



FINANCE COMMITTEE MEETING
Wednesday, July 7, 2021
5:30pm – 7:30pm

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: Telephonic/Electronic Meeting

FINANCE COMMITTEE MEMBERS

Luisa Blue
Jennifer Esteen, Chair
Alan E. Fox
Mark Friedman
Sblend A. Sblendorio

FINANCE COMMITTEE REGULAR MEETING MINUTES

THE MEETING WAS CALLED TO ORDER AT 5:32 pm

ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT: Luisa Blue, Jennifer Esteen, Alan E. Fox, Mark Friedman, and Sblend A. Sblendorio

ABSENT: None

PUBLIC COMMENT: Non-Agenda Items

None

A. ACTION: Approval of the Minutes of the June 2, 2021 Finance Committee Meeting

Moved by Trustee Blue, Seconded by Trustee Friedman to approve the minutes of the June 2, 2021 Finance Committee Meeting.

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.

ACTION: A motion was made and seconded to approve the minutes of the June 2, 2021 Finance Committee. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, Friedman, and Sblendorio

NAYS: None

ABSTENTION: None

B. INFORMATION / DISCUSSION: Operating Reports

B1. Chief Financial Officer Report (Est. 20 min)

Kimberly Miranda, Chief Financial Officer

B1a. May 2021 Financial Report

Ms. Miranda reviewed the report beginning on agenda packet page 17.

Trustee Fox asked if the working capital line of credit on the balance sheet was included in the NNB. Ms. Miranda said the working line of credit is the NNB. Trustee Fox said there was no line on the balance sheet that said NNB. Ms. Miranda said it was in the long-term liabilities portion, it was called working capital loan. Basically, all cash transactions netted to that balance.

C. INFORMATION / DISCUSSION

C1. Commercial Payer Contracting Strategy Update

Kimberly Miranda, Chief Financial Officer

Sandra Wellington, Manager, Payor Relations

Ellen Gallagher Parsons, Principal, Chancellor Consulting Group

Ms. Wellington and Ms. Parsons reviewed the report beginning on agenda packet page 59.

Trustee Fox asked if there was a ceiling on how much they could raise their charge prices. Ms. Parsons said yes, however, they would like to build the increases into the rates rather than rely on the overall aggregate charge master increase, which only helps contracts that were based on percentage of billed charges. Ms. Miranda added that if they raised their rates 5 or 10% they'd be out of market. They used a software to benchmark themselves against other hospitals to make sure their pricing was consistent.

Trustee Fox asked, since they had such a low volume of commercial business, it seemed like AHS would not be an important player to the commercial plans. He asked what leverage AHS had over the commercial insurers in their negotiations. Ms. Parsons said trauma was a service all of the plans used as non contracted providers. They would like to be contracted, as would AHS. They had leverage because AHS was a new system within the network. Payers also paid other market hospitals astronomic pricing and payers were interested in looking at other providers.

Trustee Fox said that if they were a potential low-cost alternative for commercial plans, it would help for long range planning to develop and improve those services. Ms. Parsons said they were able to leverage rates with other systems in that way.

Trustee Esteen asked why they did not include John George in the reports. Ms. Parsons said the “example” payer didn't contract for psychiatric services. They were negotiating as a carve out for those services. Ms. Miranda said they didn't talk about specific rates for specific payers in public meetings. Trustee Esteen said she'd like to hear how they would optimize John George, not the payer.

Trustee Bhuket asked how the physician contract negotiations were working given the contracted groups under AHS with UCSF doctors, EBMG. Ms. Parsons said when a claim was submitted on the physician side, they billed under the AHS TIN (Tax Identification Number). Each physician had their own NPI (National Provider Identifier). As long as the correct TIN and NPI was entered, the claim should be paid correctly.

C2. Educational Session: California Advancing and Innovating Medi-Cal (CalAIM) Initiative
Tangerine Brigham, Chief Administrative Officer, Population Health

Ms. Brigham reviewed the report beginning on agenda packet page 76.

Trustee Fox asked on whose order an in lieu of service would be ordered. Ms. Brigham said it would not be based on the providers perspective. It would be based on what the health plan offered. They would determine the admissions criteria to use for those specific services and the plan would have to go through and authorization process. It would require a strong communication between care management to determine the most appropriate post-acute care placement for the patient and then make that request of the plan.

D. ACTION ITEMS/DICUSSION: Contracts

Trustee Esteen said that the renewal timeline began on July 30th. She appreciated the lead time the Committee was given for the current and the next contract. She would prefer all contracts to be brought to the Committee more than three months ahead of time whenever possible.

D1. Amendment to renew the agreement with Elsevier, Inc. for provision of learning management software and educational materials. The term of the proposed amendment shall be from July 30, 2021 through July 29, 2024. The estimated impact of the proposed amendment is \$1,117,391.00.

Janet McInnis, Chief Administrative Officer and CNE

Mr. Holly reviewed the summary on agenda packet page 94.

Moved by Trustee Sblendorio, Seconded by Trustee Fox to recommend approval of the agreement with Elsevier, Inc. to the full Board of Trustees.

ACTION: A motion was made and seconded to recommend approval of the agreement with Elsevier, Inc. to the full Board of Trustees. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, Friedman, and Sblendorio

NAYS: None

ABSTENTION: None

D2. Agreement with Inter-Con Security Systems, Inc. for provision of security services to the Alameda Health System. The term of the proposed agreement shall be from October 1, 2021 through September 30, 2024. The estimated impact of the proposed agreement is \$32,650,080.32.

Mark Fratzke, Chief Operating Officer

Mr. Fratzke reviewed the summary on agenda packet page 96.

Trustee Sblendorio asked why this was on the agenda. Trustee Esteen said the Finance Committee moved the item to the full Board at their previous meeting and the full Board voted to return it to the Finance Committee to give Inter-Con and SEIU time to negotiate.

Trustee Sblendorio said he only saw one choice, though Mr. Fratzke said there was another. Mr. Fratzke said he recommended the Inter-Con contract. Securitas was the second choice. It was important to make the choice tonight. Trustee Sblendorio said the agenda only listed the option to approve or not approve the Inter-Con contract. He wondered if it was agendized properly to approve the Securitas contract if the Committee chose to. Trustee Esteen said that he was correct. The Inter-Con contract was up for their approval. If they opted to not approve it they would then have to deliberate on the next vendor which was about \$10M more. They had discussed this and heard from both sides. If there were further questions they could discuss them now. If they did not have further questions, they could make a motion.

Trustee Fox asked if they needed to vote since they voted on it at the last Finance Committee meeting. Trustee Esteen said the Finance Committee moved the item to the full Board at their previous meeting and the full Board voted to return it to the Finance Committee to give Inter-Con and SEIU time to negotiate. She believed they needed to vote on the item again. Mr. Azizi agreed.

Trustee Friedman asked if anything changed in the proposal. Mr. Fratzke said nothing changed. Trustee Friedman said he did not understand why they needed to vote again. They were set to discuss whether the parties were able to work out something, and it sounded like they were not. Mr. Fratzke agreed. Trustee Esteen said SEIU and Inter-Con did not come to an agreement, but those parties did not include AHS. What the Committee was there to discuss, was whether AHS was ready to accept the contract. AHS did represent staff that had multiple union contracts, they did not mandate that vendors offer union representation. Bearing that in mind, the negotiations between the union and Inter-Con were important, but not the material that drove all of their decisions. Mr. Jackson added that Inter-Con was prepared to engage with SEIU at AHS, but they were not prepared to engage with SEIU at other facilities. The security staff at AHS would continue to be able to be represented by SEIU as

was in their purview as opposed to organizations outside of AHS. Mr. Fratzke said that they would encourage both parties continue to work toward an agreement after the vote.

Trustee Friedman said he thought Inter-Con had agreed to accept the current contract. Mr. Fratzke said they had agreed to accept the terms of the current Allied vendor's CBA and augment the salaries. But they wanted to see the CBA which had not yet been offered by the union. Trustee Friedman asked how much longer the CBA was valid for. Mr. Azizi said Inter-Con, from what he understood, agreed to the economic terms of the CBA. They had not agreed to the actual CBA.

Trustee Fox asked what the risk was to AHS, if at some point there was a lack of agreement on terms between Inter-Con and SEIU. Mr. Azizi confirmed they had a no strike clause.

Trustee Friedman said he did not want to opt for the second vendor and pay \$10M more. However, he would feel more confident if the union and the vendor had an agreement in place. A multi-site agreement is irrelevant to AHS, but if that was the sticking point, it became a little bit of their concern. He asked how many SEIU employees AHS had. Ms. Jones said it was about 3000. Trustee Friedman said he'd be more comfortable if they had an agreement in place, so they were not at risk of labor action. Mr. Jackson said Inter-Con said they would honor the current CBA with a pay increase. AHS was prepared to hold them to that agreement.

Trustee Fox asked why SEIU was not making the contract known to the vendor. Mr. Azizi said they did not know.

Trustee Fox asked if it was true that even if they did not come to an agreement for the security staff, the full union would not have cause to strike. Mr. Azizi confirmed there was a no strike clause.

Trustee Sblendorio said they should recommend to approve.

Mr. Stack, COO of Inter-Con, said the decision to vote was appropriate. Typically, the contract would be awarded, the two parties would then have to work together and 99% of the time it worked well. He said they had done this four different times with SEIU, and each time the workers were made whole. He did not believe this would happen, but it would be Inter-Con's duty to provide workers to keep the facilities safe as needed.

Trustee Esteen said SEIU had many locals. 1021 was the member the AHS workers were a member of. There were others as well. Not every union was a party to the same contract.

ACTION: A motion was made and seconded to recommend approval of the agreement with Inter-Con Security Systems, Inc. to the full Board of Trustees. A roll call vote was taken, and the motion passed.

AYES: Trustees Blue, Esteen, Fox, Friedman, and Sblendorio

NAYS: None

ABSTENTION: None

E. DISCUSSION: Committee Planning, Issues Tracking

TRUSTEE COMMENTS

ADJOURNMENT: 7:25 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee July 7, 2021 meeting as approved on September 1, 2021:

Ronna Jojola-Gonsalves

Ronna Jojola Gonsalves
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: *shakib azizi*

shakib azizi (Oct 4, 2021 15:26 PDT)
Ahmad Azizi
Interim General Counsel









2021-07-07 FIN Minutes FINAL APPROVED

Final Audit Report

2021-10-05

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