



FINANCE COMMITTEE MEETING

July 12, 2018

4:00pm – 5:30pm

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

LOCATION:

Open Session: HCP Conference Center

FINANCE COMMITTEE MEMBERS

Kinkini Banerjee
Gary Charland
Louis Chicoine
Joe DeVries

MINUTES

THE MEETING WAS CALLED TO ORDER AT 4:01 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:

Kinkini Banerjee, Louis Chicoine, and Joe DeVries.

ABSENT: Gary Charland

A quorum was established.

A. ACTION: Approval of the Minutes of the June 14, 2018 Finance Committee Meeting

ACTION: A motion was made and seconded to approve the minutes of the June 14, 2018 Finance Committee Meeting. The motion passed.

AYES: Trustees Banerjee, Chicoine, and DeVries

NAYS: None

ABSTENTION: None

NOTE: In the event that a quorum of the Board of Trustees participates on this Committee, the meeting is noticed as a Special Meeting of the Board of Trustees; however, no final Board of Trustees action can be taken.

B. INFORMATION/DISCUSSION: Operating Reports

1) Finance Report

Nancy Kaatz, Interim Chief Financial Officer

Ms. Kaatz said that she did not have a written report for the Committee because staff was still analyzing the unexpected drop in revenue for the previous month. She confirmed revenue would be lower than expected because, in part, they hadn't collected as expected on the prior year's collectables and they aged out any revenue may have been overstated in some prior months. She said the income statement based calculations were based on services provided by payor and by facility and was almost final for the core group. Starting in July they would book the net revenue on what they expect it to be based on calculations on services provided.

Ms. Kaatz confirmed they would have the year-end report at the September Finance Committee meeting though it would not have been audited yet.

Trustee DeVries asked if she was seeing patterns in the uncollected reimbursements that could be addressed. Ms. Kaatz said they have not managed the process to that level yet. Trustee DeVries asked if Ms. Kaatz had any thoughts as to why the projected revenues earlier in the year were off. Ms. Kaatz discussed how her staff was working on refining the process for improvement.

2) Chief Operating Officer Report

Luis Fonseca, Chief Operating Officer

a) May 2018 Operations Report

b) Fiscal 2018 Back to Budget Plan

Mr. Fonseca reviewed the report beginning on page 11 of the agenda packet.

Trustee Banerjee asked about progress in expense reduction. Mr. Fonseca felt they had made progress in reducing expenses across the board, but labor was the primary stand out.

Trustee Banerjee asked how they could measure expense reductions as they correlated with patient experience. Mr. Fonseca said that was monitored and reported out to the Quality Professional Services Committee (QPSC). He said that quality and delivery of care would never be compromised to meet expense goals. Quality and performance went hand in hand.

Mr. Fonseca, responding to a question about communicating policies that affected staff, said that management focused on communications that would help staff understand why the changes were happening through regular emails from

the Executive Leadership Team (ELT) and the forums being conducted by the CEO.

Trustee Chicoine discussed change management with Epic. Mr. Fonseca said that there were a lot of pain points, and activity around helping staff through Epic related changes. Some people would naturally struggle with it. The Public Affairs and Community Engagement (PACE) team were exploring targeted communication strategies specifically for Epic.

Trustee DeVries asked if Alameda Hospital ambulatory care volumes would be added to the report at some point. Mr. Fonseca said the data was captured under total clinic visits, but they would start reporting on it. Trustee DeVries asked at what point would ambulatory care might become something they would should to take a deeper look at. Mr. Fonseca said their expectation was to achieve budget and meet targets. When they didn't meet the targets, regardless of by how much, they reviewed the variance drivers and steps to take to get back on target. He suggested looking at Year to Date (YTD) may be a better indicator as it normalized monthly swings that may be impacted by a variety of outside influences.

In response to a question from Trustee Banerjee, Mr. Fonseca said the Budget Oversight Committee members included the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operations Officer (COO), Chief Medical Officer (CMO), and the Vice President of Strategy.

3) Insurance Program Review (Written)
M. D. Moye, General Counsel

Trustee Chicoine asked about the projected Workers Compensation (Comp) increase. Mr. Moye said the payroll that Workers Comp was based on increased by 10%. Which would have suggested a corresponding increase in the premium to be paid and management anticipated for that increase. However, as a result of the loss experience in other measures our rate decreased.

C. INFORMATION: Retrospective Review of Prior Contract Approvals

- 1) Agreement with Morrison Management to provide Food and Nutritional Services management and oversight of patient food delivery, visitor café, and dietician support.
Luis Fonseca, Chief Operating Officer

Mr. Fonseca reviewed the presentation beginning on page 42 of the agenda packet.

Trustee Banerjee said that some of the contracts were two to three-year contracts that were amended when San Leandro and Alameda Hospitals on

board. She asked if they were added as separate subcontracts or rolled into the main contract. Mr. Fonseca said they were added as an amendment to the master agreement, which included the scope of work for those sites. The increase in cost was never brought back to the Board to make an adjustment to the initial approval which had a capped total expenditure authority. Mr. Moyer added they were working on refining what management brought to the Board for approval and ensuring that the information presented was useful for the organization and for the Board. They needed clarity on exactly what authority the Board granted staff regarding contracts.

Trustee Banerjee asked about the contract oversight process. Mr. Moyer said it was a process that needed a more robust method to track spending. For example, purchase orders were removed from the contracting process, which removed a layer of monitoring. He said he was working on redesigning the process to allow for multiple opportunities for monitoring.

Trustee DeVries asked if the increase felt appropriate given the services performed in Alameda and San Leandro Hospitals. Mr. Fonseca said it did, particularly given the inclusion of the Skilled Nursing Facilities (SNFs).

Trustee DeVries encouraged the concept of Alameda Health System (AHS) being an anchor institution in the building of wealth in the community. Mr. Fonseca said all staff were internal, the vendor provided only management.

- 2) Agreement with Universal Hospital to provide onsite Durable Medical Equipment (“DME”) management services, including provision of maintenance staff, technology, and equipment.

Luis Fonseca, Chief Operating Officer

Mr. Fonseca reviewed the presentation beginning on page 49 of the agenda packet.

- 3) AHS/County Strategic Reserves Agreement

Delvecchio Finley, Chief Operating Officer

Ms. Kaatz reviewed the presentation beginning on page 53 of the agenda packet.

Trustee Chicoine asked why AHS reported out on facilities that they did not maintain. Mr. Moyer said they would have to return to the Committee with that information.

D. DISCUSSION: Recommendation for Sustainability Metrics for TNM

Dashboard

Luis Fonseca, Chief Operating Officer

Nancy Kaatz, Chief Financial Officer

Mr. Fonseca and Ms. Kaatz reviewed the presentation on page 64 of the agenda packet.

Trustee Banerjee asked if the expense per patient data would provide information for ambulatory as well as in-patient. Ms. Kaatz said it was both as the calculations considered total revenue divided by average in-patient revenue per day. Mr. Fonseca added that the focus of the dashboard was the two primary drivers. One was overall expenses and the second was drilling down into how productive AHS was.

Trustee Banerjee asked if the Cash Collections data was going to be available. Ms. Kaatz said they had the reporting in place with Sorian, but they lacked benchmarking data. They were working on it.

Trustee Banerjee reminded management that they wanted to see challenging metrics as well, not just ones that were doing well.

E. DISCUSSION: Committee Planning

1) Issues Tracking


Trustee Chicoine asked about the Defined Pension Benefit (unfunded liabilities with respect to the Acerra fund) review that was left with no due date. Mr. Redmond said he'd look into it.

Ms. Kaatz said the Cash on Hand Report was already covered and could come off.

TRUSTEE COMMENTS: None

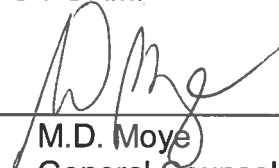
ADJOURNMENT: 5:30pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee July 12, 2018 meeting as approved on September 13, 2018:



Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: 

M.D. Moye
General Counsel