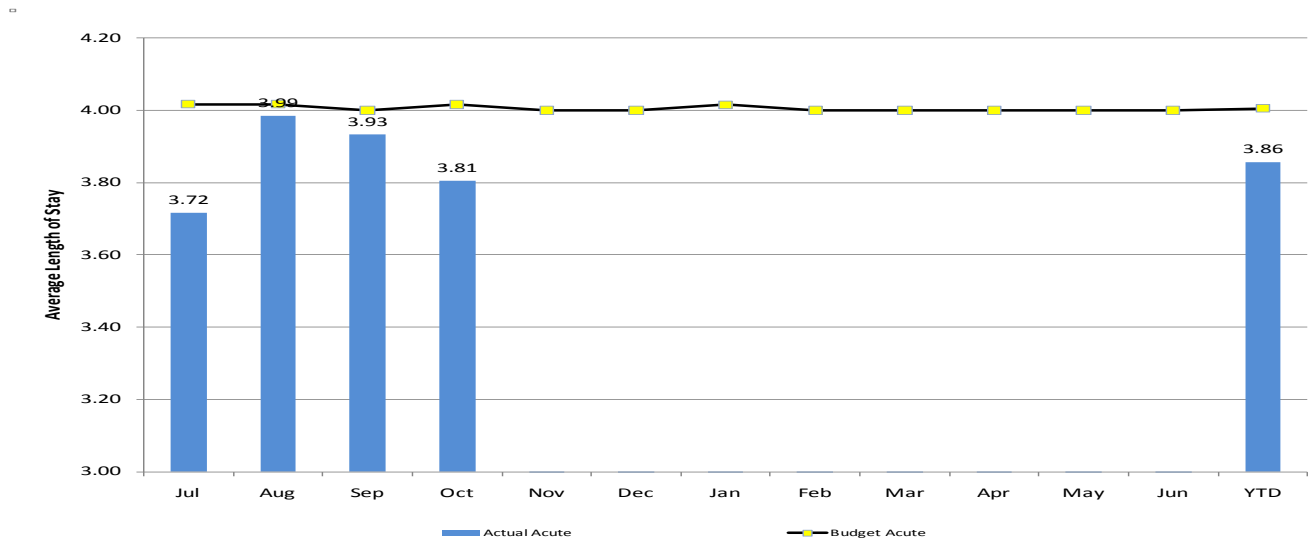
October's acute patient days were 141 days or 14.4% lower than budget for the month and 9.6% lower than October 2011. The acute care program is comprised of the Critical Care Unit (5.3 ADC, 29.9% above budget), Telemetry / Definitive Observation Unit (10.0 ADC, 13.2% below budget) and Med/Surg Unit (11.8 ADC, 26.5% below budget).

**Acute Average Daily Census**



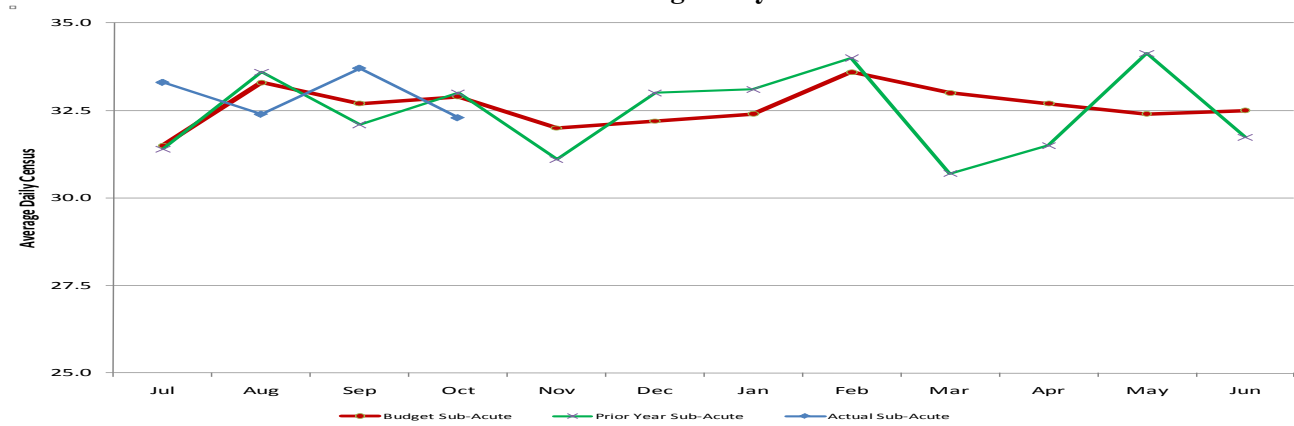
The acute Average Length of Stay (ALOS) decreased from 3.93 in September to 3.81 in October and is below the budget of 4.02. The YTD acute ALOS for FY 2013 is 3.86. The graph below shows the ALOS by month compared to the budget.

**Acute Average Length of Stay**



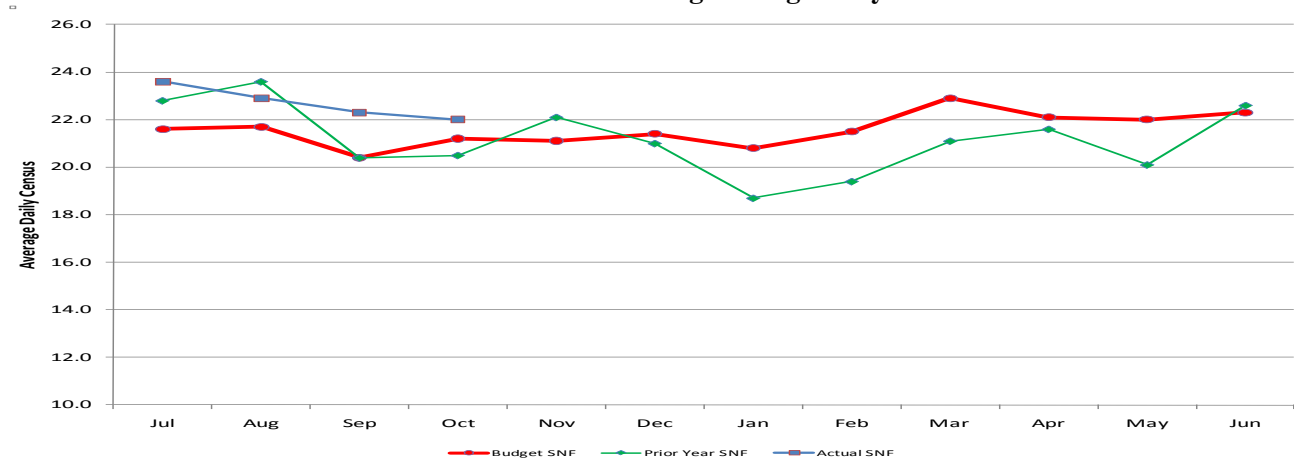
The Subacute program ADC of 32.3 was below budgeted projections by 0.65 ADC or 2.0%. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.

**Subacute Average Daily Census**



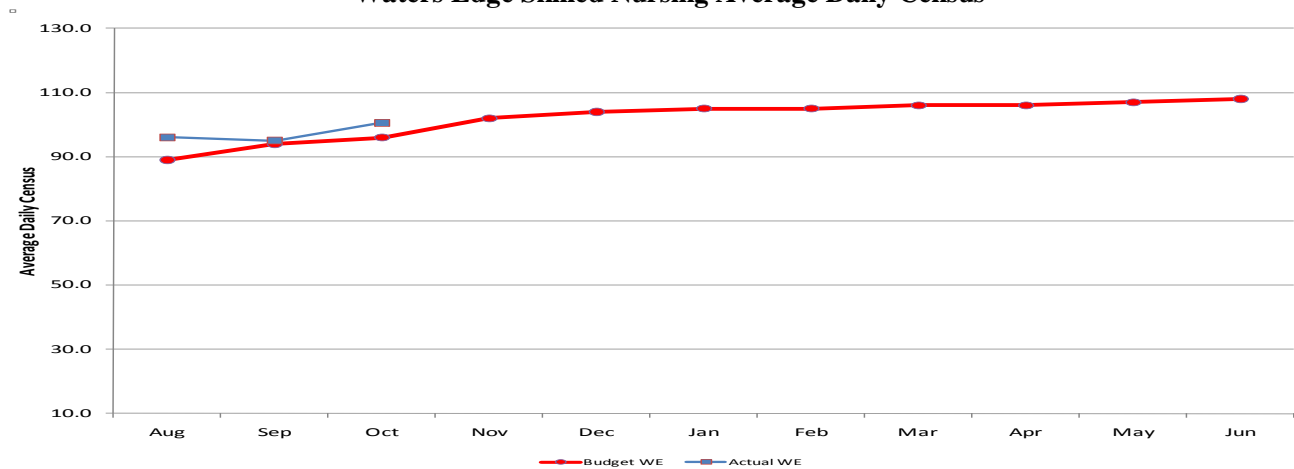
The South Shore ADC was higher than budget by 0.81 or 3.8% for the month of October. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In October the number of Medicare A skilled patients were 2.1 ADC, down from 2.9 ADC in September and lower than budget of 4.02.

**South Shore Skilled Nursing Average Daily Census**



Waters Edge census was 100.6 ADC or 4.8% above budget in October. The Medicare census was 12.4 ADC up from 9.1 ADC in the prior month.

**Waters Edge Skilled Nursing Average Daily Census**

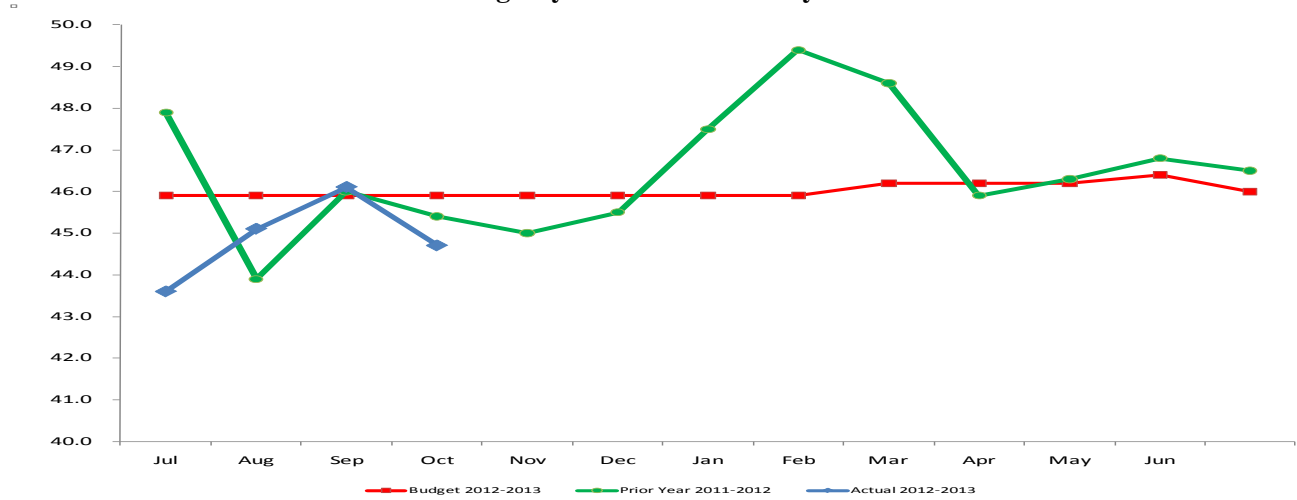


## *ANCILLARY SERVICES*

### Outpatient Services

Emergency Care Center (ECC) visits in October were 1,385, 38 visits (2.7%) under the budget of 1,423. The inpatient admission rate from the ECC was 16.7% just down from the 17.0% in September. On a per day basis, the total visits represent a decrease of 3.0% from the prior month daily average. In October, there were 313 ambulance arrivals versus 279 in the prior month. Of the 313 ambulance arrivals in the current month, 231 or 73.8% were from Alameda Fire Department (AFD).

**Emergency Care Visits Per Day**



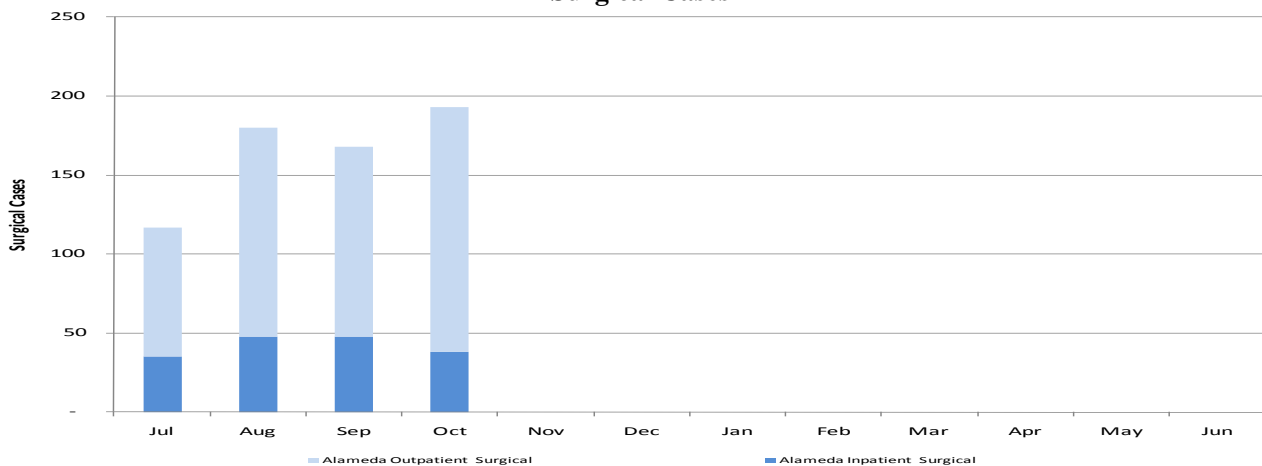
Outpatient registrations totaled 2,179 or 11.5% above budget. This month visits in Physical Therapy, MRI and Radiology were down 76, 19 and 35 visits respectively. However, visits were up in Laboratory (131 visits), Occupational Therapy (36 visits), and IV Therapy (54 visits). The IV Therapy volume is of particular importance as it also results in higher drug cost and outpatient revenues.

Wound Care in October exceeded the budget of 150 with 245 visits, or 63.3% over budget. Hyperbaric Oxygen treatments accounted for 67 of those visits, compared to 54 in September.

### Surgery

The surgery cases for October were 193 or 3.2% above the budget of 187 and above last year's case volume of 166. Inpatient cases were right at budget of 38 while outpatient cases were 6 (4.0%) above budget. This month's surgery activity, particularly outpatient volume was a vast improvement over prior month. Inpatient and outpatient cases totaled 38 and 155 respectively versus 48 and 120 during the prior month. An increase in the number of outpatient eye cases accounts for most of the overall increase. We are eagerly anticipating the new orthopedic surgeons with their first cases beginning in November.

**Surgical Cases**



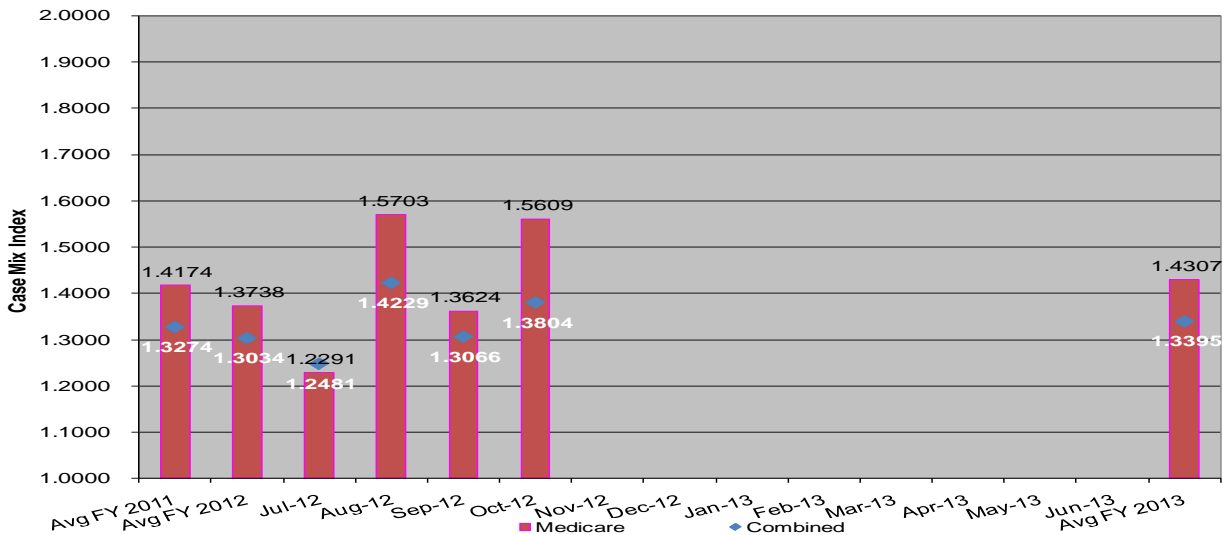
### *Payer Mix*

The Hospital's overall payer mix compared to budget is illustrated below. This is inclusive of the Waters Edge revenue.

|              | <u>Oct Actual</u> | <u>Oct Budget</u> |
|--------------|-------------------|-------------------|
| Medicare     | 45.7%             | 46.4%             |
| Medi-Cal     | 23.7%             | 27.8%             |
| Managed Care | 20.4%             | 15.4%             |
| Other        | 3.7%              | 3.0%              |
| Commerical   | 1.4%              | 3.0%              |
| Self-Pay     | 5.1%              | 4.4%              |
| <b>Total</b> | <b>100.0%</b>     | <b>100.0%</b>     |

### *Case Mix Index*

The Hospital's overall Case Mix Index (CMI) for October was 1.3804, up from the prior month of 1.3066. The Medicare CMI was 1.5609 in October close to the August high due to a couple of very high acuity discharges. The higher overall case mix is also consistent with the higher relative CCU patient day census. The graph below shows the Medicare CMI for the Hospital during the current fiscal year as compared to the prior two years.



### *Revenue*

Gross patient charges in October were above budget by \$943,000, or 3.6%. Inpatient revenues were \$138,000 below budget and outpatient revenues were up \$1,081,000. Acute inpatient days were below budget by 14.4% and acute gross revenue was down 12.3%. Overall inpatient ancillary service charges were mixed contributing to the inpatient gross revenue being just slightly lower than budget, charges for inpatient surgical cases and medical supplies were significantly above budget and consistent with a higher acuity census in CCU.

Waters Edge gross billing was at budget in October. Although the ancillary revenue was lower than budget, the routine daily room and board revenue and Medicare A RUG activity resulted in net revenue being about \$135,000 higher than budget in October.

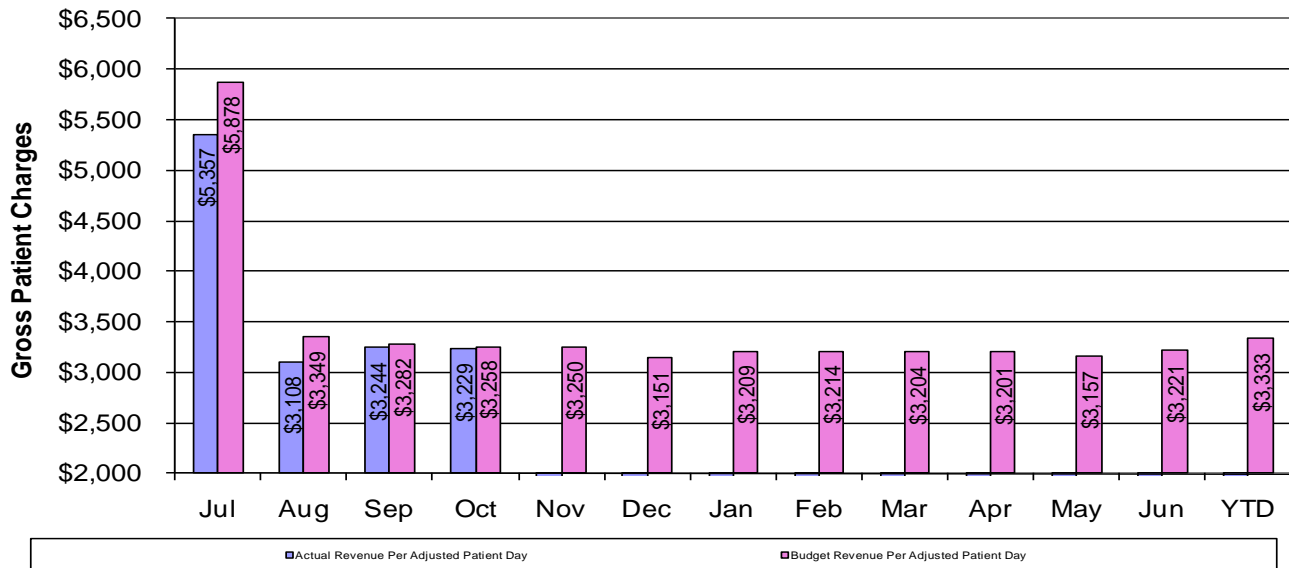
Outpatient gross revenues were higher than budget by \$1,081,000 (14.3%). Surgery, Infusion/IV Therapy, Wound Care and Pharmacy were the largest contributors that offset the lower Imaging revenue.

Wound Care volume was above budget with the gross revenue exceeding budget by \$246,000 due to the ramp up of higher intensity

services such as hyperbaric oxygen treatments, resulting in net revenue coming in at \$56,000 better than budget for the month.

On an adjusted patient day basis, total patient revenue was \$3,229, just below the budget of \$3,258 for the month of October. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2013 compared to budget. Note the overall revenue per day dropped in August with the addition of Waters Edge days and revenue in the mix. Waters Edge provides a significant amount of days (almost double) yet these patients have primarily room and board charges and very little ancillary services compared to acute patients.

### Gross Charges per Adjusted Patient



### Contractual Allowances

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payers such as Blue Cross. A collection ratio of 23.4% was budgeted and 23.7% was realized. Medi-Cal reimbursement at both South Shore and Waters Edge were calculated at a per diem rate of \$316 which is consistent with budget and the anticipated rate if AB97 were to become effective.

The average RUG score of Medicare A patients at both Waters Edge and South Shore was higher than budget resulting in approximately \$20,000 additional net revenue. Other reimbursement rates are consistent with prior months.

It is also anticipated that the higher acuity patients treated in the CCU and higher number of outpatient IVT patients will have a direct positive impact on net revenue. This is consistent with the increased expenses associated with these two service areas during the month.

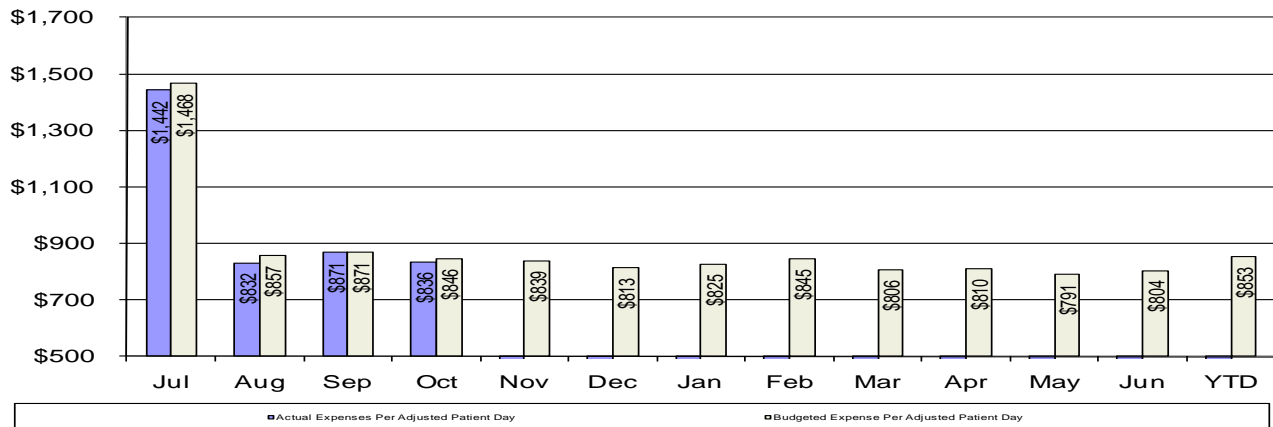
## Expenses

### Total Operating Expenses

Total operating expenses were \$6.9 million which was higher than the fixed budget by \$217,000 or 3.2%. Benefits, temporary agency fees, and supplies were above budget while salaries, insurance and other expenses were below budget. All other expense categories were reasonably close to budget. As mentioned at the July meeting the temporary agency budget is understated by \$40,000 per month.

The graph on the following page shows the actual Hospital operating expenses on an adjusted patient day basis for the fiscal year by month as compared to budget. Note that expenses per patient day were very close to budget this month and last.

### Expenses per Adjusted Patient Day



Following are explanations of the significant areas of variance that were experienced in the current month.

#### Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were favorable to the fixed budget by \$27,000. While the temporary agency expenses were budgeted lower than they should have been, there are still several areas using temporary staff to replace vacant positions. The departments utilizing temporary staff to replace budgeted vacant positions are Respiratory Therapy, Laboratory and General Accounting. In addition the CCU unit had 50% higher temporary agency expense during the month as a result of the sudden increase in ADC in that unit. The Emergency Department also had higher utilization that is not expected to recur.

#### Benefits

Benefits were unfavorable to the fixed budget by \$174,000 or 18.4%. This was significantly higher than last month and year-to-date is now over budget by 3.3%. Driving this expense was PTO/Vacation accrual (\$94,000) and direct health benefits claims expense. Increases or decreases to PTO/Vacation accrual actually get adjusted in conjunction with non-productive salary and wage expense (e.g. when employees do not take the anticipated (budgeted) amount of non-productive time during the month, there are additional hours on the books that require additional PTO/Vacation accrual. In October, non-productive wages were \$106,000 below budget and thus the need for additional benefit accrual). In months when more non-productive time is used, the accrual is then reduced. We anticipate that this will be the case in both November and December. Also contributing to the negative benefits variance was a large health claim that was received during the month of October. Health benefit expense is recorded as a combination of all direct claims that are paid during the month as well as any true-up needed to the month end IBNR report received from our claims administrator – Healthcomp.

#### Professional Fees

Professional fees were over budget by \$16,000 or 4.0% primarily due to the fees associated with the Interim Director in Information Systems. These fees were unanticipated but are offset by savings in salaries.

#### Supplies

Supplies expense were \$150,000 greater than budget, again due to IVT pharmaceuticals (\$65,000) as well as other hospital pharmaceuticals totaling (\$67,000). The additional \$67,000 is for multiple pharmacy invoices spanning from May through August that did not get authorized and sent to accounting for processing. Our new Director of Pharmacy has done a great job, not only cleaning up the department, but has begun reviewing our pharmaceutical purchases to ensure best contract pricing and billing accuracy.

IVT had 54 more infusion visits in October than was budgeted and the increase in IVT drug expense correlates with the increase in activity. We are also expecting increased net revenue and reimbursement associated with these IVT visits and expense.

The Surgery Department accounted for the remainder of the supply variance as we began to see more orthopedic cases. In addition, an infrequent, high cost spinal stimulator case was done during the month (\$24,500). We also performed a greater number of orthopedic cases that have a higher prosthetic cost. In early November, we did meet with one of our key orthopedic implant suppliers who has agreed to reduce the per case cost by approximately \$3,000. This type of activity will pave the way for better pricing and anticipated profitability once the new orthopedic surgeons ramp up their case load.

### **Purchased Services**

Purchased services were under budget for the month of October by 10.2% and year to date under budget by 1.0%. The major contributing factor to the lower expenses is attributed to both South Shore and Waters Edge therapy expenses as well as lower linen and environmental service expenses. This was offset by higher expenses in collection agency fees and HFS consultants who provide management services to the Business Office. A new business office manager began at the end of October and the outside consulting expense will be eliminated in mid November (net expense impact about \$18,000 per month).

### **Rents and Leases**

Rents and leases were over the fixed budget by just \$4,000 this month. A portion of this negative variance was attributable to Imaging equipment leases and Xerox lease expense for the facility.

### **Other Operating Expense**

Other operating expenses were \$30,000 under the fixed budget in October while depreciation was above budget by \$5,000 primarily due to the Wound Care leasehold improvement expense being over budget and starting in September. The positive variance in October was for budgeted relocation expenses for our two new physicians and these expenses were already incurred in prior months.

## ***Balance Sheet***

Total assets decreased by \$1.5 million from the prior month. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for October increased by \$255,000 and days cash on hand including restricted use funds increased to 5.9 days cash on hand in October from 4.7 days cash on hand in September. Patient collections in August averaged \$264,500 per day, up significantly from the previous months.
- Net patient accounts receivable decreased in October by almost \$1.8 million mostly due to the backlog in Medi-Cal collections finally breaking through with August and September collections being received.
- Days in outstanding receivables were 57.5 at October month end, a decrease from September of 69.2 days. Collections in October were \$8.2 million compared to \$3.7 million in September.
- Prepaids and other decreased by \$29,000.

Overall, total liabilities decreased by \$1.5 million from prior month. However, there were a couple of changes in accrual and liability activity.

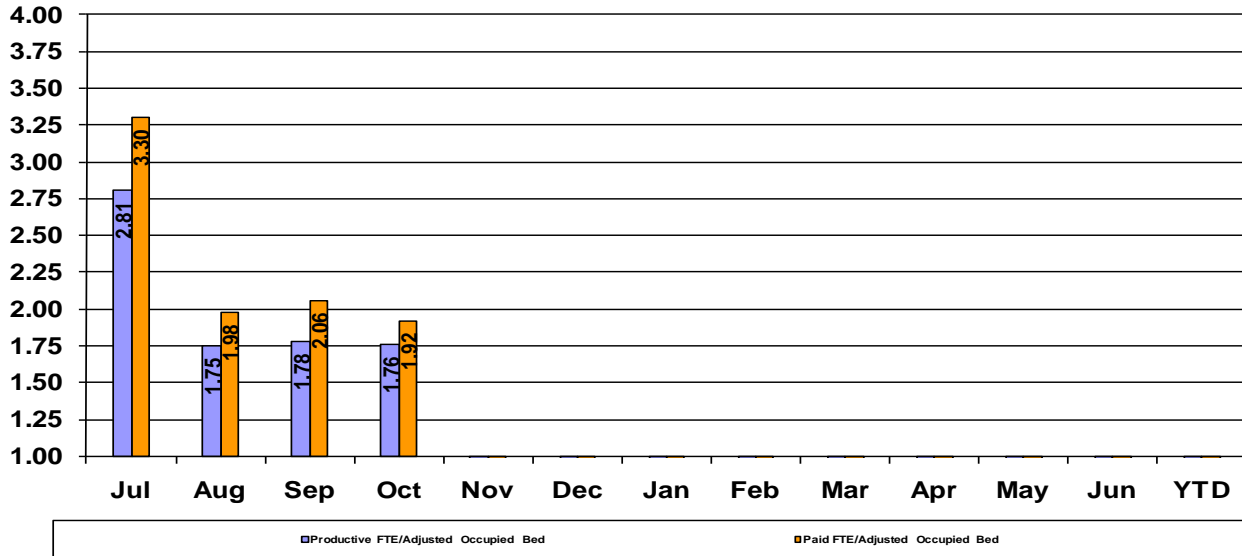
Accounts payable decreased by almost \$250,000 in October to almost \$10.5 million which equates to 142 AP Days, down from 149 days in September. Now that we are receiving positive cash flow from Waters Edge and other revenue programs, reducing the Hospital's outstanding vendor balances and days in AP remains a top priority and concern for management.

- Payroll related accruals remained constant.
- Deferred revenues decreased by \$477,000 due to the recognition of one-twelfth of the 2012/2013 parcel tax revenues.
- Current Portion of Long Term Debt in the month of October also decreased by \$750,000 as the short term advance from Emdeon was paid back.

## ***Key Statistics***

### **FTE's Per Adjusted Occupied Bed**

For the month of October Productive FTE's per Adjusted Occupied Bed were 1.76, below the budget of 1.80 FTE's by 2.1%, and paid FTE's were 1.92 or 6.7% below budget. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2013 by month.



**Current Ratio**

The current ratio for October is 0.92, down from .94 in September. The current ratio needs to be above 1.0 by the end of the 2<sup>nd</sup> quarter of FY 2013 (December 31, 2012) to be in compliance with our bank covenants. In addition, total net assets need to be greater than \$7.50 million and is currently at \$6.4 million.

The Bank of Alameda loan committee agreed to waive the loan covenants that we have been in non-compliance with until the end of the 2<sup>nd</sup> quarter of FY 2013. We will in turn be providing them with monthly financials to closely monitor our progress in achieving the budget objectives set forth in this new fiscal year.

**A/R days**

Net days in net accounts receivable are currently at 57.5. This is down from the prior month of 69.2. Net A/R days are finally down as the result of cash collections finally flowing in for both the Emdeon billing issue and the backlog of Waters Edge billings. We expect A/R balances and cash flows to remain more constant now that many of these implementation issues have been worked through.

**Days Cash on Hand**

Days cash on hand for October were 5.9, an increase from prior month of 4.7. While cash collections have improved, cash is also needed to pay down vendor balances. Our next parcel tax installment is expected to be received around the third week of December.

The following pages include the detailed financial statements for the first (4) months ended October 31, 2012, of Fiscal Year 2013.



**ALAMEDA HOSPITAL  
KEY STATISTICS  
OCTOBER 2012**

|                                     | <u>ACTUAL<br/>OCTOBER<br/>2012</u> | <u>CURRENT<br/>FIXED<br/>BUDGET</u> | <u>VARIANCE<br/>(UNDER) OVER</u> | <u>%</u> | <u>OCTOBER<br/>2011</u> | <u>YTD<br/>OCTOBER<br/>2012</u> | <u>YTD<br/>FIXED<br/>BUDGET</u> | <u>VARIANCE</u> | <u>%</u> | <u>YTD<br/>OCTOBER<br/>2011</u> |
|-------------------------------------|------------------------------------|-------------------------------------|----------------------------------|----------|-------------------------|---------------------------------|---------------------------------|-----------------|----------|---------------------------------|
| <b>Discharges:</b>                  |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
| Total Acute                         | 221                                | 245                                 | (24)                             | -9.6%    | 246                     | 885                             | 949                             | (64)            | -6.8%    | 902                             |
| Total Sub-Acute                     | 3                                  | 2                                   | 1                                | 50.0%    | 2                       | 10                              | 9                               | 1               | 11.1%    | 9                               |
| Total South Shore                   | 6                                  | 8                                   | (2)                              | -25.0%   | 8                       | 22                              | 26                              | (4)             | -15.4%   | 26                              |
| Total Waters Edge                   | 13                                 | 13                                  | -                                | 0.0%     | -                       | 37                              | 35                              | 2               | 5.7%     | -                               |
|                                     | 243                                | 268                                 | (25)                             | -9.2%    | 256                     | 954                             | 1,019                           | (65)            | -6.4%    | 937                             |
| <b>Patient Days:</b>                |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
| Total Acute                         | 841                                | 982                                 | (141)                            | -14.4%   | 931                     | 3,460                           | 3,806                           | (346)           | -9.1%    | 3,543                           |
| Total Sub-Acute                     | 1,001                              | 1,021                               | (20)                             | -2.0%    | 1,022                   | 4,047                           | 4,012                           | 35              | 0.9%     | 4,001                           |
| Total South Shore                   | 681                                | 656                                 | 25                               | 3.8%     | 637                     | 2,791                           | 2,612                           | 179             | 6.9%     | 2,687                           |
| Total Waters Edge                   | 3,119                              | 2,976                               | 143                              | 4.8%     | -                       | 8,946                           | 8,555                           | 391             | 4.6%     | -                               |
|                                     | 5,642                              | 5,635                               | 7                                | 0.1%     | 2,590                   | 19,244                          | 18,985                          | 259             | 1.4%     | 10,231                          |
| <b>Average Length of Stay</b>       |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
| Total Acute                         | 3.81                               | 4.02                                | (0.21)                           | -5.3%    | 3.78                    | 3.91                            | 4.01                            | (0.10)          | -2.5%    | 3.93                            |
| <b>Average Daily Census</b>         |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
| Total Acute                         | 27.13                              | 31.68                               | (4.55)                           | -14.4%   | 30.03                   | 28.13                           | 30.94                           | (2.81)          | -9.1%    | 28.80                           |
| Total Sub-Acute                     | 32.29                              | 32.94                               | (0.65)                           | -2.0%    | 32.97                   | 32.90                           | 32.62                           | 0.28            | 0.9%     | 32.53                           |
| Total South Shore                   | 21.97                              | 21.16                               | 0.81                             | 3.8%     | 20.55                   | 22.69                           | 21.24                           | 1.46            | 6.9%     | 21.85                           |
| Total Waters Edge                   | 100.61                             | 96.00                               | 4.61                             | 4.8%     | -                       | 97.24                           | 92.99                           | 4.25            | 4.6%     | -                               |
|                                     | 182.00                             | 181.77                              | 0.23                             | 0.1%     | 83.55                   | 180.96                          | 177.79                          | (2.53)          | -1.4%    | 83.18                           |
| <b>Emergency Room Visits</b>        |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 1,385                              | 1,423                               | (38)                             | -2.7%    | 1,407                   | 5,518                           | 5,646                           | (128)           | -2.3%    | 1,407                           |
| <b>Wound Care Clinic Visits</b>     |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 245                                | 150                                 | 95                               | 63.3%    | -                       | 521                             | 400                             | 121             | 30.3%    | -                               |
| <b>Outpatient Registrations</b>     |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 2,179                              | 1,954                               | 225                              | 11.5%    | 1,800                   | 7,713                           | 7,553                           | 160             | 2.1%     | 7,239                           |
| <b>Surgery Cases:</b>               |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
| Inpatient                           | 38                                 | 38                                  | -                                | 0.0%     | 33                      | 171                             | 149                             | 22              | 14.8%    | 143                             |
| Outpatient                          | 155                                | 149                                 | 6                                | 4.0%     | 133                     | 489                             | 670                             | (181)           | -27.0%   | 664                             |
|                                     | 193                                | 187                                 | 6                                | 3.2%     | 166                     | 660                             | 819                             | (159)           | -19.4%   | 807                             |
| <b>Adjusted Occupied Bed (AOB)</b>  |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 267.23                             | 256.88                              | 10.36                            | 4.0%     | 121.83                  | 226.37                          | 228.11                          | (1.74)          | -0.8%    | 122.45                          |
| <b>Productive FTE</b>               |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 471.14                             | 462.70                              | 8.44                             | 1.8%     | 343.30                  | 433.91                          | 431.19                          | 2.72            | 0.6%     | 342.84                          |
| <b>Total FTE</b>                    |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 512.77                             | 528.44                              | (15.67)                          | -3.0%    | 392.18                  | 492.59                          | 492.47                          | 0.12            | 0.0%     | 397.19                          |
| <b>Productive FTE/Adj. Occ. Bed</b> |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 1.76                               | 1.80                                | (0.04)                           | -2.1%    | 2.82                    | 1.92                            | 1.89                            | 0.03            | 1.4%     | 2.80                            |
| <b>Total FTE/ Adj. Occ. Bed</b>     |                                    |                                     |                                  |          |                         |                                 |                                 |                 |          |                                 |
|                                     | 1.92                               | 2.06                                | (0.14)                           | -6.7%    | 3.22                    | 2.18                            | 2.16                            | 0.02            | 0.8%     | 3.24                            |

**City of Alameda Health Care District**  
**Statements of Financial Position**  
October 31, 2012

|  | Current Month        | Prior Month          | Prior Year End       |
|--|----------------------|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |                      |
| Current Assets:                          |                      |                      |                      |
| Cash and Cash Equivalents                | \$ 1,206,963         | \$ 951,816           | \$ 3,327,884         |
| Patient Accounts Receivable, net         | 10,781,193           | 12,546,572           | 8,835,256            |
| Other Receivables                        | 6,116,430            | 6,044,406            | 6,488,283            |
| Third-Party Payer Settlement Receivables | -                    | -                    | -                    |
| Inventories                              | 1,034,717            | 1,060,171            | 1,045,311            |
| Prepays and Other                        | 628,290              | 657,420              | 416,371              |
| Total Current Assets                     | 19,767,593           | 21,260,385           | 20,113,105           |
| Assets Limited as to Use, net            | 107,879              | 95,994               | 64,183               |
| <b>Fixed Assets</b>                      |                      |                      |                      |
| Land                                     | 877,945              | 877,945              | 877,945              |
| Depreciable capital assets               | 44,529,145           | 44,529,145           | 43,470,520           |
| Construction in progress                 | 3,529,310            | 3,434,702            | 4,102,468            |
| Depreciation                             | (39,956,557)         | (39,883,457)         | (39,670,499)         |
| Property, Plant and Equipment, net       | 8,979,843            | 8,958,335            | 8,780,434            |
| <b>Total Assets</b>                      | <b>\$ 28,855,315</b> | <b>\$ 30,314,714</b> | <b>\$ 28,957,722</b> |
| <b>Liabilities and Net Assets</b>        |                      |                      |                      |
| Current Liabilities:                     |                      |                      |                      |
| Current Portion of Long Term Debt        | \$ 1,724,249         | \$ 2,474,249         | \$ 1,724,249         |
| Accounts Payable and Accrued Expenses    | 10,197,819           | 10,446,088           | 7,848,673            |
| Payroll Related Accruals                 | 4,289,501            | 4,294,265            | 4,307,924            |
| Deferred Revenue                         | 3,820,710            | 4,295,054            | 5,726,305            |
| Employee Health Related Accruals         | 641,446              | 658,111              | 691,942              |
| Third-Party Payer Settlement Payable     | 748,843              | 379,233              | 601,233              |
| Total Current Liabilities                | 21,422,568           | 22,547,000           | 20,900,326           |
| Long Term Debt, net                      | 1,023,992            | 1,353,926            | 1,022,152            |
| Total Liabilities                        | 22,446,560           | 23,900,926           | 21,922,478           |
| Net Assets:                              |                      |                      |                      |
| Unrestricted                             | 6,090,877            | 6,107,795            | 6,761,061            |
| Temporarily Restricted                   | 317,879              | 305,994              | 274,183              |
| Total Net Assets                         | 6,408,756            | 6,413,789            | 7,035,244            |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 28,855,315</b> | <b>\$ 30,314,715</b> | <b>\$ 28,957,722</b> |

**City of Alameda Health Care District**

**Statements of Operations**

October 31, 2012

\$'s in thousands

|   | Current Month  |                |              |               |               | Year-to-Date    |                 |                 |              |                 |
|---|----------------|----------------|--------------|---------------|---------------|-----------------|-----------------|-----------------|--------------|-----------------|
|   | Actual         | Budget         | \$ Variance  | % Variance    | Prior Year    | Actual          | Budget          | \$ Variance     | % Variance   | Prior Year      |
| Patient Days                                | 5,642          | 5,635          | 7            | 0.1%          | 2,590         | 19,244          | 18,985          | 259             | 1.4%         | 10,231          |
| Discharges                                  | 243            | 268            | (25)         | -9.2%         | 256           | 954             | 1,020           | (66)            | -6.5%        | 937             |
| ALOS (Average Length of Stay)               | 23.22          | 21.07          | 2.15         | 10.2%         | 10.12         | 20.17           | 18.61           | 1.56            | 8.4%         | 10.92           |
| ADC (Average Daily Census)                  | 182.0          | 181.8          | 0.23         | 0.1%          | 83.5          | 156.5           | 154.3           | 2.11            | 1.4%         | 83.2            |
| CMI (Case Mix Index)                        | 1.3804         |                |              |               | 1.2866        | 1.3379          |                 |                 |              | 1.3451          |
| <b>Revenues</b>                             |                |                |              |               |               |                 |                 |                 |              |                 |
| Gross Inpatient Revenues                    | \$ 18,220      | \$ 18,359      | \$ (138)     | -0.8%         | \$ 14,620     | \$ 67,179       | \$ 69,296       | \$ (2,117)      | -3.1%        | \$ 57,999       |
| Gross Outpatient Revenues                   | 8,666          | 7,585          | 1,081        | 14.3%         | 6,699         | 30,253          | 29,378          | 874             | 3.0%         | 27,889          |
| <b>Total Gross Revenues</b>                 | <b>26,887</b>  | <b>25,944</b>  | <b>943</b>   | <b>3.6%</b>   | <b>21,319</b> | <b>97,432</b>   | <b>98,674</b>   | <b>(1,243)</b>  | <b>-1.3%</b> | <b>85,888</b>   |
| Contractual Deductions                      | 19,726         | 19,016         | (710)        | -3.7%         | 15,297        | 68,636          | 72,636          | 4,001           | 5.5%         | 63,443          |
| Bad Debts                                   | 600            | 698            | 98           | 14.1%         | 740           | 5,311           | 2,804           | (2,507)         | -89.4%       | 2,317           |
| Charity and Other Adjustments               | 189            | 168            | (21)         | -12.8%        | -             | 435             | 679             | 244             | 36.0%        | 760             |
| <b>Net Patient Revenues</b>                 | <b>6,372</b>   | <b>6,062</b>   | <b>310</b>   | <b>5.1%</b>   | <b>5,281</b>  | <b>23,050</b>   | <b>22,555</b>   | <b>496</b>      | <b>2.2%</b>  | <b>19,367</b>   |
| <b>Net Patient Revenue %</b>                | <b>23.7%</b>   | <b>23.4%</b>   |              |               | <b>24.8%</b>  | <b>23.7%</b>    | <b>22.9%</b>    |                 |              | <b>22.5%</b>    |
| Net Clinic Revenue                          | 50             | 42             | 8            | 19.3%         | 32            | 157             | 167             | (10)            | -5.9%        | 130             |
| Other Operating Revenue                     | 25             | 50             | (25)         | -49.8%        | 10            | 46              | 201             | (155)           | -77.2%       | 192             |
| <b>Total Revenues</b>                       | <b>6,447</b>   | <b>6,154</b>   | <b>293</b>   | <b>4.8%</b>   | <b>5,323</b>  | <b>23,253</b>   | <b>22,923</b>   | <b>331</b>      | <b>1.4%</b>  | <b>19,690</b>   |
| <b>Expenses</b>                             |                |                |              |               |               |                 |                 |                 |              |                 |
| Salaries                                    | 3,343          | 3,509          | 166          | 4.7%          | 2,869         | 12,944          | 13,311          | 367             | 2.8%         | 11,425          |
| Temporary Agency                            | 193            | 54             | (139)        | -255.4%       | 112           | 731             | 243             | (488)           | -200.9%      | 439             |
| Benefits                                    | 1,117          | 943            | (174)        | -18.4%        | 846           | 3,679           | 3,560           | (118)           | -3.3%        | 3,472           |
| Professional Fees                           | 416            | 400            | (16)         | -4.0%         | 422           | 1,536           | 1,496           | (40)            | -2.6%        | 1,419           |
| Supplies                                    | 880            | 730            | (150)        | -20.5%        | 590           | 3,085           | 2,847           | (238)           | -8.4%        | 2,490           |
| Purchased Services                          | 492            | 548            | 56           | 10.2%         | 332           | 2,002           | 2,023           | 21              | 1.0%         | 1,354           |
| Rents and Leases                            | 209            | 205            | (4)          | -1.9%         | 80            | 753             | 736             | (17)            | -2.3%        | 326             |
| Utilities and Telephone                     | 80             | 87             | 7            | 8.0%          | 67            | 312             | 333             | 21              | 6.4%         | 263             |
| Insurance                                   | 31             | 42             | 11           | 26.0%         | 25            | 150             | 150             | (0)             | 0.0%         | 112             |
| Depreciation and amortization               | 73             | 68             | (5)          | -7.5%         | 73            | 289             | 272             | (17)            | -6.4%        | 299             |
| Other Operating Expenses                    | 124            | 155            | 30           | 19.5%         | 130           | 395             | 472             | 77              | 16.3%        | 362             |
| <b>Total Expenses</b>                       | <b>6,958</b>   | <b>6,741</b>   | <b>(217)</b> | <b>-3.2%</b>  | <b>5,545</b>  | <b>25,877</b>   | <b>25,444</b>   | <b>(433)</b>    | <b>-1.7%</b> | <b>21,960</b>   |
| <b>Operating gain (loss)</b>                | <b>(511)</b>   | <b>(587)</b>   | <b>76</b>    | <b>12.9%</b>  | <b>(222)</b>  | <b>(2,624)</b>  | <b>(2,521)</b>  | <b>(102)</b>    | <b>4.1%</b>  | <b>(2,270)</b>  |
| <b>Non-Operating Income / (Expense)</b>     |                |                |              |               |               |                 |                 |                 |              |                 |
| Parcel Taxes                                | 480            | 500            | (20)         | -3.9%         | 488           | 1,911           | 2,000           | (88)            | -4.4%        | 1,924           |
| Investment Income                           | 1              | -              | 1            | 0.0%          | 1             | 6               | -               | 6               | 0.0%         | 2               |
| Interest Expense                            | (17)           | (8)            | (9)          | -112.6%       | (20)          | (69)            | (8)             | (61)            | 754.3%       | (65)            |
| Other Income / (Expense)                    | 29             | 15             | 14           | 96.0%         | 23            | 111             | 60              | 52              | 86.3%        | 95              |
| <b>Net Non-Operating Income / (Expense)</b> | <b>493</b>     | <b>507</b>     | <b>(14)</b>  | <b>-2.7%</b>  | <b>492</b>    | <b>1,960</b>    | <b>2,051</b>    | <b>(91)</b>     | <b>-4.5%</b> | <b>1,956</b>    |
| <b>Excess of Revenues Over Expenses</b>     | <b>\$ (18)</b> | <b>\$ (80)</b> | <b>\$ 62</b> | <b>-77.7%</b> | <b>\$ 271</b> | <b>\$ (664)</b> | <b>\$ (470)</b> | <b>\$ (194)</b> | <b>41.2%</b> | <b>\$ (314)</b> |

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
October 31, 2012

|   | Current Month |                |             |               |              | Year-to-Date   |                |             |              |                |
|---|---------------|----------------|-------------|---------------|--------------|----------------|----------------|-------------|--------------|----------------|
|   | Actual        | Budget         | \$ Variance | % Variance    | Prior Year   | Actual         | Budget         | \$ Variance | % Variance   | Prior Year     |
| <b>Revenues</b>                             |               |                |             |               |              |                |                |             |              |                |
| Gross Inpatient Revenues                    | \$ 2,188      | \$ 2,305       | \$ (117)    | -5.1%         | \$ 3,871     | \$ 2,407       | \$ 2,563       | \$ (156)    | -6.1%        | \$ 3,828       |
| Gross Outpatient Revenues                   | 1,041         | 953            | 88          | 9.3%          | 1,774        | 1,084          | 1,087          | (3)         | -0.3%        | 1,841          |
| Total Gross Revenues                        | 3,229         | 3,258          | (29)        | -0.9%         | 5,645        | 3,491          | 3,650          | (159)       | -4.4%        | 5,669          |
| Contractual Deductions                      | 2,369         | 2,388          | 19          | 0.8%          | 4,050        | 2,459          | 2,687          | 228         | 8.5%         | 4,188          |
| Bad Debts                                   | 72            | 88             | 16          | 17.8%         | 196          | 190            | 104            | (87)        | -83.5%       | 153            |
| Charity and Other Adjustments               | 23            | 21             | (2)         | -7.9%         | -            | 16             | 25             | 10          | 38.0%        | 50             |
| Net Patient Revenues                        | 765           | 761            | 4           | 0.5%          | 1,398        | 826            | 834            | (8)         | -1.0%        | 1,278          |
| Net Patient Revenue %                       | 23.7%         | 23.4%          |             |               | 24.8%        | 23.7%          | 22.9%          |             |              | 22.5%          |
| Net Clinic Revenue                          | 6             | 5              | 1           | 14.1%         | 9            | 6              | 6              | (1)         | -8.8%        | 9              |
| Other Operating Revenue                     | 3             | 6              | (3)         | -52.0%        | 3            | 2              | 7              | (6)         | -77.9%       | 13             |
| <b>Total Revenues</b>                       | <b>774</b>    | <b>773</b>     | <b>2</b>    | <b>0.2%</b>   | <b>1,409</b> | <b>833</b>     | <b>848</b>     | <b>(15)</b> | <b>-1.7%</b> | <b>1,300</b>   |
| <b>Expenses</b>                             |               |                |             |               |              |                |                |             |              |                |
| Salaries                                    | 401           | 441            | 39          | 8.9%          | 760          | 464            | 492            | 29          | 5.8%         | 754            |
| Temporary Agency                            | 23            | 7              | (16)        | -239.9%       | 30           | 26             | 9              | (17)        | -191.5%      | 29             |
| Benefits                                    | 134           | 118            | (16)        | -13.3%        | 224          | 126            | 132            | 6           | 4.4%         | 229            |
| Professional Fees                           | 50            | 50             | 0           | 0.5%          | 112          | 55             | 55             | 0           | 0.6%         | 94             |
| Supplies                                    | 106           | 92             | (14)        | -15.3%        | 156          | 111            | 105            | (5)         | -5.0%        | 164            |
| Purchased Services                          | 59            | 69             | 10          | 14.1%         | 88           | 72             | 75             | 3           | 4.1%         | 89             |
| Rents and Leases                            | 25            | 26             | 1           | 2.5%          | 21           | 27             | 27             | 0           | 0.9%         | 22             |
| Utilities and Telephone                     | 10            | 11             | 1           | 12.0%         | 18           | 11             | 12             | 1           | 9.3%         | 17             |
| Insurance                                   | 4             | 5              | 2           | 29.2%         | 7            | 5              | 6              | 0           | 3.1%         | 7              |
| Depreciation and Amortization               | 9             | 9              | (0)         | -2.8%         | 19           | 10             | 10             | (0)         | -3.0%        | 20             |
| Other Operating Expenses                    | 15            | 19             | 4           | 23.0%         | 34           | 14             | 17             | 3           | 18.9%        | 24             |
| <b>Total Expenses</b>                       | <b>836</b>    | <b>846</b>     | <b>11</b>   | <b>1.3%</b>   | <b>1,468</b> | <b>921</b>     | <b>941</b>     | <b>20</b>   | <b>2.1%</b>  | <b>1,449</b>   |
| <b>Operating Gain / (Loss)</b>              | <b>(61)</b>   | <b>(74)</b>    | <b>12</b>   | <b>16.7%</b>  | <b>(59)</b>  | <b>(88)</b>    | <b>(93)</b>    | <b>5</b>    | <b>-5.6%</b> | <b>(150)</b>   |
| <b>Non-Operating Income / (Expense)</b>     |               |                |             |               |              |                |                |             |              |                |
| Parcel Taxes                                | 58            | 63             | (5)         | -8.1%         | 129          | 68             | 74             | (5)         | -7.4%        | 127            |
| Investment Income                           | 0             | -              | 0           | 0.0%          | 0            | 0              | -              | 0           | 0.0%         | 0              |
| Interest Expense                            | (2)           | (1)            | (1)         | -103.4%       | (5)          | (2)            | (1)            | (1)         | 106.9%       | (4)            |
| Other Income / (Expense)                    | 4             | 2              | 2           | 87.4%         | 6            | 4              | 2              | 2           | 80.5%        | 6              |
| <b>Net Non-Operating Income / (Expense)</b> | <b>59</b>     | <b>64</b>      | <b>(4)</b>  | <b>-7.0%</b>  | <b>130</b>   | <b>70</b>      | <b>75</b>      | <b>(5)</b>  | <b>-6.4%</b> | <b>129</b>     |
| <b>Excess of Revenues Over Expenses</b>     | <b>\$ (2)</b> | <b>\$ (10)</b> | <b>\$ 8</b> | <b>-78.7%</b> | <b>\$ 72</b> | <b>\$ (18)</b> | <b>\$ (18)</b> | <b>\$ 0</b> | <b>-2.4%</b> | <b>\$ (21)</b> |

Wound Care - Statement of Operations  
October 31, 2012

|                                 | Current Month  |                 |                 |               | Year-to-Date    |                 |                |              |
|---------------------------------|----------------|-----------------|-----------------|---------------|-----------------|-----------------|----------------|--------------|
|                                 | Actual         | Budget          | Variance        | %             | Actual          | Budget          | Variance       | %            |
| Clinic Visits                   | 245            | 150             | 95              | 63.3%         | 521             | 400             | 121            | 30.3%        |
| Revenue                         |                |                 |                 |               |                 |                 |                |              |
| Gross Revenue                   | 561,356        | 315,588         | 245,768         | 77.9%         | 1,009,602       | 841,568         | 168,034        | 20.0%        |
| Deductions from Revenue         | <u>432,469</u> | <u>243,129</u>  | <u>189,340</u>  |               | <u>776,345</u>  | <u>648,344</u>  | <u>128,001</u> |              |
| Net Revenue                     | <u>128,887</u> | <u>72,459</u>   | <u>56,428</u>   |               | <u>233,257</u>  | <u>193,224</u>  | <u>40,033</u>  | <u>20.7%</u> |
| Expenses                        |                |                 |                 |               |                 |                 |                |              |
| Salaries                        | 11,582         | 14,911          | 3,329           | 22.3%         | 48,892          | 59,644          | 10,752         | 18.0%        |
| Benefits                        | 3,312          | 4,220           | 907             | 21.5%         | 12,172          | 16,879          | 4,707          | 27.9%        |
| Professional Fees               | 64,144         | 38,027          | (26,117)        | -68.7%        | 123,772         | 105,405         | (18,367)       | -17.4%       |
| Supplies                        | 6,804          | 7,532           | 728             | 9.7%          | 28,836          | 30,128          | 1,292          | 4.3%         |
| Purchased Services              | 2,012          | 2,083           | 71              | -100.0%       | 18,767          | 8,333           | (10,434)       | -100.0%      |
| Rents and Leases                | 5,136          | 5,080           | (56)            | -1.1%         | 21,300          | 20,320          | (980)          | -4.8%        |
| Depreciation                    | 8,685          | 4,900           | (3,785)         | -77.2%        | 17,850          | 19,600          | 1,750          | 8.9%         |
| Other                           | <u>5,211</u>   | <u>5,917</u>    | <u>706</u>      | <u>11.9%</u>  | <u>10,214</u>   | <u>23,668</u>   | <u>13,454</u>  | <u>56.8%</u> |
| Total Expenses                  | <u>106,886</u> | <u>82,670</u>   | <u>(24,217)</u> | <u>-29.3%</u> | <u>281,804</u>  | <u>283,977</u>  | <u>2,174</u>   | <u>0.8%</u>  |
| Excess of Revenue over Expenses | <u>22,001</u>  | <u>(10,211)</u> | <u>32,212</u>   | <u>315.5%</u> | <u>(48,546)</u> | <u>(90,753)</u> | <u>42,207</u>  | <u>46.5%</u> |

Note: Of the 245 visits, 67 were hyperbaric oxygen treatment visits.

City of Alameda Health Care District  
Waters Edge Skilled Nursing - Statement of Operations  
October 31, 2012

|                                 | Current Month    |                  |                  |                  | Year-to-Date     |                  |                  |                |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
|                                 | <u>Actual</u>    | <u>Budget</u>    | <u>Variance</u>  | <u>%</u>         | <u>Actual</u>    | <u>Budget</u>    | <u>Variance</u>  | <u>%</u>       |
| Patient Days                    |                  |                  |                  |                  |                  |                  |                  |                |
| Medicare                        | 384              | 310              | 74               | 23.9%            | 933              | 858              | 75               | 8.7%           |
| Medi-Cal                        | 2,433            | 2,356            | 77               | 3.3%             | 7,144            | 6,839            | 305              | 4.5%           |
| Managed Care                    | 81               | 155              | (74)             | -47.7%           | 146              | 398              | (252)            | -63.3%         |
| Self Pay/Other                  | <u>221</u>       | <u>155</u>       | <u>66</u>        | <u>42.6%</u>     | <u>723</u>       | <u>460</u>       | <u>263</u>       | <u>57.2%</u>   |
| Total                           | 3,119            | 2,976            | 143              | 4.8%             | 8,946            | 8,555            | 391              | 4.6%           |
| Revenue                         |                  |                  |                  |                  |                  |                  |                  |                |
| Routine Revenue                 | 2,403,115        | 2,365,798        | 37,317           | 1.6%             | 6,897,785        | 6,749,846        | 147,939          | 2.2%           |
| Ancillary Revenue               | <u>310,508</u>   | <u>436,783</u>   | <u>(126,275)</u> | <u>-28.9%</u>    | <u>830,627</u>   | <u>1,296,229</u> | <u>(465,602)</u> | <u>-35.9%</u>  |
| Total Gross Revenue             | 2,713,623        | 2,802,581        | (88,958)         | -3.2%            | 7,728,412        | 8,046,075        | (317,663)        | -3.9%          |
| Deductions from Revenue         | <u>1,547,025</u> | <u>1,771,231</u> | <u>224,207</u>   | <u>12.7%</u>     | <u>4,463,433</u> | <u>5,179,502</u> | <u>716,069</u>   | <u>13.8%</u>   |
| Net Revenue                     | <u>1,166,598</u> | <u>1,031,350</u> | <u>135,249</u>   | <u>13.1%</u>     | <u>3,264,979</u> | <u>2,866,573</u> | <u>398,406</u>   | <u>13.9%</u>   |
| Expenses                        |                  |                  |                  |                  |                  |                  |                  |                |
| Salaries                        | 404,560          | 507,270          | 102,710          | 20.2%            | 1,244,407        | 1,426,641        | 182,234          | 12.8%          |
| Benefits                        | 98,081           | 152,181          | 54,100           | 35.5%            | 282,568          | 427,992          | 145,424          | 34.0%          |
| Professional Fees               | (4,926)          | 13,999           | 18,925           | 135.2%           | 25,045           | 41,997           | 16,952           | 40.4%          |
| Supplies                        | 31,819           | 98,629           | 66,810           | 67.7%            | 187,534          | 293,473          | 105,939          | 36.1%          |
| Purchased Services              | 58,234           | 134,574          | 76,340           | 56.7%            | 300,015          | 381,443          | 81,428           | 21.3%          |
| Rents and Leases                | 76,733           | 76,552           | (181)            | -0.2%            | 231,037          | 229,656          | (1,381)          | -0.6%          |
| Utilities                       | 1,183            | 14,998           | 13,815           | 92.1%            | 43,496           | 44,996           | 1,500            | 3.3%           |
| Insurance                       | (8,000)          | 12,165           | 20,165           | 165.8%           | 8,898            | 36,495           | 27,597           | 75.6%          |
| Other                           | <u>9,614</u>     | <u>21,303</u>    | <u>11,689</u>    | <u>54.9%</u>     | <u>38,727</u>    | <u>63,574</u>    | <u>24,847</u>    | <u>39.1%</u>   |
| Total Expenses                  | <u>667,298</u>   | <u>1,031,671</u> | <u>364,373</u>   | <u>35.3%</u>     | <u>2,361,727</u> | <u>2,946,267</u> | <u>584,540</u>   | <u>19.8%</u>   |
| Excess of Revenue over Expenses | <u>499,300</u>   | <u>(321)</u>     | <u>499,621</u>   | <u>155552.2%</u> | <u>903,252</u>   | <u>(79,694)</u>  | <u>982,946</u>   | <u>1233.4%</u> |

**City of Alameda Health Care District**  
**Statement of Cash Flows**  
**For the Four Months Ended October 31, 2012**

|  | <u>Current Month</u> | <u>Year-to-Date</u> |
|--|----------------------|---------------------|
| <b>Cash flows from operating activities</b>                        |                      |                     |
| Net Income / (Loss)  | \$ (17,770)          | \$ (663,779)        |
| Items not requiring the use of cash:                               |                      |                     |
| Depreciation and amortization                                      | 73,100               | \$ 289,335          |
| Write-off of Kaiser liability                                      | -                    | \$ -                |
| Changes in certain assets and liabilities:                         |                      |                     |
| Patient accounts receivable, net                                   | 1,765,379            | (1,945,937)         |
| Other Receivables  | (72,024)             | 371,853             |
| Third-Party Payer Settlements Receivable                           | 369,610              | 147,610             |
| Inventories  | 25,454               | 10,594              |
| Prepays and Other  | 29,130               | (211,919)           |
| Accounts payable and accrued liabilities                           | (248,269)            | 2,349,146           |
| Payroll Related Accruals   | (4,764)              | (18,423)            |
| Employee Health Plan Accruals                                      | (16,665)             | (50,496)            |
| Deferred Revenues  | (474,344)            | (1,905,595)         |
| Cash provided by (used in) operating activities                    | <u>1,428,837</u>     | <u>(1,627,611)</u>  |
| <b>Cash flows from investing activities</b>                        |                      |                     |
| (Increase) Decrease in Assets Limited As to Use                    | (11,885)             | (43,696)            |
| Additions to Property, Plant and Equipment                         | (94,609)             | (488,745)           |
| Other  | 852                  | (6,405)             |
| Cash provided by (used in) investing activities                    | <u>(105,642)</u>     | <u>(538,845)</u>    |
| <b>Cash flows from financing activities</b>                        |                      |                     |
| Net Change in Long-Term Debt                                       | (1,079,934)          | 1,840               |
| Net Change in Restricted Funds                                     | 11,885               | 43,696              |
| Cash provided by (used in) financing<br>and fundraising activities | <u>(1,068,049)</u>   | <u>45,536</u>       |
| Net increase (decrease) in cash and cash<br>equivalents            | 255,146              | (2,120,921)         |
| <b>Cash and cash equivalents at beginning of period</b>            | 951,816              | 3,327,884           |
| <b>Cash and cash equivalents at end of period</b>                  | <u>\$ 1,206,964</u>  | <u>\$ 1,206,964</u> |

**City of Alameda Health Care District  
Ratio's Comparison**

| <b>Financial Ratios</b>   | <u>Audited Results</u> |                | <u>Unaudited Results</u> |                | <b>YTD</b>        |
|---|------------------------|----------------|--------------------------|----------------|-------------------|
|   | <b>FY 2009</b>         | <b>FY 2010</b> | <b>FY 2011</b>           | <b>FY 2012</b> | <b>10/31/2012</b> |
| <b><u>Profitability Ratios</u></b>  |                        |                |                          |                |                   |
| Net Patient Revenue (%)   | 22.69%                 | 24.16%         | 23.58%                   | 22.73%         | 23.66%            |
| Earnings Before Depreciation, Interest,<br>Taxes and Amortization (EBITA) | 3.62%                  | 4.82%          | -1.01%                   | -1.48%         | -1.48%            |
| EBIDAP <sup>Note 5</sup>  | -5.49%                 | -3.66%         | -13.41%                  | -11.22%        | -9.54%            |
| Total Margin  | 1.03%                  | 2.74%          | -2.61%                   | -3.21%         | -2.85%            |
| <b><u>Liquidity Ratios</u></b>  |                        |                |                          |                |                   |
| Current Ratio   | 1.15                   | 1.23           | 1.05                     | 0.96           | 0.92              |
| Days in accounts receivable ,net  | 57.26                  | 51.83          | 46.03                    | 55.21          | 57.53             |
| Days cash on hand ( with restricted)                                      | 13.6                   | 21.6           | 14.1                     | 17.7           | 5.9               |
| <b><u>Debt Ratios</u></b>   |                        |                |                          |                |                   |
| Cash to Debt  | 115.3%                 | 249.0%         | 123.3%                   | 123.56%        | 47.84%            |
| Average pay period (includes payroll)                                     | 58.03                  | 57.11          | 62.68                    | 72.94          | 72.53             |
| Debt service coverage   | 3.87                   | 5.98           | (0.70)                   | (0.53)         | (0.17)            |
| Long-term debt to fund balance  | 0.20                   | 0.14           | 0.18                     | 0.28           | 0.30              |
| Return on fund balance  | 8.42%                  | 18.87%         | -19.21%                  | -27.35%        | -10.36%           |
| Debt to number of beds  | 13,481                 | 10,482         | 11,515                   | 16,978         | 9,728             |



**City of Alameda Health Care District  
Ratio's Comparison**

| <b>Financial Ratios</b>                            | <u>Audited Results</u> |                | <u>Unaudited Results</u> |                | <b>YTD</b>        |
|--|------------------------|----------------|--------------------------|----------------|-------------------|
|  | <b>FY 2009</b>         | <b>FY 2010</b> | <b>FY 2011</b>           | <b>FY 2012</b> | <b>10/31/2012</b> |
| <b>Patient Care Information</b>                    |                        |                |                          |                |                   |
| Bed Capacity                                       | 161                    | 161            | 161                      | 161            | 281               |
| Patient days( all services)                        | 30,463                 | 30,607         | 30,270                   | 30,448         | 19,244            |
| Patient days (acute only)                          | 11,787                 | 10,579         | 10,443                   | 10,880         | 3,460             |
| Discharges( acute only)                            | 2,812                  | 2,802          | 2,527                    | 2,799          | 885               |
| Average length of stay ( acute only)               | 4.19                   | 3.78           | 4.13                     | 3.89           | 3.91              |
| Average daily patients (all sources)               | 83.46                  | 83.85          | 82.93                    | 83.19          | 156.46            |
| Occupancy rate (all sources)                       | 52.94%                 | 52.08%         | 51.51%                   | 51.67%         | 55.68%            |
| Average length of stay                             | 4.19                   | 3.78           | 4.13                     | 3.89           | 3.91              |
| Emergency Visits                                   | 17,337                 | 17,624         | 16,816                   | 16,964         | 5,518             |
| Emergency visits per day                           | 47.50                  | 48.28          | 46.07                    | 46.35          | 44.86             |
| Outpatient registrations per day <sup>Note 1</sup> | 82.05                  | 79.67          | 65.19                    | 60.67          | 62.71             |
| Surgeries per day - Total                          | 16.12                  | 13.46          | 6.12                     | 6.12           | 5.35              |
| Surgeries per day - excludes Kaiser                | 5.14                   | 5.32           | 6.12                     | 6.12           | 5.35              |

Notes:

1. Includes Kaiser Outpatient Sugercial volume in Fiscal Years 2008, 2009 and through March 31, 2010.
2. In addition to these general requirements a feasibility report will be required.
3. Based upon Moody's FY 2008 preliminary single-state provider medians.
4. EBIDA - Earnings before Interest, Depreciation and Amoritzation
5. EBIDAP - Earnings before Interest, Depreciation and Amortization and Parcel Tax Proceeds

## Glossary of Financial Ratios

| Term                           | What is it? Why is it Important?  | How is it calculated?   |
|--------------------------------|---|---|
| EBIDA                          | A measure of the organization's cash flow   | Earnings before interest, depreciation, and amortization (EBIDA)  |
| Operating Margin               | Income derived from patient care operations   | Total operating revenue less total operating expense divided by total operating revenue   |
| Current Ratio                  | The number of dollars held in current assets per dollar of liabilities. A widely used measure of liquidity. An increase in this ratio is a positive trend.  | Current assets divided by current liabilities   |
| Days cash on hand              | Measures the number of days of average cash expenses that the hospital maintains in cash or marketable securities. It is a measure of total liquidity, both short-term and long-term. An increasing trend is positive.  | Cash plus short-term investments plus unrestricted long-term investments over total expenses less depreciation divided by 365.                  |
| Cash to debt                   | Measures the amount of cash available to service debt.  | Cash plus investments plus limited use investments divided by the current portion and long-term portion of the organization's debt instruments. |
| Debt service coverage          | Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability. | Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense.                         |
| Long-term debt to fund balance | Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive.  | Long-term debt divided by long-term debt plus unrestricted net assets.  |

Date: February 7, 2011

To: City of Alameda Health Care District, Board of Directors

From: Michael McCormick , Chair – Finance and Management Committee  
Deborah Stebbins, CEO

Subject: Approval of the Revisions to the Finance and Management Committee  
Structure and Purpose

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**Recommendation:**

The Finance and Management Committee recommends that the Board of Directors approve the the revisions to the standing committee structure as outlined below.

**STRUCTURE AND PURPOSE:**

1. Finance and Management Committee:
  - a. Primary Purpose: The primary purpose of the Finance and Management Committee is to review and recommend the annual budget, review performance relative to budget, and review other aspects of the district's financial performance. The Committee shall also serve the function of reviewing the annual report from the Hospital's external auditor, including the annual presentation of audit findings. The committee may also review and advise regarding operational issues, management systems issues, management information systems, and other aspects of the district's overall operational management.
  - b. Committee Composition and Voting Rights: The committee shall be comprised of the following members:
    - i. Two members of the City of Alameda Health Care District Board of Directors both of whom shall be voting members of the committee.
    - ii. The President of the City of Alameda Health Care District Board of Directors shall be an ex-officio, non-noting member, unless the President is serving as a voting member of the committee.

- iii. Two members of the Alameda Hospital Medical Staff both of whom shall be voting members of the committee.
  - iv. Up to three at large members chosen for expertise needed by the district each of whom shall be voting members of the committee.
  - v. The City of Alameda Health Care District Chief Executive Officer, Chief Financial Officer, and other hospital management as delegated, who shall not be voting members of the committee.
- c. Terms: The committee shall be appointed annually.
  - d. Meeting Frequency: Committee shall meet monthly.

APPROVED