



**FINANCE COMMITTEE MEETING**  
**Wednesday, October 6, 2021**  
**5:30pm – 7:30pm**

**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: 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 5:32pm**

**ROLL CALL WAS TAKEN AND THE FOLLOWING TRUSTEES WERE PRESENT:** Luisa Blue, Jennifer Esteen, Alan E. Fox, Mark Friedman, and Sblend A. Sblendorio (left at 5:45pm)

**ABSENT:** None

**PUBLIC COMMENT: Non-Agenda Items**

None

**A. ACTION: Approval of the Minutes of the September 1, 2021 Finance Committee Meeting**

Moved by Trustee Fox, Seconded by Trustee Friedman to approve the minutes of the September 1, 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 September 1, 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**

*Kimberly Miranda, Chief Financial Officer*

#### **B1a. August 2021 Financial Report**

Ms. Miranda reviewed the report beginning on agenda packet page 11.

Trustee Sblendorio left at 5:45pm.

Trustee Fox said he saw on agenda packet page 40, the Working Capital Loan of \$37M, and asked if the Net Negative Balance was the \$11,672 on the last row. Ms. Miranda said the County reported net, they offset the reserve cash fund against the debt to get to the \$11.6M which was what the County held AHS accountable under the agreement. Trustee Fox asked where the reserve cash fund was. Ms. Miranda said the reserves were reported as part of cash and the County off set the debt to get to the \$11M, so the cash reserve was \$25M out of the \$35M in cash.

Trustee Fox asked for confirmation that they would have to pay \$125M at the end of the year. Ms. Miranda said she did not know when these amounts would come due. The red line assumed recoupments would come due at the end of the fiscal year, so we won't forget that these liabilities were looming. Trustee Fox said the detail by each supplemental plan did not show quite as much at the end of 2021. Ms. Miranda said the written report explained changes and the balances were the best estimate of the receivables.

### **B2. Chief Operating Officer Report**

*Mark Fratzke, Interim Chief Operating Officer*

#### **B2a. Highland Hospital Update**

Mr. Fratzke reviewed the report available here: <http://www.alamedahealthsystem.org/2021-meeting-agendas-and-minutes/>.

Trustee Fox asked if the intent with the cardiovascular service line was to develop a service line that might be marketable to managed care payers. Mr. Fratzke confirmed that was the case and they would help develop a physician recruitment plan for cardiovascular services, help understand the profitability of the line, and a growth plan.

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**C. INFORMATION / DISCUSSION****C1. Performance Improvement Initiatives Update, Building Excellence, Sustainability, and Trust (BEST)**

*Kim Miranda, Chief Financial Officer*

Ms. Miranda reviewed the report beginning on agenda packet page 51.

**C2. Insurance Policy Review**

*Ahmad Azizi, Interim General Counsel*

*John James, James & Gable Insurance Brokers, Inc.*

Mr. James reviewed the report beginning on agenda packet page 55.

Trustee Fox asked if the market tightening up was across the economy or primarily in health care. Mr. James said that, in general, the insurance market was tightening up. Privacy liability driven by ransomware and constriction in the market were feeling the most pressure. Fiduciary Liability was another type of policy in this category that was driven by more sophisticated data mining of excessive claims.

Trustee Fox asked how Mr. James would categorize AHS's risk management efforts. Mr. James said they were strong. The engagement level with senior leadership setting the tone was strong and continuing to improve.

Trustee Fox asked if they had earthquake insurance. Mr. James said the County provided property insurance, which included earthquake insurance, for the County owned locations, such as Highland. Earthquake insurance for AHS owned locations, such as San Leandro Hospital, had not been purchased based on the deductible and the premium. They reviewed the program regularly. Alameda Hospital's insurance was procured by the Alameda Healthcare District and he did not know if the policy included earthquake insurance.

Trustee Esteen said the lack of earthquake insurance seemed like a big exposure. Mr. James said they could get quotes. It was a complicated formula.

Mr. Azizi added that, based on an earlier question, they were spending generally about \$11.7M on insurance.

**D. ACTION ITEMS/DICUSSION: Contracts**

**D1. Amendment to the agreement with Vital Contingent Planning for provision of staff placement services to increase the not to exceed amount to \$7,500,000 in expenditures, as needed. The term of the current agreement is September 16, 2021 through September 15, 2022.**

*Mark Fratzke, Chief Operating Officer*

*Lorna Jones, Chief Human Resource Officer*

Moved by Trustee Fox, Seconded by Trustee Blue to recommend the Board of Trustees approve the amendment to the agreement with Vital Contingent Planning.

Trustee Esteen asked how much they spent on registry. Ms. Miranda said for the current fiscal year, so far, they spent about \$6M compared to a budget of \$3.2M. It was unfavorable by about \$1.5M for the first two months. In August, it was favorable. Being restricted to one contract could put them at a risk of not having adequate staffing. This contract was diversifying the risk.

Trustee Esteen asked for the cost difference between the FTE and the registry. Ms. Miranda said it was cheaper to use registry in the past. But the cost had risen significantly, so she would need to review that. Mr. Fratzke said the pandemic caused the entire industry issues. They would prefer to not have travelers at all.

Trustee Blue asked if these were local registries or out of state and if they were out of state, did AHS pay for travel and boarding. Ms. Jones said they used a combination. They currently had 283 vacancies posted on the external website. They had 135 unfulfilled orders through the regular service. This was why they needed a crisis staffing service. Kaiser was going to go on strike and the mandatory vaccination requirements reduced staff in many locations compounding the issue.

Trustee Esteen asked how many job categories were represented by the contract. Ms. Jones said it was just nursing.

Trustee Blue said they reviewed the salary survey in HR. AHS was not very competitive. Mr. Fratzke said they were actively working on that.

Trustee Esteen said if they put the \$7.5M into salaries, people would run to AHS leaving Kaiser and Stanford because they would be the highest payers and they would have a stable workforce. If they had a true goal of making the staffing stable, they should make the investment today.

Trustee Blue said she didn't think they had as many new graduates coming out. Attracting experienced nurses was tough. Mr. Fratzke said it was hard to find the specialty nurses. Ms. Jones said that they did have retention and recruiting work to do. With the current level of shortages, she didn't think they could run a campaign to attract that talent short-term. The

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competition in Oakland alone was intense. Long-term they were looking at graduate programs and enriching the benefits program.

Trustee Esteen said she would love to see the long-range recruiting plan.

**ACTION:** A motion was made and seconded to recommend the Board of Trustees approve the amendment to the agreement with Vital Contingent Planning.

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

**NAYS:** None

**ABSTENTION:** None

### **E. DISCUSSION: Committee Planning, Issues Tracking**

Trustee Esteen said she would like to hear more about the recruitment and retention efforts and how that might be approached fiscally.

Trustee Fox said he would like to hear more about employee benefits, what the benefit program was, and what it cost. He wanted to know if they had long term plans to lower benefits without risking the stability of the staff. He wanted to see information regarding worker's comp loss and claim trends, the cost of those claims, and how that was being managed over time.

Trustee Friedman wanted a report that included information regarding the employees who were not vaccinated, who were submitting declinations, and what the implications were for the work force.

Trustee Blue said the HR committee should go deeper into recruiting and retaining staff. They had to match salaries and at least match benefits. She discussed using LVNs in the staffing mix.

Trustee Esteen said she would like to see, perhaps at HR, how often units were working at or below the state mandated staffing mix.

### **TRUSTEE COMMENTS**

**ADJOURNMENT:** 7:22 pm

This is to certify that the foregoing is a true and correct copy of the minutes of the Finance Committee October 6, 2021 meeting as approved on November 3, 2021:

\_\_\_\_\_  
Ronna Jojola Gonsalves  
Clerk of the Board

APPROVED AS TO FORM:

Reviewed by: \_\_\_\_\_  
Ahmad Azizi  
Interim General Counsel