



**FINANCE COMMITTEE MEETING**

**January 11, 2018  
4:00pm – 5:30pm**

**Conference Center Located at Highland Care Pavilion  
1411 East 31<sup>st</sup> Street Oakland, CA 94602  
Ronna Jojola Gonsalves, Clerk of the Board  
(510) 535-7515**

**LOCATION:**

**Open Session: HCP Conference Center**

**FINANCE COMMITTEE MEMBERS**

**Anthony Thompson - Chair  
Kinkini Banerjee  
Gary Charland  
Michele Lawrence**

**MINUTES**

**THE MEETING WAS CALLED TO ORDER AT 4:02 PM**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Anthony Thompson, Kinkini Banerjee, Gary Charland

**ABSENT:** Michele Lawrence (excused)

A quorum was established.

**A. ACTION: Consent Agenda**

Approval of the Minutes of the November 2, 2017 Finance Committee Meeting.

**ACTION:** A motion was made and seconded to approve the Consent Agenda. The motion passed.

**AYES:** Trustees Thompson, Banerjee, Charland.

**NAYS:** None

**ABSTENTION:** None

**B. INFORMATION: Retrospective Review of Prior Contract Approvals**

*John Chapman, Chief Administrative Officer, Administration*

Agreement with Red Cross, contract to provide Blood and Blood Product services to the Blood Bank in Clinical Laboratory, for blood products services, approved on May 26, 2015.

Luis Fonseca, Chief Operating Officer, presented the American Red Cross Retrospective Review.

The presentation begins on page 12 the agenda packet.

**C. ACTION: Approval of Contracts**

1. Five agreements with **GE Healthcare** to reconcile and standardize medical equipment services across Alameda Health System. The term of the proposed agreements shall be from the date of execution through November 30, 2019. The estimated impact of the proposed agreements is \$835,204.88.

*Luis Fonseca, Chief Operating Officer*

Ira Holley, Vice President Contracting Services, reviewed the information included in the GE Healthcare contract summary.

The Committee asked staff to bring information regarding the expense reductions and the what response times were for the contract to a future meeting.

The summary begins on page 19 of the agenda packet.

**ACTION:** A motion was made and seconded to approve the five agreements with GE Healthcare through November 30, 2019 for \$835,204.88. The motion passed.

**AYES:** Trustees Thompson, Banerjee, Charland.

**NAYS:** None

**ABSTENTION:** None

2. Renewal agreement with **Traditions Behavioral Health** for the provision of behavioral health services for Alameda Health System. The term of the proposed agreement is from February 1, 2018 through January 31, 2021. The estimated impact of the proposed agreement is \$41,763,079.63.

*Ghassan Jamaledine, Chief Medical Officer*

Ira Holley, Vice President Contracting Services, reviewed the Traditions Behavioral Health summary.

Chair Thompson noted discrepancies in total contract amount in the materials. Staff said the error was due to a last-minute effort to alter the services provided reducing the total cost. The correct amount of the contract was \$41,763,079.63.

In response to committee questions, staff spoke regarding the contract approval process, how vendors were ranked, and how behavioral health services were evaluated.

The summary begins on page 23 of the agenda packet.

**ACTION:** A motion was made and seconded to approve the renewal agreement with Traditions Behavioral Health with a term of February 1, 2018 through January 31, 2021 in the amount of \$41,763,079.63. The motion passed.

**AYES:** Trustees Thompson, Banerjee, Charland.

**NAYS:** None

**ABSTENTION:** None

**NOTE:** The Committee Chair asked consensus from the Committee to move agenda Item E before D which was agreed.

#### **E. INFORMATION/DISCUSSION: Operating Reports**

1. Chief Financial Officer Report  
*David Cox, CFO*
  - a. October 2017 Financial Report
  - b. November 2017 Financial Report

David Cox, Chief Financial Officer, reviewed the Financial Reports for October and November 2017.

Trustee Thompson asked about the difference between the number of AHS employees listed by media resources and the number listed in the staff report. Mr. Cox said that his reports listed full time equivalents employees, which could be different than the number of people actually working in the organization due to some workers not working full time.

Answering a question from Trustee Thompson, Mr. Cox responded that there were Intergovernmental Transfer Program matching funds that impact the Reimbursement Receivables month to month, which accounts for the large changes in balances of receivables and payables.

Trustee Banerjee asked about the higher than budgeted pharmaceuticals. Mr. Fonseca responded that the biggest driver for that expense was specialty drugs and the AIDS clinic.

Trustee Chicoine asked about the difference between employees who drive revenue and those who do not. Mr. Cox said that physicians generate revenue and are currently reported in a combined fashion with other employees, but that management has a goal to report them separately from other staff.

Trustee Charland queried the variances of outsourced staffing/registry. Mr. Fonseca responded that the cost is now being reported in Salaries, and that the Paid FTE count includes both employed and registry staff.

The reports and presentation begin on page 65 of the agenda packet.

2. Chief Operating Officer Report  
*Luis Fonseca, COO*

Luis Fonseca, Chief Operating Officer, reviewed the Operations Report for November 2017.

The presentation begins on page 107 of the agenda packet.

**D. ACTION: Approval of Electronic Health Record Project\***

*Delvecchio Finley, Chief Executive Officer*  
*David Cox, Chief Financial Officer*  
*Ed Babakanian, Interim Chief Information Officer*

1. New agreements with **Epic, Inc.** to provide an electronic health record system software, maintenance and support, and hosting services. The term of the proposed agreements is February 1, 2018 through February 1, 2028. The estimated impact of the proposed agreements is \$81,469,030.00.
2. Approval of Financing Recommendation.

Mr. Finley reviewed the Electronic Health Record Project.

Trustee Charland asked about transportation for staff to the new location. Staff stated that once training begins AHS may need to look at a shuttle program as staff will be traveling in large numbers. But, prior to that, it will operate as the various locations do presently.

Trustee Thompson asked about the reduction of 61 consultants from the original proposal. Staff indicated that it was a combination of replacing consultants with FTEs and reevaluating the project needs.

Trustee Thompson asked about the \$1.4M in financing costs at an interest rate of 3.55%. Staff indicated the cost was for the financing of the licensing fee and the Epic installation. The vendor provided a financing plan to allow AHS to spread the payments out and manage cash flow more efficiently.

The committee expressed their continued concern over AHS operating performance and the impact the performance will have on the acquisition of the EHR and asked for a formal plan, focused on expense reduction, to be crafted by management and presented to the committee. The committee also expressed their commitment to the EHR as the only logical way forward for the health system.

At the request of the committee, staff clarified that the motion was to approve the \$200M project and the specific Epic contract

The presentation begins on page 28 of the agenda packet.

**ACTION:** A motion was made and seconded to recommend the EHR project and the Epic contract to the full Board of Trustees. The motion passed.

**AYES:** Trustees Thompson, Banerjee, Charland.

**NAYS:** None

**ABSTENTION:** None

**F. INFORMATION/DISCUSSION: Business Planning**

*No discussion.*

**G. DISCUSSION: Committee Planning**

*No discussion.*

**PUBLIC COMMENT** - none

**TRUSTEE COMMENTS** - none

**Adjournment –5:26 PM**