



**PUBLIC NOTICE**

**Finance and Management Committee**

**Thursday, January 30, 2014**

**7:30 a.m. – 9:00 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 Robert Deutsch, MD
  
- II. Action Items
  - A. Acceptance of November 21, 2013 Minutes [enclosure] Robert Deutsch, MD
  - B. Recommendation to Accept December 2013 Unaudited Financial Statements [enclosure] Kerry Easthope
  - C. Recommendation for Approval of FY 2014 Six Month (January – June 2014) Operating Budget [enclosure] Kerry Easthope
  
- III. Chief Financial Officer Report Kerry Easthope
  - A. Cash Flow Forecast Update
  
- IV. Chief Executive Officer Report Deborah E. Stebbins
  - A. Affiliation Updates
  
- V. Board / Committee / Staff Comments
  
- VI. Adjournment

**NEXT MEETING: Thursday, February 27, 2014**



**Finance and Management Committee Minutes**

November 21, 2013

<b>Members Present: (Voting)</b>	Robert Deutsch, MD Lynn Bratchett, RN	Ann Evans Emmons Collins, MD	Ed Kofman
<b>Management Present:</b>	Deborah E. Stebbins Kerry J. Easthope Mary Bond, RN	Richard Espinoza Katy Silverman Karen Taylor, RN	Vandana Behl
<b>Ex Officio/Guests:</b>	Mike McCormick		
<b>Absent:</b>	William Sellman, MD		
<b>Submitted by:</b>	Kristen Thorson, District Clerk		

TOPIC	DISCUSSION	ACTION   FOLLOW-UP
I. Call to Order	Director Deutsch called the meeting to order at 7:35 a.m.	
II. Action Items	A. Acceptance of the October 31, 2013 Minutes	Ms. Evans made a motion to approve the October 31, 2013 Minutes. Dr. Collins seconded the motion. The motion carried.
	B. Recommendation to Accept October 2013 Unaudited Financial Statements  Mr. Easthope reviewed a PowerPoint Presentation on the September Financial Statements that corresponded with the Financial Statements included in the meeting packet. He noted the following key areas: <ul style="list-style-type: none"><li>• September Performance Overview</li><li>• September Year End Adjustments</li><li>• Key Volume Indicators</li><li>• Case Mix Comparison</li><li>• Statement of Operations</li><li>• Net Revenues</li></ul>	Dr. Collins made a motion to recommend acceptance of the October Unaudited Financial Statements by the Board of Directors. Mr. Bratchett seconded the motion. The motion carried.

		<ul style="list-style-type: none"> <li>• Total Operating Expenses</li> <li>• Balance Sheet Changes</li> <li>• Financial Ratios</li> <li>• Key Finance Trend Tracking – FY 14 (including Overtime, Agency, Doubletime, PTO Accrual )</li> </ul> <p>October had a consolidated net operating loss of \$535,000 vs. a budgeted loss of \$249,000. Copies of the presentation are available through Administration.</p>	
	C.	Recommendation to Approve Resolution 5K: Extension of Spending Authority	Mr. Kofman made a motion to recommend approval of Resolution 5K as presented. Dr. Collins seconded the motion. The motion carried.
III. Chief Financial Officers Report	A.	<p>FY14 (January –June) Budget Planning</p> <p>Mr. Easthope noted that the second half of FY 2014 is being finalized and will be presented to the committee in January and to the Board in February.</p>	No action taken.
	B.	<p>Cash Flow Update</p> <p>Mr. Easthope provided the committee a handout with updated cash flow projections through June 30, 2014 and reviewed the document in detail.</p>	No action taken.
IV. Chief Executive Officers Report	A.	<p>Affiliation Updates</p> <p>Ms. Stebbins noted that the affiliation process continues to move forward on the transaction and transition levels. The Definitive Agreement is scheduled to go to the Board in November 2013 for approval.</p>	No action taken.
V. Public Comments		No comments.	
VI. Board / Committee / Staff Comments		No comments.	
VII. Adjournment		Being no further business, the meeting was adjourned at 8:53 a.m.	

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

## ALAMEDA HOSPITAL

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### UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING DECEMBER 31, 2013

**CITY OF ALAMEDA HEALTH CARE DISTRICT  
ALAMEDA HOSPITAL  
DECEMBER 31, 2013**

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# ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER 2013

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 December 31, 2013 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*

For the month of December, the hospital experienced a combined net operating gain of \$933,000 against a budgeted gain of \$138,000. The major contributor to this gain is recognition of the CMS and Medi-Cal for the Electronic Health Record (EHR) incentive money recorded as other operating revenue. CMS incentive money was \$1.2 million and Medi-Cal \$219,000. The Operating Loss without these two one-time items is \$486,000.

Net Patient Revenue was just below budget as were acute patient days. Total expenses were \$7.5 million in December, which is \$251,000 or 3.4% above budget. There were two one time and non-recurring expenses that affected salary expense (\$75,000) and pharmaceutical expense (\$43,000) in the month.

December had 224 acute discharges, which were 28 or 11.2% below budget of 252 and total acute patient days were 993 or 16 (1.6%) below budget. The acute ALOS increased from 4.18 in the prior month to 4.43 in December. Subacute days were up 0.7%, skilled nursing days were up at South Shore by 1.3% and Waters Edge were up by 2.0%.

Overall outpatient activity was mixed this month. Outpatient registrations were up 6.2%, Emergency Room visits were 59 or 3.9% below budget. The Wound Care program had 389 visits in December compared to a budget of 350, or 11.1% above budget.

The overall Case Mix Index (CMI) in December was 1.3585, above the prior month and also slightly above the FY 2014 average of 1.3313.

Cash and cash equivalents were just over \$6.0 million at the end of December, up from prior month of \$2.4 million. Total cash collections in December were just over \$6.1 million. In addition, the hospital received almost \$1.4 million from Electronic Health Record incentive money and \$2.8 million in parcel tax money.

### **Year to Date:**

The net YTD loss is \$556,000 versus a budgeted net loss of \$1,092,000. The positive YTD results are solely due to EHR monies as the loss from operations would be \$1,975,000 without this money.

Acute discharges are 117 under budget and total discharges are 124 under budget. Acute patient days 149 under budget and Long Term Care patient days are 857 above budget. Emergency and Wound Care visits are 705 under and 427 above budget respectively. Outpatient registrations are 125 below budget and total surgeries are 57 (5.3%) below budget with the majority of this coming from outpatient cases.

Both inpatient and outpatient gross revenue are under budget (1.2%) mostly occurring in November, and total net patient revenue is \$493,000 under budget (1.3%) with net clinic revenue is running \$88,000 under budget.

Total Operating Expenses are very close to budget (\$181,000 under or 0.4%) with the most significant variance being Salaries \$772,000 above budget offset by Benefits expense being \$624,000 below budget.

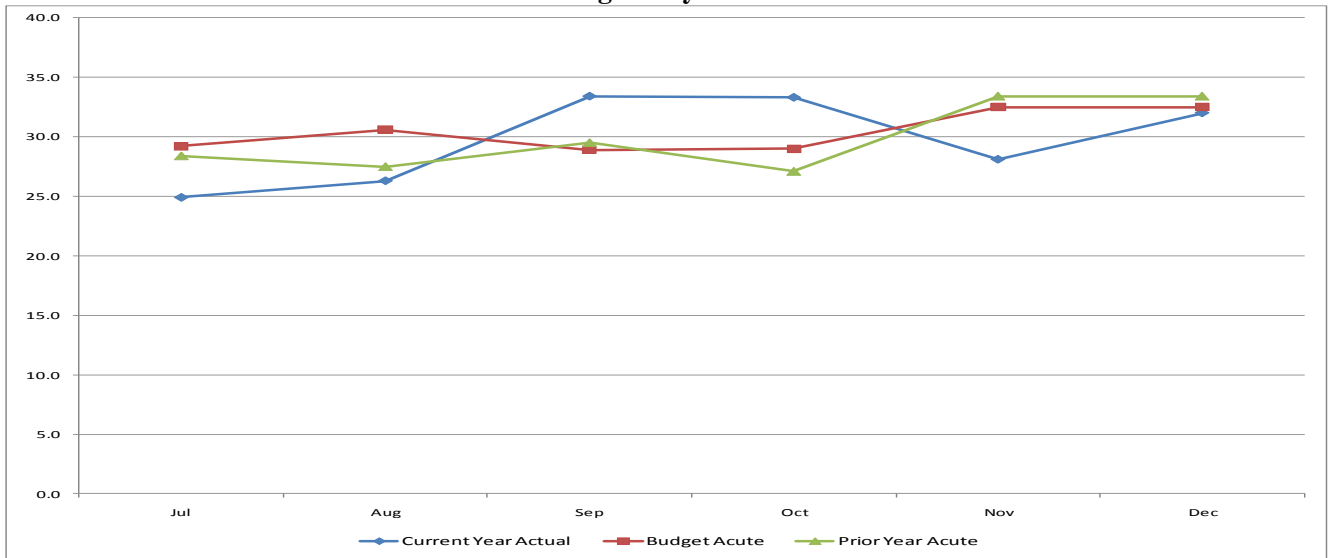
## ACTIVITY

### ACUTE, SUBACUTE AND SNF SERVICES

Overall, patient days were above budget this month by 1.1%, and above December of last year. This month's acute days were below budget by 1.6%, Subacute was up 0.7%, South Shore was up 1.3% and Waters Edge was up 2.0%.

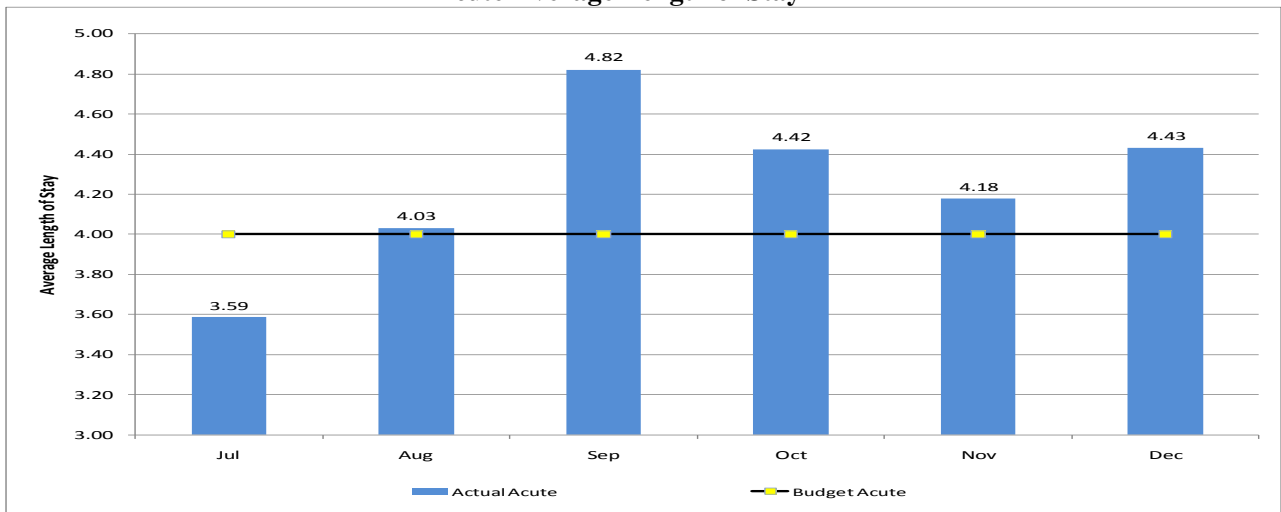
December's acute patient days were 16 days or 1.6% lower than budget for the month and 3.9% lower than December 2012. After several months of acute days at or above budget, 3 West was the biggest contributor to the lower acute census in December. The acute care program is comprised of the Critical Care Unit (5.0 ADC, 16.7% above budget), Telemetry / Definitive Observation Unit (12.8 ADC, 6.5% above budget) and Med/Surg Unit (14.3 ADC, 12.3% below budget).

**Acute Average Daily Census**



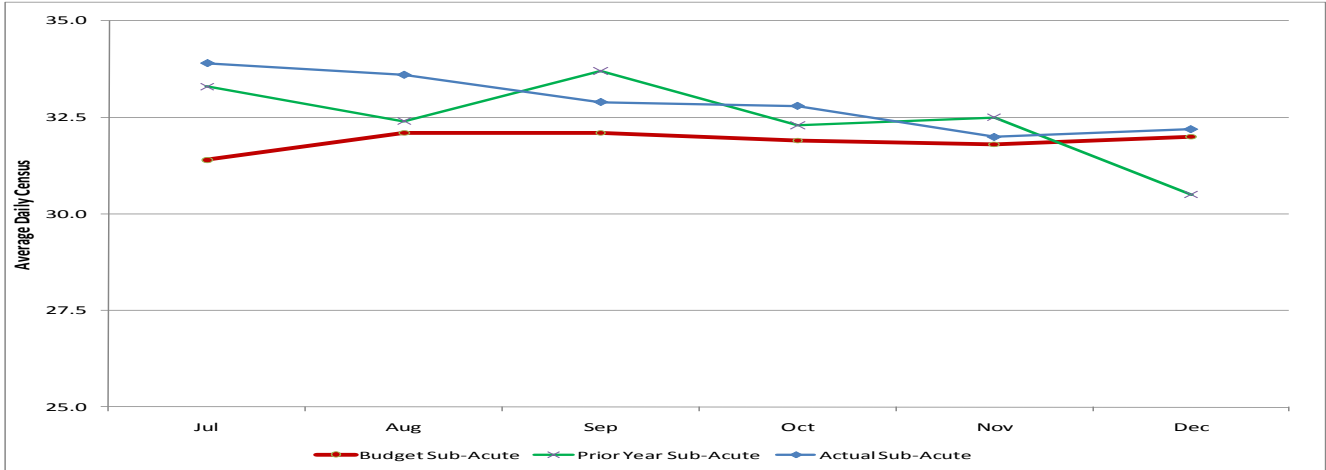
The acute Average Length of Stay (ALOS) increased from last month of 4.18 to 4.43 in December and is above the budget of 4.00. Management receives daily report updates on those patients with length of stays greater than five and continues to work with case management and members of the medical staff, including discussions at the UM Committee to try and better manage these and other utilization concerns. We have had a number of patients with very complex discharge placement and social issues that we have had to work with as well as a number of medically complex patients that have added to the ALOS in December. Managing length of stay will become critical in January for acute Medi-Cal patients as the hospital begins getting paid on Medi-Cal DRG's. The graph below shows the ALOS by month compared to the budget.

**Acute Average Length of Stay**



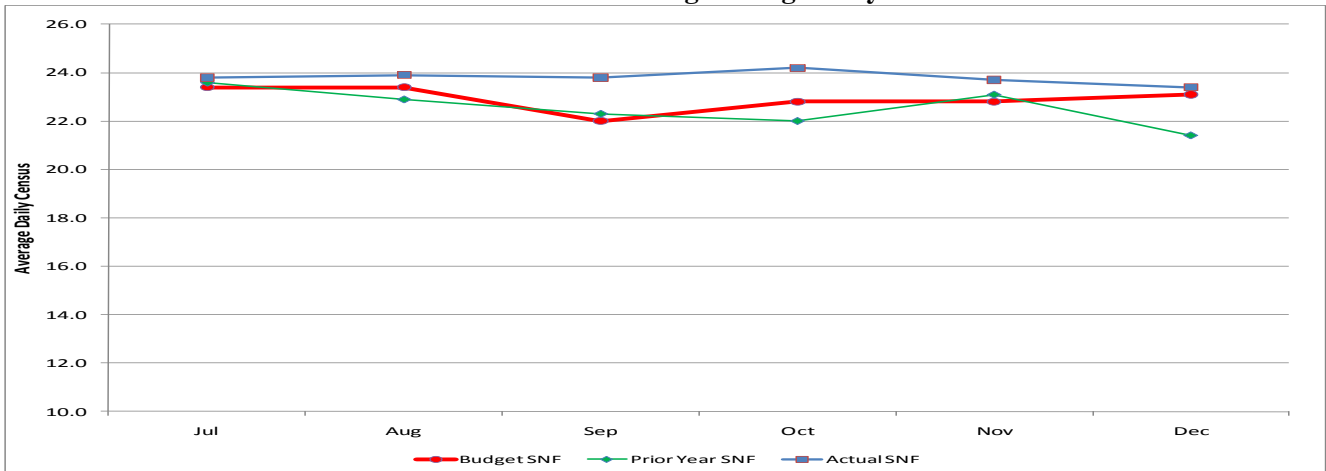
The Subacute program ADC of 32.2 was just above the budget by 0.23 ADC or 0.7%. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year.

**Subacute Average Daily Census**



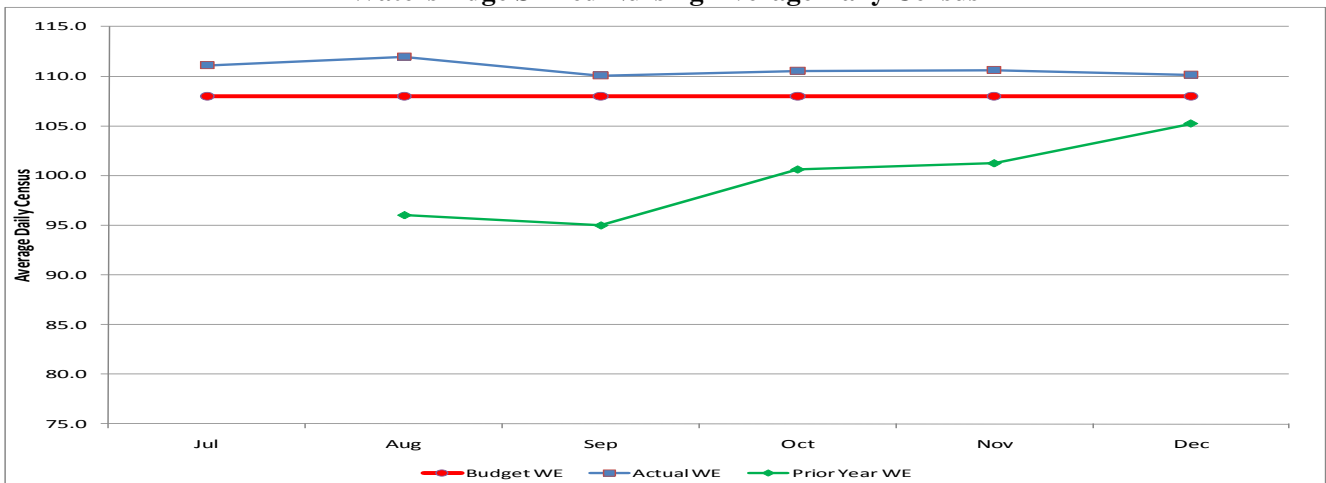
The South Shore ADC was above budget by 9 patient days (1.3%) for the month of December. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In December the number of Medicare A skilled patients was 2.1 ADC, below the 2.53 ADC in November but below the budget of 4.07.

**South Shore Skilled Nursing Average Daily Census**



Waters Edge census was 110.16 ADC or 2.0% above the budget of 108.0 in December. The Medicare census was 10.5 ADC above the 8.7 ADC in the prior month, and below the Medicare ADC budget of 16.2.

**Waters Edge Skilled Nursing Average Daily Census**



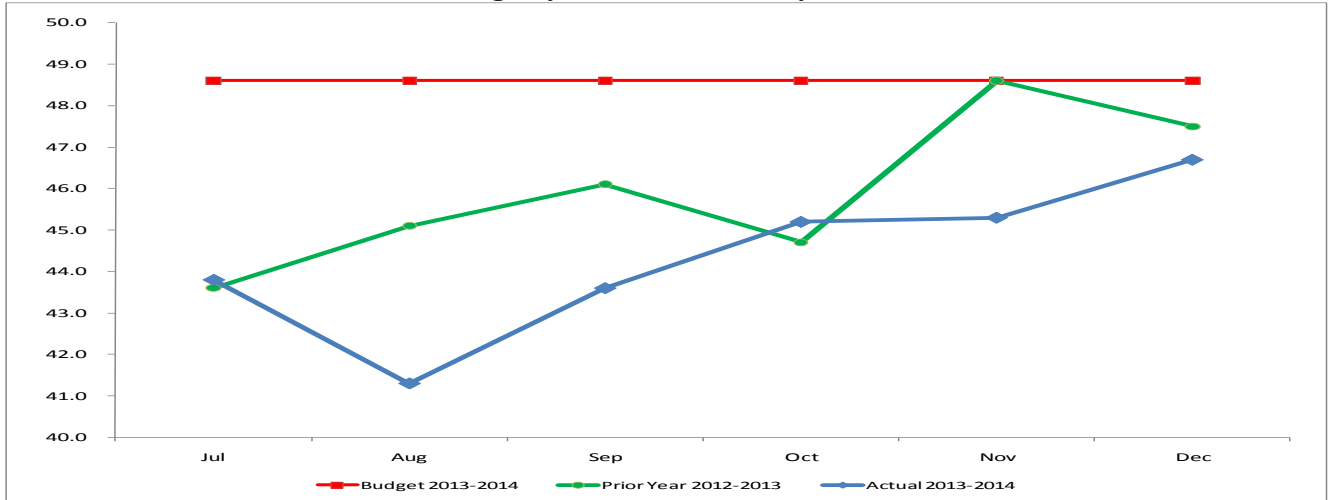


## *ANCILLARY SERVICES*

### Outpatient Services

Emergency Care Center (ECC) visits in December were 1,448, or 59 visits (3.9%) below the budget of 1,507. The inpatient admission rate from the ECC was 17.4% exactly the same as in November. On a per day basis, the total visits represent an increase of 0.2% from the prior month daily average. In December, there were 301 ambulance arrivals versus 289 in the prior month. Of the 301 ambulance arrivals in the current month, 195 or 64.8% were from Alameda Fire Department (AFD).

**Emergency Care Visits Per Day**



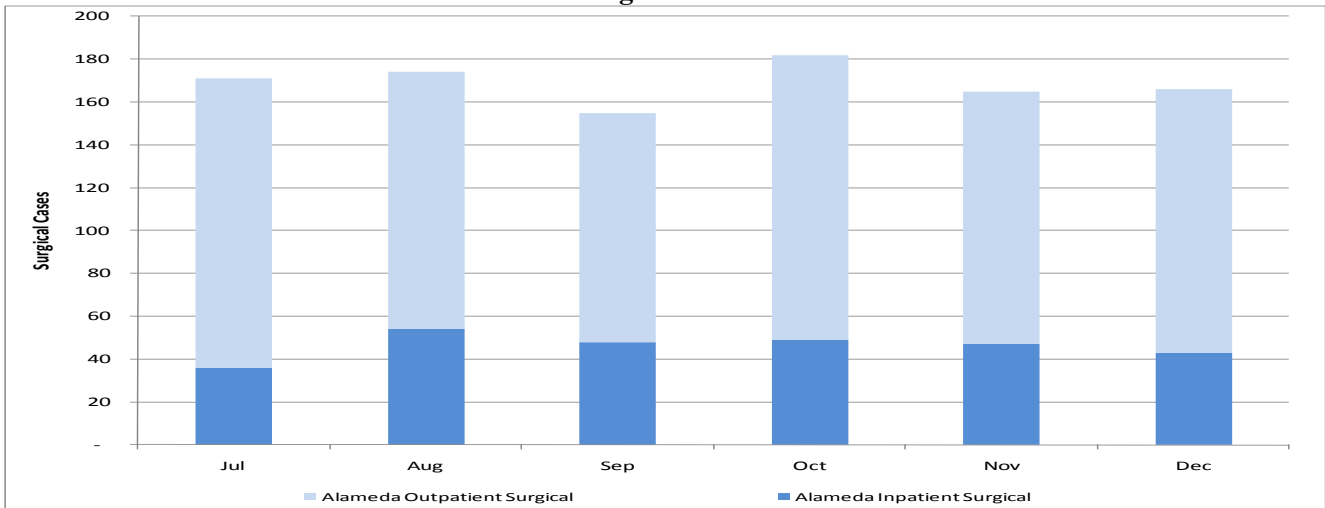
Outpatient registrations totaled 1,911 or 6.2% above the budget. In December the number of patient visits were down in IV Therapy (13), Radiology (40) and EKG (13). Visits were up in Physical Therapy (50), Laboratory (32) and CT Scan (13). In December there were 115 Therapy visits and 96 Imaging procedures from the new orthopedic clinic, compared to 116 and 88 respectively in November.

In December, Wound Care was above the budget of 350 with 389 visits, or 11.1% over budget. Hyperbaric Oxygen treatments accounted for 54 of those visits, compared to 66 in November.

### Surgery

The total number of surgery cases in December were 166 or 2.4% below the budget of 170 and above last year's case volume of 154. Inpatient cases of 43 were above the budget of 40 and outpatient was below budget by 7 (5.4%) at 123 cases. Included in the total cases are 8 surgeries for our new general surgeon, Dr. John Lee. In comparison, Dr. Celada performed 16 surgeries compared to the 10 he performed in December 2012.

**Surgical Cases**



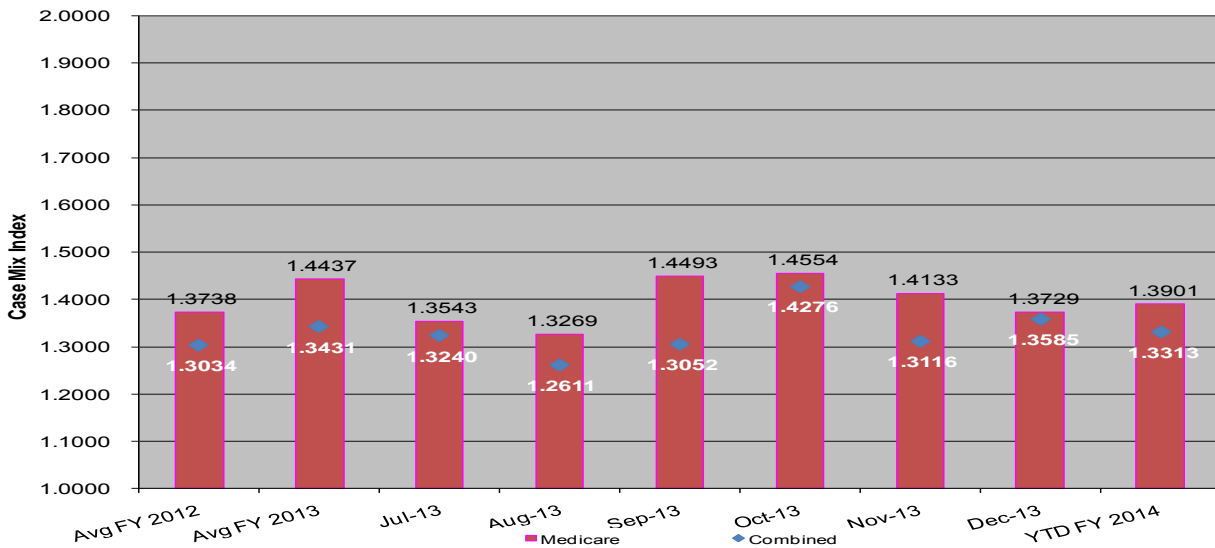
### *Payer Mix*

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

	<u>Dec Actual</u>	<u>Dec Budget</u>
Medicare	48.4%	47.2%
Medi-Cal	25.1%	27.3%
Managed Care	15.8%	16.2%
Other	4.4%	2.9%
Commerical	0.8%	1.4%
Self-Pay	5.5%	5.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### *Case Mix Index*

The Hospital's overall Case Mix Index (CMI) for December was 1.3585, up from the prior month of 1.3116 (3.57%). The Medicare CMI was 1.3729 in December, below the prior month of 1.4133 (2.85%). The graph below shows the Medicare CMI for the Hospital during the current fiscal year as compared to the prior two years.



### *Revenue*

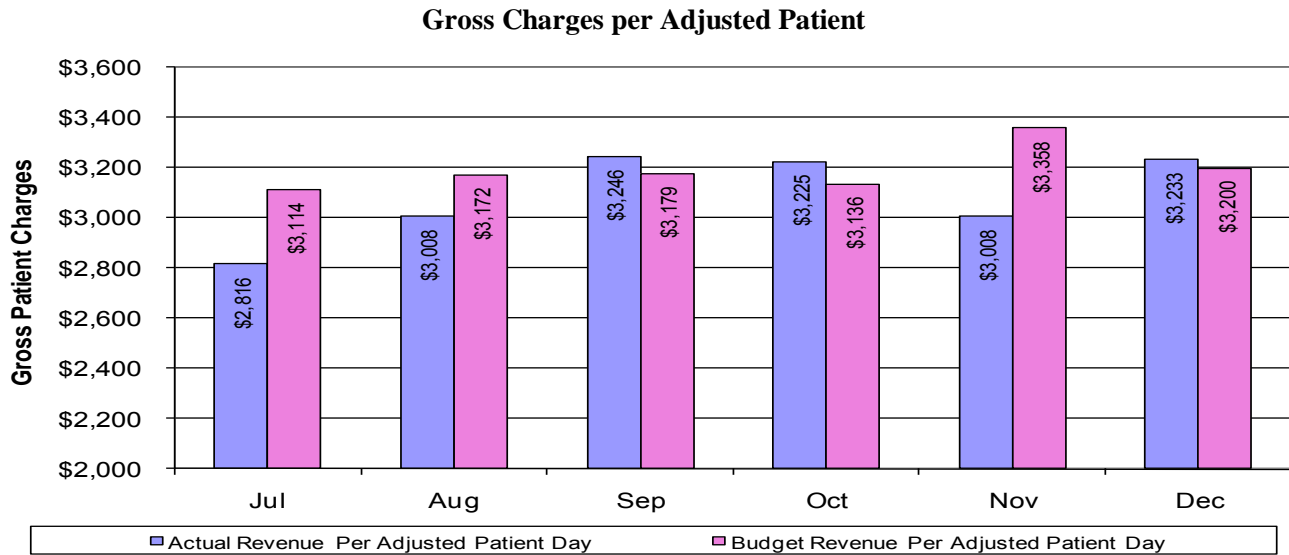
Gross patient charges in December were above the budget by \$148,000 or 0.5%. Inpatient gross revenues were \$419,000 above budget and outpatient gross revenues were down \$271,000. Acute inpatient days were 16 (1.6%) below budget and acute gross revenue was actually up 2.5%. Inpatient ancillary service charges were below budget in Surgery and Respiratory Therapy yet Medical Supplies, Imaging, Pharmacy and Rehabilitation were above budget.

Waters Edge gross and net revenue were above budget in December consistent with the volume. The ancillary revenue was above budget 69.3% (mostly attributed to therapy services) and the routine daily room and board revenue was above budget by 4.2%.

Outpatient gross revenues were lower than budget by \$271,000 (3.1%). Emergency, Medical Supplies, Laboratory, and Imaging were below budget while the Rehab and Pharmacy were above budget.

Wound Care volume was above budget 11.1% and the gross revenue was above budget by \$67,200 (9.7%), resulting in Net Revenue coming in \$15,700 (9.9%) above budget for the month. HBOT activity was down again from prior month. Much of the increase in Gross and Net Revenue was associated with the increased volume.

On an adjusted patient day basis, total patient revenue was \$3,233 above the budget of \$3,200 for the month of December. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2014 compared to budget.



### Contractual Allowances and Net Revenue

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 Net Revenue percentage of 23.2% was budgeted and 23.0% was realized.

Total Net Operating Revenue was just over \$7.9 million, \$1.35 million above budget, or 20.4%. Most of this positive variance coming from Other Operating Revenue which is a result of the \$1.4 million EHR money received in December. Total Net patient Revenue without the incentive money was \$6.5 million \$30,000 under budget primarily the result of lower acute discharges and acute patient days.

Waters Edge had Net Revenues of almost \$1.26 million, \$58,000 or 4.8% above budget. Although the overall census was higher than budgeted, we again had fewer Medicare patients and a higher number of Medi-Cal patients however the Medicare census is increasing..

Wound Care net revenue was \$15,700 (9.9%) above budget. The overall volume is contributing to this variance, while HBOT treatments are down again this month.

## *Expenses*

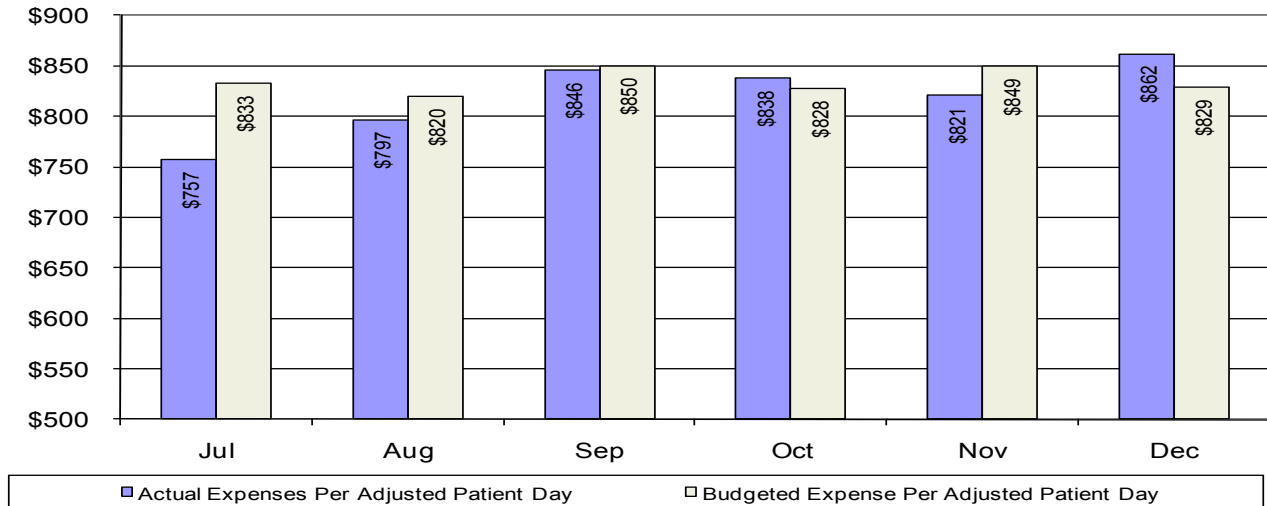
### Total Operating Expenses

Total operating expenses were \$7.5 million which was higher than the fixed budget by \$251,000 or 3.4%. Although we will discuss the variances of each major expense category in the following section, there were two one-time and non-recurring expense items affecting productive salaries and pharmaceutical expenses that total \$118,000 of this months negative variance.

Salaries, temporary agency and supplies were above budget while benefits and purchased services were under budget. All other expense categories were reasonably close to budget.

The graph below shows the actual Hospital operating expenses on an adjusted patient day basis for the fiscal year by month as compared to budget.

**Expenses per Adjusted Patient Day**



The 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 unfavorable to the fixed budget by \$258,000 (6.7%). Total salaries are above budget \$235,000 and Registry (temporary agency services) is above budget \$23,000.

The \$235,000 unfavorable salary expense variance is comprised of productive salaries being \$74,000 (2.4%) over budget and non-productive salaries were \$161,000 (32.6%) over budget mostly due to higher PTO/vacation usage during the Christmas holiday plus a significant spike in sick time pay which is expensed as incurred and Holiday pay.

**Productive salaries:** The most significant contributor to the productive pay variance (\$77,000) is associated with a retroactive pay adjustment for overtime hours worked by Waters Edge employees going back to August 2012 when the hospital took over operation of the facility. At that time, we assumed the existing employee agreement and payment practices. Over the past couple of months as we have engaged in contract discussions with this employee group and upon a more thorough review of the terms of the employee agreement and pay practices, including obtaining legal opinion on the matter of how overtime was being paid. Through this review, it was brought to our attention that for those employees who worked more than 40 hours in a week and had overtime, that the first two hours of that overtime period had not been paid appropriately. A retroactive analysis, going back to August 2012 was performed and the retroactive overtime wages paid to employees in December. In December and going forward, this pay practice has been corrected.

There is continued usage of sitters, particularly in the DOU and 3 West acute units. In addition, a couple of other departments were over budget i.e. Sub-Acute, Emergency and Wound Care. For these departments we have recognized that their original budget was lower than they needed for core staffing to properly cover the volumes. The budget for the next six months will incorporate the change to these departments and it expected that they will run at budget going forward.

Lastly, the use of overtime and double time premium pay is higher in December by approximately \$54,000 from the prior five month average. Spikes in census as well as higher sick calls are contributing to this with most of this variance coming from the acute nursing units.

The productive salaries per adjusted patient day (APD) were \$369 compared to a budget of \$359. Total salaries per APD were \$444 compared to a budget of \$415 per APD.

**Non-productive salaries** being over budget is offset, in part, by benefits expense being under budget \$69,000, some of this coming from a reduction in PTO / Vacation accrual as employees continue to take time off. In addition there was higher usage Sick time. Sick time is expensed as it is used and there is not an off-setting liability accrue for this pay category since sick hours / pay are not paid out when employment is terminated. FYTD usage has been consistent with prior year usage, however, there was a spike of \$42,000 in December as many employees have been out sick for extended periods of time. Holiday pay was also high in December running about \$35,000 higher than budget.

Registry expense was over budget \$23,000. While there was unplanned usage of temporary help in Imaging, Rehab, Respiratory Therapy and Patient Accounting to replace vacant positions, registry usage in surgery and the emergency care center was down.

### **Benefits**

Benefits were below the fixed budget by \$69,000. While these numbers fluctuate from month to month, health claim expense was slightly higher, PTO/Vacation accrual contributed to most all of the the positive varianc. PTO/Vacation usage has continued to be higher as we have been encouraging employees to use their PTO/Vacation time which thus reduces the amount of accrual needed. The zero accrual expense in December is a direct offset to the higher non-productive wages discussed above. In addition the FICA expense is just below budget as some employee salaries reach the FICA limit for the year.

### **Professional Fees**

Professional fees were above budget by \$7,000 or 1.4%. Overall consulting and related fees in Administration, Information Systems and the Clinics were less than anticipated, while fees were higher in ECC, Pharmacy and QRM resulting in a negative variance.

### **Supplies**

Supplies expense were \$86,000 over budget. While many departments were close to budget, there are negative variances in emergency and pharmacy departments contributing to the monthly variance. Most of the variance is related to the pharmacy which had a large batch of pharmaceuticals go bad when the refrigeration system failed and these medications needed to be replaced during December. The cost to replace these pharmaceuticals had a gross impact of \$77,000 and a net financial impact of \$42,000 in December. The director of pharmacy achieved \$35,000 in credits from manufacturers during December and is working to obtain credits for the remainder of this expense in January. The cost of drugs for Code Strokes and the IVT program also contributed to the higher pharmacy expense in December. It is expected these expense will come back in line in January.

### **Purchased Services**

Purchased services were below budget for the month of December by \$18,000 or 3.1%. While there were some departments higher than budget such as Renal Dialysis, Imaging and Pharmacy there were several departments under budget such as Patient Accounting, Information Systems and Waters Edge resulting in the overall variance being positive to budget.

### **Rents and Leases**

Rents and lease expense was \$8,000 over budget in the month. The primary variances are in Central Supply (equipment rentals), willow street building lease \$2,000, the annual building rent increase for the Alameda Town Center building was about \$2,500 per month higher than budgeted and Waters Edge rent has increased \$2,800 per month as well. The higher rent/lease increases were not anticipated during the budget process but will be in the budget for the second half of fiscal 2014.

### **Other Operating Expense**

Other Operating Expenses were under budget this month by \$10,000 made up of many small positive variances throughout the hospital departments.

### **Depreciation Expense**

Depreciation Expenses was \$6,000 over budget. The budget failed to pick up the proper value of recent projects that have moved from Construction in Progress to depreciable assets. We have had three key projects, Meditech EDM applications, seismic – emergency egress lighting and 2 West Subacute sprinkler project. These new items will be accounted for in the budget for the second half of fiscal 2014.

### **Non-Operating Income / (Expense):**

Other Income/(Expense) was just \$28,000 under budget. We had assumed in the budget a contribution from the Foundation during this six month budget period of \$150,000. We have not recorded any portion of the receivable for this but will do so once a contribution is made later in the year. Interest Expense was over budget by \$10,000 as the result of several months late fees assessed by supply and service vendors.

## *Balance Sheet*

Total assets increased by almost \$950,000 from the prior month. The following items make up the increase in assets:

- Total unrestricted cash and cash equivalents for December increased by \$3.7 million and days cash on hand including restricted use funds also increased to 26.1 days cash on hand in December up from 11.1 days cash on hand in November.
- Net patient accounts receivable was \$10.8 million, just above the prior month of \$10.7 million
- Days in outstanding receivables were back down to 53.04 at December month end, an increase from the November number of 52.32 days. Cash collections in December were \$6.1 million.
- Other Receivables decreased by \$2.8 million resulting from the receipt of December parcel tax money.

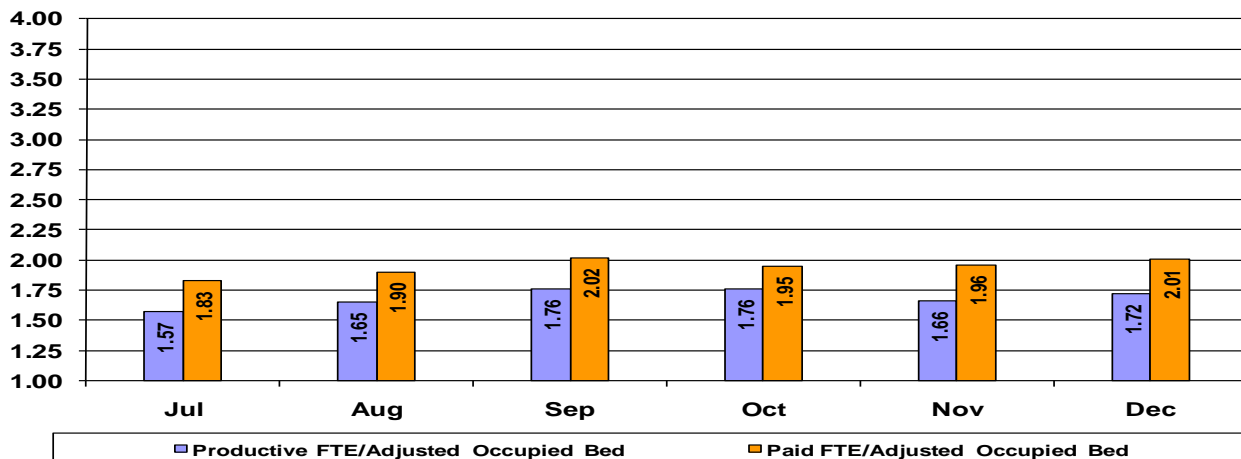
Overall, total liabilities remained consistent with the prior month:

- Accounts payable remained constant at \$12.0 million which equates to 157 AP Days, consistent with 158 days in November.
- Payroll related accruals increased almost \$513,000 due to the timing the the pay periods in the month.
- Deferred revenues decreased by \$484,000 due to the recognition of one-twelfth of the 2013/2014 parcel tax revenues, which will be realized over the course of the fiscal year.
- Current Portion of Long Term Debt in the month of December decreased by \$42,000 as we continue to pay down current debt obligations.
- Third Party Payer Settlements remained consistent with the prior month as there was no activity in this area in December.

## *Key Statistics*

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

For the month of December Productive FTE's per Adjusted Occupied Bed were 1.72, right at the budget of 1.72 FTE's. Paid FTE's per Adjusted Occupied Bed were 2.01 or 2.0% above the budget. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2014 by month.



**Current Ratio**

The current ratio for December is 0.96 up from 0.94 in November

**A/R days**

Net days in accounts receivable (A/R) are currently at 53.04. This is just above the prior month of 52.32. Net A/R days are up due to higher patient activity and total revenue during this past month.

**Days Cash on Hand**

Days cash on hand for December were 26.1, an increase from prior month of 11.1 due to reasons explained in prior sections.

The following pages include the detailed financial statements for the six (6) months ended December 31, 2013, of Fiscal Year 2014.

**ALAMEDA HOSPITAL  
KEY STATISTICS  
DECEMBER 2013**

	<u>ACTUAL DECEMBER 2013</u>	<u>CURRENT FIXED BUDGET</u>	<u>VARIANCE (UNDER) OVER</u>	<u>%</u>	<u>DECEMBER 2012</u>	<u>YTD DECEMBER 2013</u>	<u>YTD FIXED BUDGET</u>	<u>VARIANCE</u>	<u>%</u>	<u>YTD DECEMBER 2012</u>
<b>Discharges:</b>										
Total Acute	224	252	(28)	-11.2%	230	1,284	1,401	(117)	-8.4%	1,375
Total Sub-Acute	-	2	(2)	-100.0%	3	7	17	(10)	-58.8%	15
Total South Shore	7	6	1	16.7%	5	38	34	4	11.8%	35
Total Waters Edge	18	15	3	20.0%	19	89	90	(1)	-1.1%	70
	249	275	(26)	-9.5%	257	1,418	1,542	(124)	-8.1%	1,495
<b>Patient Days:</b>										
Total Acute	993	1,009	(16)	-1.6%	1,034	5,456	5,605	(149)	-2.7%	5,495
Total Sub-Acute	998	991	7	0.7%	944	6,053	5,864	189	3.2%	5,965
Total South Shore	725	716	9	1.3%	662	4,378	4,216	162	3.8%	4,147
Total Waters Edge	3,415	3,348	67	2.0%	3,262	20,378	19,872	506	2.5%	15,245
	6,131	6,064	67	1.1%	5,902	36,265	35,557	708	2.0%	30,852
<b>Average Length of Stay</b>										
Total Acute	4.43	4.00	0.43	10.8%	4.50	4.25	4.00	0.25	6.2%	4.00
<b>Average Daily Census</b>										
Total Acute	32.03	32.55	(0.52)	-1.6%	33.35	29.65	30.46	(0.81)	-2.7%	29.86
Total Sub-Acute	32.19	31.97	0.23	0.7%	30.45	32.90	31.87	1.03	3.2%	32.42
Total South Shore	23.39	23.10	0.29	1.3%	21.35	23.79	22.91	0.88	3.8%	22.54
Total Waters Edge	110.16	108.00	2.16	2.0%	105.23	110.75	108.00	2.75	2.5%	99.64
	197.77	195.61	2.16	1.1%	190.39	197.09	193.24	0.22	0.1%	184.46
<b>Emergency Room Visits</b>	1,448	1,507	(59)	-3.9%	1,473	8,155	8,860	(705)	-8.0%	8,448
<b>Wound Care Clinic Visits</b>	389	350	39	11.1%	272	2,527	2,100	427	20.3%	1,089
<b>Outpatient Registrations</b>	1,911	1,800	111	6.2%	1,620	12,199	12,324	(125)	-1.0%	11,180
<b>Surgery Cases:</b>										
Inpatient	43	40	3	7.5%	37	277	286	(9)	-3.1%	251
Outpatient	123	130	(7)	-5.4%	117	736	784	(48)	-6.1%	726
	166	170	(4)	-2.4%	154	1,013	1,070	(57)	-5.3%	977
<b>Adjusted Occupied Bed (AOB)</b>	282.66	282.69	(0.02)	0.0%	268.00	286.57	280.29	6.28	2.2%	240.68
<b>Productive FTE</b>	486.60	486.56	0.04	0.0%	558.86	484.59	482.35	2.25	0.5%	445.36
<b>Total FTE</b>	567.72	556.69	11.03	2.0%	532.83	557.82	549.12	8.70	1.6%	508.02
<b>Productive FTE/Adj. Occ. Bed</b>	1.72	1.72	0.00	0.0%	2.09	1.69	1.72	(0.03)	-1.7%	1.85
<b>Total FTE/ Adj. Occ. Bed</b>	2.01	1.97	0.04	2.0%	1.99	1.95	1.96	(0.01)	-0.6%	2.11



**City of Alameda Health Care District**  
**Statements of Financial Position**  
December 31, 2013

	Current Month	Prior Month	Prior Year End
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,030,658	\$ 2,365,818	\$ 4,861,959
Patient Accounts Receivable, net	10,888,119	10,692,785	12,041,516
Other Receivables	3,336,615	6,155,993	6,301,762
Third-Party Payer Settlement Receivables	-	-	-
Inventories	1,257,435	1,270,322	1,266,892
Prepays and Other	497,093	529,980	450,309
Total Current Assets	22,009,920	21,014,897	24,922,439
Assets Limited as to Use, net	255,946	243,782	189,755
<b>Fixed Assets</b>			
Land	877,945	877,945	877,945
Depreciable capital assets	46,072,101	45,705,151	45,422,895
Construction in progress	3,844,597	4,185,649	3,583,725
Depreciation	(41,106,374)	(41,018,046)	(40,581,813)
Property, Plant and Equipment, net	9,688,270	9,750,699	9,302,752
<b>Total Assets</b>	<b>\$ 31,954,136</b>	<b>\$ 31,009,378</b>	<b>\$ 34,414,946</b>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 2,043,741	\$ 2,085,696	\$ 826,007
Accounts Payable and Accrued Expenses	12,046,412	11,982,814	11,823,357
Payroll Related Accruals	5,605,565	5,092,657	5,195,271
Deferred Revenue	2,890,489	3,372,657	5,731,269
Employee Health Related Accruals	677,474	694,337	714,297
Third-Party Payer Settlement Payable	2,493,785	2,513,847	3,796,593
Total Current Liabilities	25,757,466	25,742,008	28,086,794
Long Term Debt, net	1,886,323	1,902,670	1,578,289
Total Liabilities	27,643,789	27,644,678	29,665,083
Net Assets:			
Unrestricted	4,054,401	3,120,918	4,350,108
Temporarily Restricted	255,946	243,782	399,755
Total Net Assets	4,310,347	3,364,700	4,749,863
<b>Total Liabilities and Net Assets</b>	<b>\$ 31,954,136</b>	<b>\$ 31,009,378</b>	<b>\$ 34,414,946</b>

**City of Alameda Health Care District**

**Statements of Operations**

December 31, 2013

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	6,131	6,064	67	1.1%	5,902	36,265	35,557	708	2.0%	30,852
Discharges	249	275	(26)	-9.5%	257	1,418	1,541	(123)	-8.0%	1,495
ALOS (Average Length of Stay)	24.62	22.03	2.59	11.8%	22.96	25.57	23.07	2.50	10.9%	20.64
ADC (Average Daily Census)	197.8	195.6	2.16	1.1%	190.4	197.1	193.2	3.85	2.0%	167.7
CMI (Case Mix Index)	1.3585				1.3197	1.3313				1.3541
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 19,823	\$ 19,404	\$ 419	2.2%	\$ 18,672	\$ 112,096	\$ 113,528	\$ (1,432)	-1.3%	\$ 104,506
Gross Outpatient Revenues	8,427	8,698	(271)	-3.1%	7,632	50,600	51,138	(538)	-1.1%	45,609
Total Gross Revenues	28,250	28,102	148	0.5%	26,304	162,697	164,666	(1,970)	-1.2%	150,116
Contractual Deductions	20,978	20,337	(641)	-3.2%	18,399	120,926	118,991	(1,935)	-1.6%	106,350
Bad Debts	499	1,102	603	54.7%	1,458	3,048	6,611	3,563	53.9%	7,525
Charity and Other Adjustments	273	133	(140)	-104.7%	90	952	800	(152)	-19.0%	525
Net Patient Revenues	6,500	6,530	(30)	-0.5%	6,356	37,771	38,264	(493)	-1.3%	35,716
Net Patient Revenue %	23.0%	23.2%			24.2%	23.2%	23.2%			23.8%
Net Clinic Revenue	59	87	(28)	-32.2%	35	437	525	(88)	-16.7%	248
Other Operating Revenue	1,420	12	1,408	11648.7%	(7)	1,475	73	1,402	1934.1%	57
<b>Total Revenues</b>	<b>7,979</b>	<b>6,630</b>	<b>1,350</b>	<b>20.4%</b>	<b>6,384</b>	<b>39,682</b>	<b>38,862</b>	<b>821</b>	<b>2.1%</b>	<b>36,021</b>
<b>Expenses</b>										
Salaries	3,882	3,646	(235)	-6.5%	3,572	21,978	21,206	(772)	-3.6%	19,955
Temporary Agency	184	160	(23)	-14.3%	152	994	1,000	7	0.7%	1,094
Benefits	997	1,066	69	6.4%	1,001	5,710	6,334	624	9.8%	5,338
Professional Fees	508	501	(7)	-1.4%	463	2,879	3,008	129	4.3%	2,467
Supplies	886	800	(86)	-10.8%	719	5,035	4,816	(219)	-4.6%	4,645
Purchased Services	554	571	18	3.1%	567	3,326	3,428	101	2.9%	3,255
Rents and Leases	229	221	(8)	-3.5%	209	1,411	1,325	(86)	-6.5%	1,152
Utilities and Telephone	73	83	10	12.5%	71	471	501	29	5.9%	443
Insurance	31	38	7	17.6%	39	212	229	17	7.4%	228
Depreciation and amortization	89	83	(6)	-7.2%	73	526	496	(30)	-6.0%	436
Other Operating Expenses	101	112	10	9.4%	112	675	695	19	2.8%	595
<b>Total Expenses</b>	<b>7,532</b>	<b>7,281</b>	<b>(251)</b>	<b>-3.4%</b>	<b>6,979</b>	<b>43,218</b>	<b>43,036</b>	<b>(181)</b>	<b>-0.4%</b>	<b>39,606</b>
<b>Operating gain (loss)</b>	<b>447</b>	<b>(652)</b>	<b>1,099</b>	<b>168.6%</b>	<b>(594)</b>	<b>(3,535)</b>	<b>(4,175)</b>	<b>640</b>	<b>-15.3%</b>	<b>(3,586)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	482	487	(5)	-1.0%	492	2,892	2,922	(29)	-1.0%	2,882
Investment Income	7	-	7	0.0%	1	11	-	11	0.0%	7
Interest Expense	(26)	(16)	(10)	-66.7%	(18)	(91)	(94)	3	-2.9%	(62)
Other Income / (Expense)	23	43	(20)	-46.1%	227	166	255	(89)	-34.8%	366
<b>Net Non-Operating Income / (Expense)</b>	<b>486</b>	<b>514</b>	<b>(28)</b>	<b>-5.4%</b>	<b>701</b>	<b>2,979</b>	<b>3,083</b>	<b>(104)</b>	<b>-3.4%</b>	<b>3,193</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 933</b>	<b>\$ (138)</b>	<b>\$ 1,071</b>	<b>-777.7%</b>	<b>\$ 107</b>	<b>\$ (556)</b>	<b>\$ (1,092)</b>	<b>\$ 536</b>	<b>-49.1%</b>	<b>\$ (393)</b>

**City of Alameda Health Care District**  
**Statements of Operations - Per Adjusted Patient Day**  
December 31, 2013

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
<b>Revenues</b>										
Gross Inpatient Revenues	\$ 2,269	\$ 2,209	\$ 59	2.7%	\$ 2,246	\$ 2,130	\$ 2,201	\$ (72)	-3.3%	\$ 2,358
Gross Outpatient Revenues	965	990	(26)	-2.6%	918	961	992	(30)	-3.0%	1,029
Total Gross Revenues	3,233	3,200	33	1.0%	3,164	3,091	3,193	(102)	-3.2%	3,387
Contractual Deductions	2,401	2,316	(85)	-3.7%	2,213	2,297	2,307	10	0.4%	2,400
Bad Debts	57	125	68	54.5%	175	58	128	70	54.8%	170
Charity and Other Adjustments	31	15	(16)	-105.8%	11	18	16	(3)	-16.6%	12
Net Patient Revenues	744	744	0	0.1%	765	718	742	(24)	-3.3%	806
Net Patient Revenue %	23.0%	23.2%			24.2%	23.2%	23.2%			23.8%
Net Clinic Revenue	7	10	(3)	-31.9%	4	8	10	(2)	-18.4%	6
Other Operating Revenue	162	1	161	11708.8%	(1)	28	1	27	1893.1%	1
<b>Total Revenues</b>	<b>913</b>	<b>755</b>	<b>158</b>	<b>21.0%</b>	<b>768</b>	<b>754</b>	<b>754</b>	<b>0</b>	<b>0.1%</b>	<b>813</b>
<b>Expenses</b>										
Salaries	444	415	(29)	-7.0%	430	418	411	(6)	-1.6%	450
Temporary Agency	21	18	(3)	-14.9%	18	19	19	1	2.7%	25
Benefits	114	121	7	6.0%	120	102	123	21	17.3%	120
Professional Fees	58	57	(1)	-1.9%	56	55	58	4	6.2%	56
Supplies	101	91	(10)	-11.3%	86	96	93	(2)	-2.4%	105
Purchased Services	63	65	2	2.6%	68	63	66	3	4.9%	73
Rents and Leases	26	25	(1)	-4.0%	25	27	26	(1)	-4.3%	26
Utilities and Telephone	8	10	1	12.1%	9	9	10	1	7.8%	10
Insurance	4	4	1	17.2%	5	4	4	0	9.2%	5
Depreciation and Amortization	10	9	(1)	-7.7%	9	10	10	(0)	-3.9%	10
Other Operating Expenses	12	13	1	8.9%	13	13	13	1	4.7%	13
<b>Total Expenses</b>	<b>862</b>	<b>829</b>	<b>(33)</b>	<b>-4.0%</b>	<b>839</b>	<b>814</b>	<b>834</b>	<b>20</b>	<b>2.4%</b>	<b>894</b>
<b>Operating Gain / (Loss)</b>	<b>51</b>	<b>(74)</b>	<b>125</b>	<b>169.0%</b>	<b>(71)</b>	<b>(60)</b>	<b>(81)</b>	<b>21</b>	<b>-25.7%</b>	<b>(81)</b>
<b>Non-Operating Income / (Expense)</b>										
Parcel Taxes	55	55	(0)	-0.5%	59	55	57	(2)	-3.0%	65
Investment Income	1	-	1	0.0%	0	0	-	0	0.0%	0
Interest Expense	(3)	(2)	(1)	-67.6%	(2)	(2)	(2)	0	-4.8%	(1)
Other Income / (Expense)	3	5	(2)	-45.8%	27	3	5	(2)	-36.1%	8
<b>Net Non-Operating Income / (Expense)</b>	<b>56</b>	<b>59</b>	<b>(3)</b>	<b>-4.9%</b>	<b>84</b>	<b>57</b>	<b>60</b>	<b>(3)</b>	<b>-5.3%</b>	<b>72</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 107</b>	<b>\$ (16)</b>	<b>\$ 123</b>	<b>-781.2%</b>	<b>\$ 13</b>	<b>\$ (3)</b>	<b>\$ (21)</b>	<b>\$ 18</b>	<b>-83.7%</b>	<b>\$ (9)</b>

Wound Care - Statement of Operations  
December 31, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits	389	350	39	11.1%	2,527	2,100	427	20.3%
Revenue								
Gross Revenue	757,012	689,761	67,251	9.7%	5,283,967	4,138,566	1,145,401	27.7%
Deductions from Revenue	<u>582,899</u>	<u>531,392</u>	<u>51,507</u>		<u>4,086,122</u>	<u>3,188,351</u>	<u>897,771</u>	
Net Revenue	<u>174,113</u>	<u>158,369</u>	<u>15,744</u>	9.9%	<u>1,197,845</u>	<u>950,215</u>	<u>247,630</u>	
Expenses								
Salaries	19,713	16,326	(3,387)	-20.7%	122,853	99,826	(23,027)	-23.1%
Benefits	4,956	4,877	(79)	-1.6%	34,285	29,818	(4,467)	-15.0%
Professional Fees	73,887	73,306	(581)	-0.8%	519,223	439,836	(79,387)	-18.0%
Supplies	32,771	28,239	(4,532)	-16.0%	260,188	169,434	(90,754)	-53.6%
Purchased Services	5,406	4,000	(1,406)	-35.2%	32,307	24,000	(8,307)	-34.6%
Rents and Leases	5,686	5,686	-	0.0%	35,158	34,116	(1,042)	-3.1%
Depreciation	8,834	8,685	(149)	-1.7%	53,004	52,110	(894)	-1.7%
Other	<u>1,122</u>	<u>2,079</u>	<u>957</u>	<u>46.0%</u>	<u>12,687</u>	<u>12,474</u>	<u>(213)</u>	<u>-1.7%</u>
Total Expenses	<u>152,375</u>	<u>143,198</u>	<u>(9,177)</u>	<u>-6.4%</u>	<u>1,069,705</u>	<u>861,614</u>	<u>(208,091)</u>	<u>-24.2%</u>
Excess of Revenue over Expenses	<u>21,738</u>	<u>15,172</u>	<u>6,566</u>	<u>43.3%</u>	<u>128,140</u>	<u>88,601</u>	<u>39,539</u>	<u>44.6%</u>

City of Alameda Health Care District  
Waters Edge Skilled Nursing - Statement of Operations  
December 31, 2013

	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	326	502	(176)	-35.1%	1,778	2,980	(1,202)	-40.3%
Medi-Cal	2,898	2,576	322	12.5%	17,718	15,290	2,428	15.9%
Managed Care	42	68	(26)	-38.2%	141	404	(263)	-65.1%
Self Pay/Other	<u>149</u>	<u>202</u>	<u>(53)</u>	<u>-26.2%</u>	<u>741</u>	<u>1,198</u>	<u>(457)</u>	<u>-38.1%</u>
Total	3,415	3,348	67	2.0%	20,378	19,872	506	2.5%
Revenue								
Routine Revenue	2,722,540	2,613,836	108,704	4.2%	16,236,806	15,514,382	722,424	4.7%
Ancillary Revenue	<u>371,617</u>	<u>219,533</u>	<u>152,084</u>	<u>69.3%</u>	<u>2,243,819</u>	<u>1,737,977</u>	<u>505,842</u>	<u>29.1%</u>
Total Gross Revenue	3,094,157	2,833,369	260,788	9.2%	18,480,625	17,252,359	1,228,266	7.1%
Deductions from Revenue	<u>1,834,585</u>	<u>1,632,021</u>	<u>(202,564)</u>	<u>-12.4%</u>	<u>10,899,887</u>	<u>9,917,023</u>	<u>(982,864)</u>	<u>-9.9%</u>
Net Revenue	<u>1,259,572</u>	<u>1,201,348</u>	<u>58,224</u>	<u>4.8%</u>	<u>7,580,738</u>	<u>7,335,336</u>	<u>245,402</u>	<u>3.3%</u>
Expenses								
Salaries	563,813	474,705	(89,108)	-18.8%	2,817,065	2,832,815	15,750	0.6%
Temporary Agency	29,564	15,070	(14,494)	-100.0%	180,857	100,414	(80,443)	-100.0%
Benefits	103,817	97,318	(6,499)	-6.7%	580,330	582,728	2,398	0.4%
Professional Fees	5,153	5,200	47	0.9%	27,532	31,200	3,668	11.8%
Supplies	69,335	63,381	(5,954)	-9.4%	441,740	377,084	(64,656)	-17.1%
Purchased Services	120,107	129,300	9,193	7.1%	687,738	775,800	88,062	11.4%
Rents and Leases	78,388	75,400	(2,988)	-4.0%	469,177	452,400	(16,777)	-3.7%
Utilities	4,187	11,766	7,579	64.4%	53,590	70,600	17,010	24.1%
Insurance	-	2,392	2,392	100.0%	-	14,352	14,352	100.0%
Other	<u>22,364</u>	<u>16,308</u>	<u>(6,056)</u>	<u>-37.1%</u>	<u>96,300</u>	<u>98,849</u>	<u>2,549</u>	<u>2.6%</u>
Total Expenses	<u>996,728</u>	<u>890,840</u>	<u>(105,888)</u>	<u>-11.9%</u>	<u>5,354,329</u>	<u>5,336,242</u>	<u>(18,087)</u>	<u>-0.3%</u>
Excess of Revenue over Expenses	<u>262,844</u>	<u>310,509</u>	<u>(47,664)</u>		<u>2,226,408</u>	<u>1,999,094</u>	<u>227,315</u>	

City of Alameda Health Care District  
Orthopedic Clinic - Statement of Operations  
December 31, 2013

	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>
Clinic Visits	182	302	(120)	-39.7%	1,423	1,812	(389)	-21.5%
Revenue								
Gross Revenue	49,492	128,652	(79,160)	-61.5%	445,430	771,912	(326,482)	-42.3%
Deductions from Revenue	<u>25,724</u>	<u>90,069</u>	<u>(64,345)</u>		<u>252,382</u>	<u>540,414</u>	<u>(288,032)</u>	
Net Revenue	<u>23,768</u>	<u>38,583</u>	<u>(14,815)</u>		<u>193,048</u>	<u>231,498</u>	<u>(38,450)</u>	
Expenses								
Salaries	25,094	32,905	7,811	23.7%	177,607	197,424	19,817	10.0%
Benefits	6,309	9,829	3,520	35.8%	44,650	58,971	14,320	24.3%
Professional Fees	17,654	25,000	7,346	29.4%	141,693	150,000	8,307	5.5%
Supplies	592	3,467	2,875	82.9%	5,904	20,802	14,898	71.6%
Purchased Services	(5,788)	6,083	11,871	195.2%	16,789	36,498	19,709	54.0%
Rents and Leases	5,134	4,667	(467)	-10.0%	28,463	28,002	(461)	-1.6%
Depreciation	-	-	-	0.0%	-	-	-	0.0%
Other	<u>1,058</u>	<u>2,608</u>	<u>1,550</u>	<u>59.4%</u>	<u>12,905</u>	<u>15,648</u>	<u>2,743</u>	<u>17.5%</u>
Total Expenses	<u>50,053</u>	<u>84,559</u>	<u>34,506</u>	<u>40.8%</u>	<u>428,011</u>	<u>507,345</u>	<u>79,333</u>	<u>15.6%</u>
Excess of Revenue over Expenses	<u>(26,285)</u>	<u>(45,976)</u>	<u>19,691</u>	<u>42.8%</u>	<u>(234,963)</u>	<u>(275,847)</u>	<u>40,883</u>	<u>14.8%</u>
<u>Hospital Based Activity:</u>								
Inpatient Days	10	22	(12)	-54.5%	196	132	64	48.5%
Inpatient Surgeries	3	5	(2)	-40.0%	31	30	1	3.3%
Outpatient Surgeries	7	10	(3)	-30.0%	39	59	(20)	-33.9%
Therapy Referred Visits	115	175	(60)	-34.3%	906	1,050	(144)	-13.7%
Imaging Referred Procedures	96	110	(14)	-12.7%	681	660	21	3.2%
Inpatient Gross Charges	<u>163,674</u>	<u>309,500</u>	<u>(145,826)</u>	<u>-47.1%</u>	<u>3,597,264</u>	<u>1,857,000</u>	<u>1,740,264</u>	<u>93.7%</u>
Inpatient Net Revenue	<u>23,220</u>	<u>69,500</u>	<u>(46,280)</u>	<u>-66.6%</u>	<u>626,029</u>	<u>417,000</u>	<u>209,029</u>	<u>50.1%</u>
Outpatient Gross Charges	<u>291,520</u>	<u>324,775</u>	<u>(33,255)</u>	<u>-10.2%</u>	<u>2,322,324</u>	<u>1,929,630</u>	<u>392,694</u>	<u>20.4%</u>
Outpatient Net Revenue	<u>49,558</u>	<u>70,885</u>	<u>(21,327)</u>	<u>-30.1%</u>	<u>379,740</u>	<u>421,318</u>	<u>(41,578)</u>	<u>-9.9%</u>
Total Gross Charges	<u>455,194</u>	<u>634,275</u>	<u>(179,081)</u>	<u>-28.2%</u>	<u>5,919,588</u>	<u>3,786,630</u>	<u>2,132,958</u>	<u>56.3%</u>
Total Net Revenue	<u>72,778</u>	<u>140,385</u>	<u>(67,607)</u>	<u>-48.2%</u>	<u>1,005,769</u>	<u>838,318</u>	<u>167,451</u>	<u>20.0%</u>

City of Alameda Health Care District  
1206b Clinic - Statement of Operations  
December 31, 2013

	Current Month				Year-to-Date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits								
Primary Care	53	138	(85)		524	826	(302)	
Surgery	60	53	7		421	319	102	
Neurology	26	31	(5)		175	186	(11)	
Total Visits	<u>139</u>	<u>222</u>	<u>(83)</u>	-37.4%	<u>1,120</u>	<u>1,332</u>	<u>(212)</u>	-15.9%
Revenue								
Gross Revenue	75,329	129,400	(54,071)	-41.8%	541,799	776,400	(234,601)	-30.2%
Deductions from Revenue	<u>39,816</u>	<u>77,650</u>	<u>(37,834)</u>		<u>305,643</u>	<u>465,900</u>	<u>(160,257)</u>	
Net Revenue	<u>35,513</u>	<u>51,750</u>	<u>(16,237)</u>		<u>236,156</u>	<u>310,500</u>	<u>(74,344)</u>	
Expenses								
Salaries	31,386	37,582	6,196	16.5%	179,749	192,374	12,625	6.6%
Temporary Agency	1,929	-	(1,929)	-100.0%	1,929	-	(1,929)	-100.0%
Benefits	7,890	11,226	3,335	29.7%	53,641	59,254	5,613	9.5%
Professional Fees	15,486	18,000	2,514	14.0%	82,164	108,000	25,836	23.9%
Supplies	321	1,356	1,035	76.3%	34,162	8,136	(26,026)	-319.9%
Purchased Services	5,126	6,468	1,342	20.7%	38,991	38,808	(183)	-0.5%
Rents and Leases	15,194	12,661	(2,533)	-20.0%	91,164	75,966	(15,198)	-20.0%
Depreciation	494	182	(312)	-171.4%	2,964	1,092	(1,872)	-171.4%
Other	1,846	5,167	3,321	64.3%	38,347	31,003	(7,344)	-23.7%
Total Expenses	<u>79,672</u>	<u>92,642</u>	<u>12,969</u>	14.0%	<u>523,111</u>	<u>514,633</u>	<u>(8,478)</u>	-1.6%
Excess of Revenue over Expenses	<u>(44,159)</u>	<u>(40,892)</u>	<u>(3,267)</u>	8.0%	<u>(286,955)</u>	<u>(204,133)</u>	<u>(82,821)</u>	40.6%
Clinic Rental Income	<u>13,619</u>	<u>13,100</u>	<u>519</u>	4.0%	<u>81,449</u>	<u>78,600</u>	<u>2,849</u>	3.6%
Net 1206b Clinic	<u>(30,540)</u>	<u>(27,792)</u>	<u>(2,748)</u>	9.9%	<u>(205,506)</u>	<u>(125,533)</u>	<u>(79,972)</u>	63.7%

Note:

Clinic Hours by Physician

Dr. Celada (General Surgery) - M,W,F Mornings only

Dr. Lee (General Surgery) - T, Th Mornings only

Dr. Brimmer (Primary Care) - M & Th full days, plus T Mornings

Dr. Dutaret (Neurology) - W full days

**City of Alameda Health Care District**  
**Statement of Cash Flows**  
**For the Six Months Ended December 31, 2013**

	<u>Current Month</u>	<u>Year-to-Date</u>
<b>Cash flows from operating activities</b>		
Net Income / (Loss)	\$ 933,480	\$ (556,266)
Items not requiring the use of cash:		
Depreciation and amortization	88,545	\$ 525,535
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(195,335)	1,153,397
Other Receivables	2,819,378	2,965,147
Third-Party Payer Settlements Receivable	(20,063)	(1,302,808)
Inventories	12,887	9,457
Prepays and Other	32,887	(46,784)
Accounts payable and accrued liabilities	63,598	223,055
Payroll Related Accruals	512,908	410,294
Employee Health Plan Accruals	(16,863)	(36,823)
Deferred Revenues	(482,168)	(2,840,780)
Cash provided by (used in) operating activities	<u>3,749,255</u>	<u>503,425</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in Assets Limited As to Use	(12,164)	(66,191)
Additions to Property, Plant and Equipment	(26,116)	(911,052)
Other	3	260,558
Cash provided by (used in) investing activities	<u>(38,278)</u>	<u>(716,685)</u>
<b>Cash flows from financing activities</b>		
Net Change in Long-Term Debt	(58,302)	1,525,768
Net Change in Restricted Funds	12,164	(143,809)
Cash provided by (used in) financing and fundraising activities	<u>(46,138)</u>	<u>1,381,959</u>
Net increase (decrease) in cash and cash equivalents	3,664,840	1,168,698
<b>Cash and cash equivalents at beginning of period</b>	2,365,818	4,861,959
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,030,659</u>	<u>\$ 6,030,658</u>



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

<b>Financial Ratios</b>	<u>Audited Results</u>			<u>Unaudited</u>	<u>YTD</u>
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>12/31/2013</b>
<b><u>Profitability Ratios</u></b>					
Net Patient Revenue (%)	24.16%	23.58%	22.90%	23.34%	23.22%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	4.82%	-1.01%	-1.48%	-1.48%	-1.48%
EBIDAP <sup>Note 5</sup>	-3.66%	-13.41%	-11.22%	-9.39%	-7.14%
Total Margin	2.74%	-2.61%	-3.21%	-3.13%	-1.40%
<b><u>Liquidity Ratios</u></b>					
Current Ratio	1.23	1.05	0.96	0.89	0.96
Days in accounts receivable ,net	51.83	46.03	55.21	60.35	53.04
Days cash on hand ( with restricted)	21.6	14.1	17.7	21.8	26.1
<b><u>Debt Ratios</u></b>					
Cash to Debt	249.0%	123.3%	123.56%	210.11%	159.96%
Average pay period (includes payroll)	57.11	62.68	72.94	78.69	78.83
Debt service coverage	5.98	(0.70)	(0.53)	(1.21)	0.03
Long-term debt to fund balance	0.14	0.18	0.28	0.33	0.48
Return on fund balance	18.87%	-19.21%	-27.35%	-48.16%	-12.91%
Debt to number of beds	10,482	11,515	16,978	9,728	9,728

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

<b>Financial Ratios</b>	Audited Results			Unaudited	YTD
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>12/31/2013</b>
<b>Patient Care Information</b>					
Bed Capacity	161	161	161	281	281
Patient days( all services)	30,607	30,270	30,448	66,645	36,265
Patient days (acute only)	10,579	10,443	10,880	11,559	5,456
Discharges( acute only)	2,802	2,527	2,799	2,838	1,284
Average length of stay ( acute only)	3.78	4.13	3.89	4.07	4.25
Average daily patients (all sources)	83.85	82.93	83.19	182.59	197.09
Occupancy rate (all sources)	52.08%	51.51%	51.67%	64.98%	70.14%
Average length of stay	3.78	4.13	3.89	4.07	4.25
Emergency Visits	17,624	16,816	16,964	17,175	8,155
Emergency visits per day	48.28	46.07	46.35	47.05	44.32
Outpatient registrations per day <sup>Note 1</sup>	79.67	65.19	60.67	64.07	66.30
Surgeries per day - Total	13.46	6.12	6.12	5.52	5.51
Surgeries per day - excludes Kaiser	5.32	6.12	6.12	5.52	5.51

Notes:

1. Includes Kaiser Outpatient Surgical 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 Amortization
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.

**CITY OF ALAMEDA HEALTH CARE DISTRICT | ALAMEDA HOSPITAL  
FISCAL YEAR 2014  
SIX MONTH BUDGET – JANUARY TO JUNE  
OPERATING BUDGET NARRATIVE**

**Introduction**

Attached is the Operating Budget for the second six months of FY 2014 as prepared by hospital management. Upon approval by the City of Alameda Health Care District Board of Directors, this budget will constitute the spending authority for management for the fiscal period January - June 2014. Even though the City of Alameda Health Care District is a governmental agency, this budget should be considered a business plan and projection of what is anticipated for the second six months of Fiscal Year 2014 rather than a fixed authority to spend.

Throughout this narrative, the January – June six month budget was being finalized at the same time the December monthly financials were being closed. For this reason, we have used Actual November 2013 YTD numbers to project semi-annual results for the six months ending December 2013 for budget comparative purposes, hereafter referred to as “current projection period”.

Now that we are close to completing our affiliation with Alameda Health Systems, we have completed the remainder of the FY 2014 Budget. This budget includes a Base Budget for Alameda Hospital, as well as additions for volume that are anticipated to be referred to Alameda Hospital from Alameda Health Systems through the end of this fiscal year. The additional volume scenarios are based on input from both organizations on what is expected to be directed to Alameda Hospital in the interim before we become one system as well as after the anticipated close of the transaction on February 28, 2014.

The following documents are included as part of the January - June 2014 budget presentation.

- Inpatient Acute, Long Term Care and Outpatient Volume Summary (4 pages)
- Combined Statement of Income and Expenses – Six Month Comparison
- Combined Statement of Income and Expenses – Six Month Spread
- Base Statement of Income and Expense – Six Month Comparison
- Base Statement of Income & Expense – Six Month Spread
- AHS Surgical Case Volume Income & Expenses – Six Month Spread
- AHS Inpatient Case Volume Income & Expenses – Six Month Spread

BUDGET NARRATIVE  
JANUARY - JUNE 2014

There are several key strategic initiatives that have been built into the base January – June 2014 base operating budget assumptions that are important for our continued success:

- **Waters Edge Skilled Nursing Facility**

Waters Edge census is continuing to remain strong. January through June 2013, Waters Edge has had an ADC of 109.2 and is at 110.9 for the current projection period. Included in the budget assumptions is the expectation that Waters Edge will continue the strong census we have been experiencing at this location with a budget ADC of 108 in FY 2014.

- **Continued success of the Orthopedic Surgeons.**

Two new orthopedic surgeons were recruited in October 2012 to expand the current orthopedic program at the hospital. They are continuing to grow (both surgeries and business referred to the hospital) in the last six months of the fiscal year, after which we anticipate this growth will flatten. We continue to focus on marketing the practice outside of Alameda to create a source of additional referrals.

- **Wound Care Clinic.**

The wound care clinic began operations in late July 2012 and has been achieved increased volumes each month. For the current projection period Wound Care has been averaging 420 visits per month and is now operating near capacity. This much needed service has been embraced by our community as well as surrounding communities with a majority of our patients coming from off the island and therefore new to Alameda Hospital. The January through June 2014 budget has been adjusted from the prior budget of 350 visits per month to approximately 400 visits per month.

- **Expansion of the 1206(b) Clinic.**

A new general surgeon began practicing at Alameda Hospital on August 1, 2013. This addition allows better support for our other general surgeon with emergency call coverage; increased our general surgery presence in the community, and kept general surgery cases from going off the island. Additionally, our first general surgeon could not previously schedule certain cases that require a second surgeon. Our new surgeon has averaged over 6 cases per month in his first five months, and we have budgeted conservatively that he will generate 3-4 additional cases per month during the next six month period. Both revenue and operating expenses for this new surgeon are included in the next six month budget.

- **Volume from Alameda Health System**

We are anticipating volume from Alameda Health Systems beginning with minor outpatient surgeries in January 2014 and lower acuity inpatient admissions in February 2014, thereby allowing Alameda Hospital to come closer to breakeven in the second six months of the fiscal year. Outpatient surgeries are expected to ramp up to 200 per month (for a total of 727) by June. These cases will primarily include pain management, ophthalmology, minor orthopedic surgery and gynecology. Sixteen physicians and two physician assistants have applied for surgical privileges at Alameda Hospital. The inpatient acute ADC is expected to increase by 9.5 by June (for a total of 847 inpatient days, primarily in the Telemetry unit) for the transfer of low acuity patients from the Highland emergency department. These assumptions were reviewed by AHS executives for reasonableness as well as thoroughly vetted by the Alameda executive team.

BUDGET NARRATIVE  
JANUARY - JUNE 2014

The following sections discuss the key budget assumptions that have been incorporated into the January through June 2014 Operating Budget:

**Utilization**

**Inpatient Acute Care Services**

The hospitals acute Average Daily Census (ADC) is budgeted to increase slightly from 29.2 in the current projection period to 31.1 during the second six months of FY 2014. This budgeted census is consistent with prior year seasonal activity. We are not anticipating the high census seen in February, March and April of 2013 to repeat in 2014 and are proposing to budget at the more conservative historical level. The Base budget ADC is based upon the last three years average acute census for each month.

We are also expecting admissions from Alameda Health System to begin in February, with an initial 2.0 ADC climbing to an ADC of 9.5 by June. In total, we are projecting an 847 patient days resulting from AHS referrals that will be admitted primarily to the Telemetry unit.

**Resident Long Term Care Services**

The South Shore Skilled Nursing Facility is budgeted to have an ADC of 23.4 which approximates the levels experienced in the current projection period of 23.9. We have experienced an increase in the Medicare census and are budgeting for 3.5 ADC for Medicare patients. These patients have a shorter length of stay but higher utilization of therapy services. With the increase in the utilization of therapy services provided to these patients, net revenues will increase as well.

The 35 bed Sub-Acute Unit is budgeted to have an ADC of 32.1 which is also consistent with the current performance of 33.0 ADC for the current projection period. This program is limited by the number of available beds, low patient turnover and has consistently operated near capacity.

Waters Edge Skilled Nursing Facility is projecting a census of 108. This should be achievable since over the last five months it has averaged a 110.9 ADC. The Medicare ADC at Waters Edge is budgeted at 16.2 which, like the trend at South Shore, are patients with a shorter length of stay, higher therapy utilization and higher net revenue per day than custodial care residents. In the current projection period, the Medicare census has been averaging 9.7 however it has been climbing in the most recent months.

**Outpatient Services**

Total outpatient registrations are expected to decrease slightly compared to the current projection period. The change in outpatient registrations is driven by the following:

1. Outpatient surgeries are expected to increase for three reasons. First, the orthopedic surgeons are budgeted to perform a total of 67 outpatient surgeries (11 per month) in the six months compared to 6 per month in current projection period. Second, the new general surgeon is expected to perform 25 additional outpatient surgeries during the next six months, which we believe is conservatively achievable as he has performed 32 surgeries from August through November, averaging just over 6 per month. Lastly, the additional surgeries from Alameda Health Systems started in January and will ramp up to 200 cases per month by June. By June there will be two operating rooms dedicated to the AHS volume.

BUDGET NARRATIVE  
JANUARY - JUNE 2014

2. The Wound Care Clinic is budgeted for a slight decrease from the high of 427 visits per month during the current projection period. To be conservative, we have budgeted just 400 visits per month in January through June 2014. Each wound care registration results in an average of 10 patient visits.
3. We are also still anticipating the Imaging and Therapy services will continue to experience small growth from the Orthopedic practice through referrals to the hospital services from their growing patient base.

All other outpatient services are budgeted to be consistent with the current projection period.

**Emergency Care Services**

Emergency room visits have been projected to increase from the levels experienced during the current projection period which have averaged 44.3 visits per day with a 17.5% inpatient admission rate. The unseasonably mild weather has contributed to the lower visits during the current projection period. We are projecting visits to average 48.6 per day during the six month budget period which is more consistent with the historical trends for the January through June time frame. Total visits are budgeted to increase 7% or on average 100 visits per month during the busier winter months.

**1206(b) and Orthopedic Clinic**

The 1206(b) Clinic volume is budgeted to increase from the current levels due to the addition of the new general surgeon effective August 2013 who has steadily been ramping up his practice over the past 5 months. The clinic currently has physicians practicing in general surgery, neurology and general medicine. We are budgeting 1,302 visits (218 per month) for the January through June 2014 period. They have been averaging 196 visits per month in the current projection period. In addition, we plan to refer Medi-Cal Managed Care and other Emergency patients who need a primary care physician to the clinic physicians for follow up and to help provide a primary care physician for those patients who currently do not have a primary care physician.

The Orthopedic Clinic is budgeted have 1,782 visits (297 visits per month) and they have been averaging 248 visits per month during current projection period. In addition, the budget assumes a total of 100 orthopedic surgeries performed by the two physicians (67 outpatient and 33 inpatient), which in total, averages just over 16 per month. They have been averaging 12 surgeries per month in the current projection period.

**Gross Charges**

The January - June base budget projects total gross charges increasing by almost \$3.1 million over the current projection period. Overall, base budget inpatient gross charges are budgeted to increase by \$2.8 million, which is consistent with the higher budgeted acute census. Overall base budget outpatient gross charges are budgeted to increase by \$266,000. This is a blend of emergency room charges increasing with higher visits, but partially off-set by slightly more conservative estimates for wound care and other outpatient services.

BUDGET NARRATIVE  
JANUARY - JUNE 2014

In addition, the gross charges will increase as a result of the volume transferred from Alameda Health Systems. Outpatient surgeries are estimated to generate almost \$10.1 million additional gross revenue, and the inpatient medical admissions are estimated to generate \$9.6 million in additional gross revenue.

**Net Revenue**

The Combined January through June 2014 six month budget projects that Net Patient Revenue will increase by \$4.2 million (11.1%) compared to the current period projection. As a percentage of gross revenue, net patient revenue is projected at 22.6% for January through June 2014, down slightly from the 23.3% in the current period projection due to lower net to gross reimbursement associated with the AHS surgical payer mix. Some of the factors contributing to the overall increase in our projected Net Patient Revenue are as follows:

- The higher base acute ADC (1.9 ADC) will result in higher acute net revenue of approximately \$647,000.
- Medi-Cal Skilled Nursing reimbursement per day has increased \$10 per day. This equates to \$180,000 in additional net revenue.
- Other Operating Revenue – Physician Clinic revenue is projected to increase \$76,000 as the physicians continue to grow their practices during the next six months.
- Overall outpatient services net revenue is budgeted to increase by \$27,000.
- Additional surgical volume referred from AHS is projected to net \$1,116,000 for Alameda Hospital and assumes a payer mix 62% HPAC, 24% Medi-Cal, 5% Medicare, 2.0% Insurance and 7.0% Self Pay/Other. Most of the HPAC will be converting to Medi-Cal Managed Care at the beginning of 2014.
- Additional inpatient admissions transferred from the AHS emergency room are projected to net \$2,128,000 for the hospital and assumes a payer mix of 51% Medi-Cal, 17% Medicare, 13% Medi-Cal Managed Care/HPAC, 7.5% Insurance and 11.5% Self Pay/Other.
- We have not assumed any changes in reimbursements related to any other State or Federal reimbursement changes including: Medi-Cal APR DRG's and dual eligible participation, and assume that the CMS RAC/MAC activity will remain constant with prior year. At this time there is not enough information available to anticipate any positive or negative impact from these programs or other changes brought about by the healthcare reform and the AHS affiliation during the next six month period.



**Labor and Benefits Expense**

Overall labor costs in the base budget are projected to increase by approximately \$159,000 over the current projection period. This is comprised of both employee salary and wages and temporary agency personnel. Employee salary and wages are budgeted to increase \$227,000 while temporary agency expense is budgeted to decrease by \$68,000. The employee salary and wage increase is comprised of a \$705,000 increase in productive wages and a \$478,000 decrease in non-productive wages.

The budgeted increase in productive wages takes into account the open and recently filled positions, some of which have a positive budget impact on temporary agency expense. It also assumes an ongoing concerted effort to effectively continue to control premium pay associated with overtime and double-time, and appropriate use of sitters which has been higher than normal over the current projection period.

The budgeted decrease in non-productive wages is comprised of lower expenditures for the following non-productive pay categories that have been higher than budget during the current projection period. Most of these items are either one-time payments or which are not expected to continue at the same level based on previous experience. Although in-service and orientation pay is budgeted to decrease, we have allowed for about \$60,000 to cover IT and systems training associated with the upcoming affiliation.

Overall non-productive pay is budgeted to decrease from the current projection period by \$478,000. These decreases will occur in the following pay categories:

- In-service and orientation pay \$80,000
- Administrative leave pay \$60,000
- Physician bonus pay \$43,000
- Settlements pay \$91,000
- Stand-by pay \$31,000
- Retro Pay \$5,000
- PTO/Vacation pay/Holiday \$168,000

Other than the PTO/Vacation/Holiday pay, these categories in total were about \$398,000 over budget during the current projection period. PTO/Vacation/Holiday expense was approximately \$322,000 over budget during the current projection period as employees have taken more time off as requested. This expense, however, was offset by the benefit expense for PTO/Vacation accrual being under budget by this amount during that same period. We do not anticipate PTO/Vacation/Holiday utilization to be as high during the next six month budget period given we are past the holiday seasons, thus resulting in lower non-productive pay (\$168,000) and higher benefit expense.

The staffing and employee salary budget allows for filling open needed positions at regular wage rates. As this occurs, temporary agency utilization will be reduced. Temporary agency expense, which had been running high, has already decreased due to several factors. More short hour and per diem staff have been hired and trained in the nursing units to minimize the need to bring in registry employees. In addition, positions that had been filled by registry in other areas such as laboratory and rehabilitation have hired permanent employees into these positions.

## BUDGET NARRATIVE JANUARY - JUNE 2014

There are also additional salaries included to cover increased volume anticipated from AHS. There is \$405,000 in salaries for the surgical volume and \$835,000 for the inpatient admission volume. The salaries incorporate a 15% non-productive factor that includes PTO/Vacation as well as new-hire orientation and training. This non-productive percentage is consistent with historical experience.

### **Staffing**

Total Full Time Equivalent (FTE's) for the six months of January through June 2014 are budgeted at 564.8 in the base budget, an increase of 12.1 FTE's from the current projection period where total FTEs are running 552.7.

In addition, we are planning to add staff to accommodate the surgical and inpatient volume for Alameda Health Systems. The additions to surgical and acute nursing staff will start out small, as we utilize existing staff and capacity to the extent possible, and gradually add staff with the ramp up in volume. We are also anticipating a small number of ancillary and support positions in the later months of the budget period.

The January through June 2014 budget includes a few new positions and reflects recent hires into various open positions. However, in most departments staffing levels are budgeted to remain consistent with where we have been operating the past several months.

Premium pay (overtime and double time), which had been a problem in the prior fiscal year, is monitored every pay period and every month. The hiring of nursing staff (per diem and short hour personnel) has been very helpful in reducing the very high premium pay we had been experiencing. During the second half of FY 2013 we had been averaging just over \$200,000 per month in premium pay, and in the current projection period this was reduced to approximately \$130,000 per month in premium pay. Since this had been an issue in the acute nursing units, we have reviewed and compared the budgeted average wage rates in the acute units to the wage rate for the current projection period to assure our wage rates are consistent.

### **Benefits**

We have budgeted for the employer portion of FICA, health insurance, pension and the employee assistance program. Benefits in the base budget are projected to increase by \$564,000 compared to the current projection period. This increase is primarily due to anticipated increases in employee health claim expenses (\$396,000), which have been unusually low during the current projection period, and an increase in PTO/Vacation expense accrual of \$168,000. In addition to these base budget numbers, we have included \$371,000 in benefits for the extra staff necessary for the volume coming from Alameda Health Systems.

Total benefits expense in the budget period is approximately 29.0% of total salaries, which is higher than the current projection period of 26.1% because of the reason stated above. The hospital is self insured for employee health benefits and although there are stop loss limits for cumulative large claims, there is fluctuation in claim experience from year to year that make budget estimation challenging.

### **Non-Wage Expenses**

The following are the assumptions for the various categories of the operating budget non-labor expense categories:

#### **Professional Fees**

Professional fees are budgeted to decrease by approximately \$66,000 in the base budget primarily as a result of base guaranteed compensation reduction for the Orthopedic physicians in year two of their contract, as well as reduction in hours of the contract Interim Director of Information Systems. This person will be onsite half time during the next six months rather than full time. In addition there were high Pharmacy Pipeline expenses that will not continue at the same level, as well as search fees for a new infection control manager who has been hired.

#### **Supplies**

Total medical supply costs are budgeted to decrease by \$106,000 over the current projection period. The primary reason is the IVT drugs required for a patient who has finished his/her treatment; this expense is not expected to reoccur. There were other areas that experienced less significant expense variances in the current projection period that also are not expected to reoccur. The Wound Care Clinic supply budget has been increased to reflect current utilization and budgeted volumes. In addition to these base budget adjustments, we have budgeted supply expenses for both the outpatient surgeries (\$400,000) and inpatient admissions (\$241,000) – the volume that will be coming from Alameda Health System.

#### **Purchased Services**

Purchased services expenses in the base budget are projected to decrease by \$20,000 primarily due to higher occurrence of repairs particularly in imaging and surgery in the projection period that are not expected to reoccur. Also, the Interim Director of Patient Accounting is a hospital employee rather than contracted through the HFS purchased service. In addition, we have included \$77,000 in purchased services such as coding and linen service for the Alameda Health System volume.

#### **Rents and Leases**

This category will decrease by approximately \$36,000 over the current projection period. While we have increased the budget for several areas where rents have increased, such as Waters Edge, the South Shore physician office building, and the Willow Street building, we are expecting the high cost of certain equipment rentals to be reduced.

#### **Insurance**

Insurance expense in the base budget is anticipated to increase \$20,000 or 9.1% as a result of increases to property and D&O coverage. All other insurance premiums are expected to remain consistent with prior period.

BUDGET NARRATIVE  
JANUARY - JUNE 2014

**Utilities**

Utilities expenses, including telephone, are projected to remain consistent with the current projection period.

**Depreciation and Amortization**

Depreciation expense will increase by \$147,000 or 28% compared to the current projection period. The increase is associated with depreciation for the recently completed bulk oxygen expansion, as well as for the Meditech EDM, PCS and ACS applications that have gone live.

**Other Expenses**

Other expenses in the base budget will decrease \$26,000 compared to the current projection period. There are small items in various departments that won't reoccur. In addition we have included \$136,000 of other expenses associated with the volume from AHS. These expenses are uncertain at this time but could include such items as, additional security and parking coverage, other expense to be determined based on operating needs. We have place holders for such expenses and will appropriate once the specific needs are identified throughout the organization.

**Net Income**

After all of the herein discussed changes to patient volumes, revenue and operating expenses, and the consolidated base budget bottom line is budgeted at a loss of \$1,427,000. This is an improvement of \$330,000 over the projected loss for the current projection period. In addition, we are budgeting net income of \$96,000 from the AHS outpatient surgeries and an additional \$683,000 from the inpatient admissions for a combined net loss of \$648,000

Please see the following pages for the Income Statement comparisons as well as the summary of volume projections for the January – June 2014 budget period.

Alameda Hospital  
 Inpatient Acute Volume Summary  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Jul-Nov Semi-Annual <u>FY 2014 Proj</u>	Jan-Jun Budget <u>FY 2014</u>
Discharges - Acute	2,799	2,838	1,463	1,339	1,407
ALOS - Acute	3.9	4.0	4.1	4.0	4.0
Patient Days - Acute					
CCU	1,485	1,719	855	790	748
DOU	4,171	4,635	2,511	2,281	2,194
3 West	5,224	5,082	2,575	2,285	2,684
Total Acute	<u>10,880</u>	<u>11,436</u>	<u>5,941</u>	<u>5,356</u>	<u>5,627</u>
Average Daily Census					
CCU	4.1	4.7	4.7	4.3	4.1
DOU	11.4	12.7	13.9	12.4	12.1
3 West	14.3	13.9	14.2	12.4	14.8
Total Acute	<u>29.7</u>	<u>31.3</u>	<u>32.8</u>	<u>29.1</u>	<u>31.1</u>
Available Beds	66	66	66	66	66
Occupancy Percent	45.0%	47.5%	49.7%	44.1%	47.1%
CMI - Medicare	1.3767	1.4435	1.4024	1.4903	1.4039
CMI - Total	1.3036	1.3428	1.3274	1.3587	1.3286

Alameda Hospital  
 Inpatient Long-Term Care Volume Summary  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Jul-Nov Semi-Annual <u>FY 2014 Proj</u>	Jan-Jun Budget <u>FY 2014</u>
<u>Discharges</u>					
Sub-Acute	30	33	18	8	25
South Shore	116	64	29	37	27
Waters Edge	-	168	98	85	90
Total Long Term Care Discharges	146	265	145	130	142
<u>Patient Days</u>					
Sub-Acute	11,842	11,716	5,751	6,066	5,816
South Shore	7,726	8,360	4,213	4,384	4,228
Waters Edge (1)	-	35,010	19,765	20,356	19,548
Total Long Term Care Days	19,568	55,086	29,729	30,806	29,592
<u>Average Daily Census</u>					
Sub-Acute	32.4	32.1	31.8	33.0	32.1
South Shore	21.1	22.9	23.3	23.8	23.4
Waters Edge (1)	0.0	104.8	109.2	110.6	108.0
Total Average Daily Census	53.5	159.8	164.2	167.4	163.5
<u>Payer Mix</u>					
Sub-Acute					
Medicare	1%	1%	1%	1%	1%
Medi-Cal	96%	96%	96%	96%	96%
Other	3%	3%	3%	3%	3%
South Shore					
Medicare	14%	15%	15%	15%	15%
Medi-Cal	85%	84%	84%	84%	84%
Other	1%	1%	1%	1%	1%
Waters Edge					
Medicare	n/a	15%	15%	15%	15%
Medi-Cal	n/a	78%	78%	77%	77%
Other	n/a	7%	7%	8%	8%
Available Beds (1)	60	170	170	170	170
Occupancy Percent	89.1%	94.0%	96.6%	98.5%	96.2%

Alameda Hospital  
 Surgery & Outpatient  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Jul-Nov Semi-Annual <u>FY 2014 Proj</u>	Jan-Jun Budget <u>FY 2014</u>
<u>ECC Visits</u>	16,964	17,175	8,727	8,944	8,798
<u>Outpatient Registrations</u>	22,224	23,385	12,205	12,324	12,123
Wound Care Visits	-	3,558	2,469	2,566	2,366
Orthopedic Visits	-	1,339	1,214	1,489	1,782
1206B Clinic Visits	2,158	2,359	1,143	1,164	1,308
<u>Per Day</u>					
ECC	46.3	47.1	48.2	48.6	48.6
Registrations	60.7	64.1	67.4	67.0	67.0
<u>Surgeries</u>					
Inpatient	469	545	294	281	325
Outpatient	1,704	1,469	743	736	762
Total	<u>2,173</u>	<u>2,014</u>	<u>1,037</u>	<u>1,017</u>	<u>1,087</u>

Alameda Hospital  
 Three Year Detail Trend of Outpatient Visits  
 FY 2014 Budget - Six Months

	Actual <u>FY 2012</u>	Actual <u>FY 2013</u>	Jan - Jun <u>FY 2013</u>	Jul-Nov Semi-Annual <u>FY 2014 Proj</u>	Jan-Jun Budget <u>FY 2014</u>
CT Scan	428	459	233	253	222
EEG	20	13	4	5	6
EKG	821	955	467	434	467
IV Therapy	976	1,052	465	416	465
IVT Other	748	703	358	392	358
Laboratory	7,651	7,480	3,736	3,442	3,763
MRI	559	597	313	348	313
Nuclear Medicine	140	129	76	49	76
Occupational Therapy	409	739	353	391	353
Physical Therapy	3,354	4,889	3,020	3,390	3,369
Respiratory Therapy	66	62	32	28	32
Speech	48	32	15	28	17
Ultrasound	1,208	1,051	484	565	484
Radiology	6,376	6,266	3,278	3,414	3,509
Wound Care	-	3,559	2,470	2,566	2,366
Total Visits	<u>22,804</u>	<u>27,986</u>	<u>15,304</u>	<u>15,721</u>	<u>15,800</u>
O/P Registrations	<u>22,224</u>	<u>23,385</u>	<u>12,205</u>	<u>12,324</u>	<u>12,123</u>



**Alameda Hospital**  
**Combined Statement of Income and Expense**  
**January - June Comparison**  
**FY 2014 Operating Budget**  
**\$ in thousands**

	Projection Semi-Annual Jul-Nov <u>FY 2013</u>	Base Jan-Jun Budget <u>FY 2014</u>	AHS Surgeries Jan-Jun Budget <u>FY 2014</u>	AHS Admits Jan-Jun Budget <u>FY 2014</u>	Combined Jan-Jun Budget <u>FY 2014</u>	Change from Projection	Percent Change
Net Patient Revenue	\$ 37,524	\$ 38,437	\$ 1,116	\$ 2,128	\$ 41,681	\$ 4,157	11.1%
Other Operating Revenue	521	597	-	-	597	76	14.6%
Total Operating Revenue	38,045	39,034	1,116	2,128	42,278	4,233	11.1%
<b>Expenses</b>							
Salaries and Wages	21,688	21,915	405	835	23,155	1,467	6.8%
Temporary Agency	972	904	-	-	904	(68)	-7.0%
Benefits	5,656	6,220	121	250	6,591	935	16.5%
Professional Fees	2,845	2,779	-	-	2,779	(66)	-2.3%
Supplies	4,979	4,873	400	241	5,514	535	10.7%
Purchased Services	3,328	3,308	8	69	3,385	57	1.7%
Rent	1,418	1,382	-	-	1,382	(36)	-2.6%
Insurance	217	237	-	-	237	20	9.1%
Utilities & Telephone	478	476	-	-	476	(2)	-0.3%
Depreciation	524	671	-	-	671	147	28.0%
Other	689	663	86	50	799	110	16.0%
Total Expenses	42,793	43,428	1,020	1,445	45,893	3,100	7.2%
Operating Income/(Loss)	(4,748)	(4,394)	96	683	(3,615)	1,133	23.9%
Non-Operating	2,992	2,967	-	-	2,967	(25)	-0.8%
Net Income/(Loss)	<u>\$ (1,757)</u>	<u>\$ (1,427)</u>	<u>\$ 96</u>	<u>\$ 683</u>	<u>\$ (648)</u>	<u>\$ 1,109</u>	<u>63.1%</u>

**Alameda Hospital**  
**Statement of Income and Expense**  
**January- June Monthly Spread - with AHS Volume**  
**FY 2014 Operating Budget**

	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	6 Month <u>Total</u>
<u>Acute ADC</u>	33.6	35.4	36.5	36.1	37.4	35.7	35.8
Gross Patient Revenue	28,943,021	27,896,098	30,622,761	31,193,928	32,925,348	32,497,440	184,078,596
Total Deductions	22,232,309	21,471,373	23,653,185	24,180,215	25,596,302	25,264,512	142,397,895
Net Patient Revenue	6,710,713	6,424,725	6,969,576	7,013,713	7,329,046	7,232,927	41,680,701
Net Revenue Percent	23.2%	23.0%	22.8%	22.5%	22.3%	22.3%	22.6%
Other Operating Revenue	99,584	99,583	99,583	99,583	99,583	99,584	597,500
Total Operating Revenue	6,810,297	6,524,308	7,069,159	7,113,296	7,428,629	7,332,511	42,278,201
Expenses							
Salaries and Wages	3,832,207	3,525,821	3,950,410	3,866,865	4,048,753	3,931,315	23,155,370
Temporary Agency	157,236	142,260	156,041	147,973	150,486	149,657	903,655
Benefits	1,057,745	1,048,854	1,092,643	1,104,579	1,140,963	1,146,474	6,591,257
Professional Fees	464,207	460,105	464,207	463,296	464,207	463,296	2,779,316
Supplies	916,795	858,352	966,097	923,186	978,382	871,078	5,513,890
Purchased Services	551,759	552,244	573,664	579,792	586,264	591,679	3,435,403
Rent	228,969	228,969	228,969	228,969	232,969	232,969	1,381,813
Insurance	39,524	39,524	39,524	39,524	39,524	39,524	237,147
Utilities & Telephone	79,323	79,323	79,323	79,323	79,323	79,323	475,941
Depreciation	112,375	112,202	111,981	111,745	111,698	111,491	671,491
Other	120,394	121,351	122,221	123,961	130,411	130,411	748,749
Total Expenses	7,560,534	7,169,004	7,785,081	7,669,214	7,962,980	7,747,217	45,894,030
Operating Income/(Loss)	(750,237)	(644,696)	(715,922)	(555,918)	(534,351)	(414,705)	(3,615,829)
Non-Operating	494,500	494,500	494,500	494,500	494,500	494,500	2,967,000
Net Income/(Loss)	(255,737)	(150,196)	(221,422)	(61,418)	(39,851)	79,795	(648,829)

**Alameda Hospital**  
**Base Budget Statement of Income and Expense**  
**January - June Comparison**  
**FY 2014 Operating Budget**  
**\$ in thousands**

	Jul-Dec Budget FY 2014	Projection Semi-Annual Jul-Nov FY 2013	Variance	Percent Change	Jan-Jun Budget FY 2014	Change from Projection	Percent Change
Net Patient Revenue	\$ 38,264	\$ 37,524	\$ (740)	-1.9%	\$ 38,437	\$ 913	2.4%
Net Revenue Percent	23.2%	23.3%			23.6%	0.3%	1.3%
Other Operating Revenue	597	521	(76)	-12.8%	597	76	14.6%
Total Operating Revenue	38,861	38,045	(816)	-2.1%	39,034	989	2.6%
<b>Expenses</b>							
Salaries and Wages	21,206	21,688	(482)	-2.3%	21,915	227	1.0%
Temporary Agency	1,000	972	28	2.8%	904	(68)	-7.0%
Benefits	6,334	5,656	678	10.7%	6,220	564	10.0%
Professional Fees	3,008	2,845	163	5.4%	2,779	(66)	-2.3%
Supplies	4,816	4,979	(163)	-3.4%	4,873	(106)	-2.1%
Purchased Services	3,427	3,328	99	2.9%	3,308	(20)	-0.6%
Rent	1,325	1,418	(93)	-7.0%	1,382	(36)	-2.6%
Insurance	229	217	12	5.2%	237	20	9.1%
Utilities & Telephone	501	478	23	4.7%	476	(2)	-0.3%
Depreciation	496	524	(28)	-5.7%	671	147	28.0%
Other	694	689	5	0.7%	663	(26)	-3.7%
Total Expenses	43,036	42,793	243	0.6%	43,428	635	1.5%
Operating Income/(Loss)	(4,175)	(4,748)	(573)	-13.7%	(4,394)	354	-7.5%
Non-Operating	3,083	2,992	(91)	-3.0%	2,967	(25)	-0.8%
Net Income/(Loss)	<u>\$ (1,092)</u>	<u>\$ (1,757)</u>	<u>\$ (665)</u>	<u>-60.9%</u>	<u>\$ (1,427)</u>	<u>\$ 330</u>	<u>-18.8%</u>

**Alameda Hospital**  
**Statement of Income and Expense**  
**January - June Monthly Spread - Base Hospital**  
**FY 2014 Operating Budget**

	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	6 Month <u>Total</u>
<u>Acute ADC</u>	33.6	33.4	33.0	30.6	29.9	26.2	31.1
Gross Patient Revenue	28,568,867	26,431,287	28,137,906	27,252,853	27,520,595	26,503,064	164,414,573
Total Deductions	21,897,593	20,237,848	21,584,599	20,880,359	21,083,302	20,294,313	125,978,013
Net Patient Revenue	6,671,275	6,193,439	6,553,306	6,372,494	6,437,294	6,208,752	38,436,559
Net Revenue Percent	23.35%	23.43%	23.29%	23.38%	23.39%	23.43%	23.38%
Other Operating Revenue	99,584	99,583	99,583	99,583	99,583	99,584	597,500
Total Operating Revenue	6,770,859	6,293,022	6,652,889	6,472,077	6,536,877	6,308,336	39,034,059
Expenses							
Salaries and Wages	3,823,164	3,444,476	3,791,468	3,624,381	3,701,480	3,530,498	21,915,466
Temporary Agency	157,236	142,260	156,041	147,973	150,486	149,657	903,655
Benefits	1,052,230	1,021,104	1,045,221	1,034,552	1,038,797	1,027,543	6,219,446
Professional Fees	464,207	460,105	464,207	463,296	464,207	463,296	2,779,316
Supplies	901,945	808,765	885,398	793,761	802,670	680,755	4,873,294
Purchased Services	551,459	550,955	551,459	551,292	551,459	551,291	3,307,916
Rent	228,969	228,969	228,969	228,969	232,969	232,969	1,381,813
Insurance	39,524	39,524	39,524	39,524	39,524	39,524	237,147
Utilities & Telephone	79,323	79,323	79,323	79,323	79,323	79,323	475,941
Depreciation	112,375	112,202	111,981	111,745	111,698	111,491	671,491
Other	110,535	110,535	110,535	110,535	110,535	110,535	663,210
Total Expenses	7,520,967	6,998,217	7,464,127	7,185,352	7,283,148	6,976,882	43,428,694
Operating Income/(Loss)	(750,109)	(705,195)	(811,238)	(713,276)	(746,271)	(668,546)	(4,394,634)
Non-Operating	494,500	494,500	494,500	494,500	494,500	494,500	2,967,000
Net Income/(Loss)	(255,609)	(210,695)	(316,738)	(218,776)	(251,771)	(174,046)	(1,427,634)

**Alameda Hospital  
AHS Surgeries  
January - June Monthly Spread  
FY 2014 Operating Budget**

	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>6 Months</u>
Total	27	60	90	150	200	200	727
Net Revenue	41,458	92,129	138,193	230,321	307,095	307,095	1,116,291
Staffing	18,385	35,849	69,615	77,702	103,381	99,877	404,808
Benefits	5,515	10,755	20,885	23,311	31,014	29,963	121,442
Staffing and Benefits	23,900	46,604	90,500	101,012	134,395	129,840	526,251
<u>Non-Wage Expenses</u>							
Supplies	12,091	26,870	40,305	67,175	89,566	89,566	325,572
Pharmaceuticals	2,759	6,130	9,195	15,326	20,434	20,434	74,278
Linen	300	667	1,000	1,667	2,222	2,222	8,077
Other	9,859	10,816	11,686	13,426	19,876	19,876	85,539
Total Non-Wage	25,009	44,483	62,186	97,593	132,098	132,098	493,466
Total Expenses	48,909	91,086	152,685	198,605	266,493	261,938	1,019,717
Net Margin	(7,451)	1,042	(14,493)	31,717	40,602	45,158	96,575

**Alameda Hospital**  
**AHS Inpatient Admissions**  
**January - June Monthly Spread**  
**FY 2014 Operating Budget**

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
Census	-	56	109	165	233	285	847
ADC		2.00	3.50	5.50	7.50	9.50	5.65
Estimated Net Revenue	-	140,679	272,566	414,501	584,070	715,956	2,127,772
Nursing Staffing	-	56,651	88,456	155,719	186,645	246,031	733,503
Ancillary Staff	-	-	-	-	50,527	50,527	101,055
Benefits	-	16,995	26,537	46,716	71,152	88,968	250,367
Staffing plus benefits	-	73,646	114,993	202,435	308,324	385,526	1,084,924
<u>Non-Wage</u>							
Supplies	-	6,600	11,850	17,500	24,250	29,500	89,700
Pharmaceuticals	-	7,021	13,603	20,686	29,149	35,730	106,188
Food	-	2,966	5,746	8,738	12,313	15,094	44,857
Linen	-	622	1,205	1,833	2,583	3,166	9,410
Purch Svc/Other	-	-	20,000	25,000	30,000	35,000	110,000
Total Non-Wage	-	17,209	52,404	73,758	98,295	118,490	360,156
Total Expenses	-	90,855	167,398	276,192	406,619	504,016	1,445,080
Net Margin	-	49,824	105,168	138,309	177,450	211,940	682,692