



BOARD OF TRUSTEES MEETING

FRIDAY, APRIL 26, 2019

8:45AM-5:30PM

Conference Center at Highland Care Pavilion

1411 East 31st Street Oakland, CA 94602

Ronna Jojola Gonsalves, Clerk of the Board

(510) 535-7515

MEMBERS

Joe DeVries, *President*

Kinkini Banerjee, *Vice President*

Maria G. Hernandez, *Secretary*

Noha Aboelata, MD Louis Chicoine

Taft Bhuket, MD Tracy Jensen

Gary Charland Ross Peterson

Chief of Staff – AHS Medical Staff: M. Kelley Bullard, MD

Chief of Staff - AH Medical Staff: Joseph Marzouk, MD

Chief of Staff - SLH Medical Staff: Michael Ingegno, MD

BOARD OF TRUSTEES REGULAR MEETING MINUTES

THE MEETING WAS CALLED TO ORDER AT 8:45 AM

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Noha Aboelata, MD, Kinkini Banerjee, Taft Bhuket, MD, Louis Chicoine, Joe DeVries, Maria Hernandez, Tracy Jensen (arrived during closed session), Ross Peterson

ABSENT: Gary Charland (resigned April 25, 2019)

A quorum was established.

The Board adjourned into Closed Session to discuss the agenda items per the applicable Government Codes.

CLOSED SESSION

1. Public Employee Performance Evaluation

[Government Code Section 54957(b)]

Title: Chief Executive Officer

(Reconvene to Open Session)

A. REPORT ON ACTION TAKEN IN CLOSED SESSION

Trustee DeVries announced there was no reportable action taken in Closed Session.

B. BOARD PRESIDENT/CEO WELCOME and CONTEXT SETTING

Joe DeVries, President

Delvecchio Finley, Chief Executive Officer

Trustee DeVries and Mr. Finley said that the meeting was largely focused on the budget. They acknowledged that budgets were policy statements, and this was a difficult time for AHS. Trustee DeVries expressed his appreciation for the level of dedication the executive team and Board share.

Public Comment

Jennifer Hinton said she worked at Alameda Hospital since 2000. She discussed a disconnect between management and nursing. She said they lost any sense of collaboration.

Greg Ortiz said he also worked at Alameda. He said they were working to death and it was very unfair. He said no one wanted to work in his department any more.

Another speaker (no name was provided) spoke regarding achieving a competitive contract.

C. REPORTS

1. "Future Financing for California's Public Health Care Systems"

Erica Murray, CEO, California Association of Public Hospitals

Ms. Murray discussed the presentation available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>

Trustee Chicoine said that he understood that there had been a shift of burden but that there had also been a shift of control over the tax revenue. Ms. Murray said that 80% of the realigned dollars had been shifted back to the State.

The Board discussed the 50/50 rates and the political dynamics with the Federal Government that made negotiation of that rate difficult and the role trending enrollment had in the issues.

Trustee DeVries asked if the \$150M total earnable Federal funds, was that annually. She said it was annually and the County was matching that.

The Board had a conversation about Whole Person Care. Mr. Finley said Prime and GPP were administered by AHS. Whole Person Care was under the leadership of the County. Tangerine Brigham explained the funding principles behind Whole Person Care. The County was contracted with Alameda Alliance to administer the Care Management Services.

Trustee Hernandez asked how the capitation rate get set by the alliance for AHS patients. Ms. Murray and Mr. Finley spoke about how the state negotiates with the plan and then the plans negotiate with the providers. Mr. Finley reminded the Board that AHS was only capitated in the acute care setting.

Trustee Jensen asked about how to communicate this information to the Board of Supervisors. Ms. Murray said she was offering to help with that process and talk with them. They discussed how the BOS had a more direct relationship with the State and Federal legislators and how AHS was leveraging that relationship.

Trustee Banerjee asked about what risks Ms. Murray anticipated. Ms. Murray said it was about capitation and what level it was at. There were three systems that assumed full capitation for all their Medi Cal patients. They learned about how to succeed under those capitation arrangements.

2. Update on Budget Planning Process

Delvecchio Finley, Chief Executive Officer

Mr. Finley discussed the presentation available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>

3. Review of Current Draft Budget

Luis Fonseca, Chief Operating Officer

Ann Metzger, Interim Chief Financial Officer

Mr. Finley, Mr. Fonseca, and Ms. Metzger discussed the presentation available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>

Trustee Jensen asked, regarding the projection that 2020 in patient volume would remain flat, if they factored in the closure of Alta Bates. Mr. Finley said the projection was in respect to AHS capacity.

Trustee Hernandez said one of the largest increases in cost was the General & Administrative Expenses. She asked what the Operation Contingency was. Mr. Finley said that every year they added a small amount to the budget for some roll over to address unexpected needs.

Trustee Hernandez asked about the 134 vacancies. Mr. Finley said they were positions that were funded in both clinical and non-clinical to use as needs present themselves. Mr. Fonseca reviewed the data regarding vacancies on page 51 of the agenda packet. Trustee Hernandez said it was difficult to consider filling those positions given the current considerations toward laying off people. Mr. Finley said this was driven by volume. The budget called out the resources needed to achieve the volume and operational requirements.

Trustee Banerjee asked if, with the 340B drug programs, there was anything that needed to be considered for the current year. Mr. Finley said the big risk previously was at the Federal level. The AHS budget included a 4.2% increase in pharmaceuticals. At the State level the Governor is looking at a statewide drug purchasing arrangement but the parameters, and thus the impact, aren't clear at this.

Trustee Aboelata asked about deductions from patient service revenue deductions. Ms. Metzger said that every month they reviewed cash collections by the payer and validate percentages used for estimates. Trustee Aboelata said she wanted to understand if the reimbursements listed were denials then there as an opportunity to improve. If it was simply what was paid then perhaps we could renegotiate. Mr. Finley said that they could always try to negotiate for better reimbursement rates for those particular payers, but some of it was certainly in the realm of there was nothing that could be done. The opportunity would exist in how thoroughly we were collecting the rate payer information, validating the justification of the authorization to treat, and then billing. He said there was still work to do, and opportunities to be had, but he wasn't sure how much substantial opportunity for improvement there was.

Trustee Chicoine said that there as an immediate question, how to we get to a sustainable budget value. Then there was a longer term set of questions. The longer term would involve a lot of information gathering and digging in with staff. Regarding the current conversation, improvement couldn't be assumed to solve the problem this year. But it is central to the future year solutions. Mr. Finley said that as the organization moves toward S*A*P*P*H*I*R*E*, there would be opportunities to more clearly view charge capture opportunities, which has been an ongoing priority.

Trustee Peterson said they needed to have more detail regarding deductions from revenue. Trustee DeVries agreed.

Trustee DeVries said he thought the supplemental revenue issues were bigger than \$33M. Mr. Finley said the total revenue problem is a combination of this and the inpatient issues. Trustee DeVries said he just wanted to be able to explain the drop in revenue in just a few seconds. Mr. Finley said that 30M gap this year times two years was about \$60M, then the waiver puts us close to \$100M. Trustee DeVries asked why the \$30M compounds the second year. Mr. Finley said they trimmed expenses, but they didn't find \$30M more in revenue.

Trustee DeVries asked for an explanation of the Net Negative Balance Forecast that he could communicate to AHS's partners. Trustee Chicoine said that a note being called take out a loan for 10K, now you have a liability for 10K. On a day to day basis you're looking at cashflow, but you still have that liability. When that comes due, all of a sudden you are looking at that. There has always been a certain amount of money that was going to be due, now that it is, it is highlighted.

4. Status of Alameda Hospital Seismic Remediation Project

Luis Fonseca, Chief Operating Officer

Mr. Fonseca gave a verbal recap of the Alameda Hospital kitchen renovation project.

Trustee Jensen said she remembered that AHS was going to manage the contract in house then went to Webcore. She asked how the process worked. Mr. Fonseca said that they were looking at breaking the project into different components originally. They thought they'd bring in general contractor to oversee the big project pieces. OSHPD presented some approval challenges as a result of the synergies between the make readies and the large structural work. In an effort to keep the project moving, the bid separately on the already approved make readies then get a different contractor for the large structural work. Then the market shifted and that bid came in three times more than predicted for that work. Then staff decided to bring it all together with a construction manager who would share the risk and allow us to bring in the best value. In that process they reached out, via RFP, to multiple contractors and selected Webcor. Once Webcor completed their GMP it was significantly higher than we'd anticipated. Then they engaged with the construction manager from San Leandro and were working through the process of moving forward.

Based on a question from Trustee Peterson, Mr. Fonseca said that the bill that was passed last year gave an extension to facilities that were planning to upgrade the facilities. That wasn't a blanket approval to take until 2022. A formal request with a construction schedule still had to be approved. The AHS project schedule at the time had a completion date of June 2020 with a start date of June 2019. An extension was requested to accommodate potential construction delays. Now, that construction can't begin in June 2019, another extension is needed.

Trustee Banerjee asked if the contractor would have any penalties for the delays. Mr. Fonseca said Webcore's contract was to develop the GMP and deliver construction documents. They did that. AHS could now give the construction documents to another contractor to get the costs.

LUNCH PRESENTATION: The STEEP Climb to Quality at AHS

Taft Bhuket, MD

Tanvir Hussain, MD

Trustee Bhuket and Dr. Hussain discussed the presentation available here:
<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>

D. DISCUSSION

1. Outline of Fiscal Options

Louis Chicoine, Chair, Finance Committee

2. Board Discussion of Fiscal Options and Direction Setting *Board of Trustees*

Trustee Chicoine discussed the presentation available here:

<http://www.alamedahealthsystem.org/2019-meeting-agendas-and-minutes/>

Ms. Venkataraman reviewed the interactive quiz with the Board.

The Board discussed how EBIDA worked and how it affected the organization. Trustee Jensen said that the Board should offer guidance, but it was the leadership in the organization who needed to hone the number in. Trustee Hernandez said she'd like to understand what the best EBIDA level would be. Trustee Bhuket said he heard it should be 3.5%. Mr. Finley discussed the variables and what the potential targets might look like. He said a 3% margin was generally considered healthy.

The Board discussed and ranked options for revenue enhancements and expense reductions based off the options in the presentation. They discussed furlough options for unrepresented staff, changes to the benefits program, what evaluating the sheriff's contract and the homeless resources would mean.

In response to a question from Trustee Aboelata, Mr. Finley said they were discussing the throughput efforts concerning the more challenging placements and the discussion around the potential conversion of the same day clinic to an urgent care facility in the context of the S*A*P*P*H*I*R*E* go live. There was a potential need to move locations.

Trustee Chicoine recommended the Board continue to discuss the priority ranking requested by staff. He envisioned that staff would take the ranking and do more work on the items accordingly to determine plausibility. They could review it again in June for an option to put before the Supervisors that will instruct their actions in terms of approval.

Trustee Aboelata suggested a deeper look at the top four options on page four.

Trustee Hernandez expressed concerns about going back to the County for general fund support. Trustee DeVries said they were providing a core and critical function or the county much like a department would within a municipal government structure. He said that if he, as a department head, had a problem he would go to his boss with options. He said they needed to reprioritize the list, but then go to the County with options such as increasing the SNF beds to improve throughput and the potential for doing so by using Fairmont and maybe St. Rose. And then request general fund support.

The Board discussed what the process of reducing services would look like. Trustee Jensen said it would be good to see the financial impacts in ranges. Mr. Finley said they might need some external assistance to do a deeper analysis of the impacts.

Trustee DeVries discussed the commitment AHS had to the City of Alameda and said the Board should express that commitment even while acknowledging the look of services may change in coming years. He said they needed to have an intense conversation before breaking ground on the kitchen as part of the budget process.

Trustee Jensen said they were facing the challenges for 2020 and hoped services could continue in the future. She agreed that the JPA caused concerns for AHS. She wanted to make sure they looked at the pieces that were doing well such as the transfer center. Mr. Finley said the commitment was to do the seismic upgrades through the 2030 requirements. The current realities were different than in 2013 when the JPA was entered into. The Board would like to engage in a refreshed discussion with the District Board and encourage the District Board and the Community to have discussions to determine the needs and areas of collaboration to best optimize the investments we are committed to making. Trustee Jensen expressed her concern about the delays, extensions, and the idea of discussing any options regarding not fulfilling the JPA.

Trustee Aboelata discussed the community engagement component and the importance of engaging the knowledge base.

Trustee Chicoine discussed building community trust and collaboration.

Trustee Hernandez reminded the Board that they serve the City of Alameda. They needed to understand the needs of that community. She asked if they should adopt a resolution to summarize and confirm what was spoken about.

Mr. Moyer suggested that they give staff direction to prepare the appropriate documents for approval.

Trustee Jensen suggested a press release.

Trustee Aboelata thought a resolution might be premature, but perhaps a concept paper of a few pages would work.

Trustee DeVries requested that staff create a draft concept paper and resolution for the Board's review.

Trustee Hernandez asked the staff to put some general dollar amounts behind the items, so the resolution could be more detailed.

E. FY 20 Budgeting Principles and Budgeting Targets

Joe DeVries, President

Mr. Moyer announced that the Board of Trustees were adjourning into Closed Session to discuss the agenda items per the applicable Government Codes.

CLOSED SESSION

1. Public Employee Performance Evaluation

[Government Code Section 54957(b)]

Title: Chief Executive Officer

(Reconvene to Open Session)

F. REPORT ON ACTION TAKEN IN CLOSED SESSION

Trustee DeVries announced there was no reportable action taken in Closed Session.

TRUSTEE REMARKS: None

ADJOURNMENT: 5:15 PM

This is to certify that the foregoing is a true and correct copy of the minutes of the regular meeting of April 25, 2019 as approved by the Board of Trustees on July 26, 2019.


Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: _____


M.D. Moye
General Counsel