



BOARD OF TRUSTEES SPECIAL MEETING

WEDNESDAY, FEBRUARY 5, 2025

Not before 5pm and in coordination with the Finance Committee Meeting

Conference Center 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, see above address

Teleconference Location: 4501 Pleasanton Avenue, Pleasanton, CA 94566

Members of the public may also participate at the following ZOOM Meeting Link:¹

<https://alamedahealthsystem.zoom.us/j/9361457125?pwd=aUF4anZiK01IRklVMzZvQVY5NTdOZz09&omn=83225035556>

Meeting ID: 936 145 7125

Password: 20200513

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Find your local number: <https://alamedahealthsystem.zoom.us/u/aeojyFgeyI>

MEMBERS

Taft Bhuket MD	Alan E. Fox
Greg Garrett	Donna Linton
Nely Obligacion	David Sayen
Sblend A. Sblendorio	

¹ Log into the meeting at www.zoom.com. You will be directed to download the meeting app (free) if you have not used ZOOM previously. ZOOM meetings may be accessed on computers and portable devices.

BOARD OF TRUSTEES SPECIAL MEETING AGENDA

SPECIAL NOTE: Per Brown Act requirements, Trustees of the Alameda Health System will attend board and committee meetings in person at the location(s) noticed on this agenda. Staff and members of the public may attend either in person at the location noticed on this agenda, or remotely via Zoom, using the link included on this agenda.

Public Comment Instructions

If you attend the meeting in person and wish to address the Board or Committee regarding an item on the agenda or in their purview, please see the Clerk of the Board.

If you attend the meeting remotely and wish to address the Board of Trustees or Committee regarding an item on the agenda or in their purview, send an email to cob@alamedahealthsystem.org PRIOR TO THE START OF THE MEETING. Your comment will be heard at the appropriate time. During the meeting, public comment requests may be submitted to the ZOOM meeting host or the Clerk of the Board, but requests must be submitted prior to the beginning of the public speaker time for that item.

Each speaker, whether in person or remote, will be allotted between one and three minutes to speak, depending on the number of speakers present.

OPEN SESSION / ROLL CALL

PUBLIC COMMENT

ACTION/DISCUSSION

- A. **[ACTION: St. Rose Hospital Budget](#)**
Kimberly Miranda, Chief Financial Officer
- B. **ACTION: Staff Requests Board Authorization for the allocation of a not-to-exceed amount of \$14 million to support an Intergovernmental Transfer for the benefit of St. Rose Hospital.**
Kim Miranda, Chief Financial Officer
- C. **[ACTION: New agreement between Hayward Sisters Hospital doing business as St. Rose Hospital and Saint Rose Medical Building, Inc and AHS to provide for management services.](#)**
Mario Harding, Chief Administrative Officer St. Rose Hospital

TRUSTEE COMMENTS

ADJOURNMENT

Our Mission

Caring, Healing, Teaching, Serving All

Strategic Vision

AHS will be recognized as a world-class patient and family centered system of care that promotes wellness, eliminates disparities and optimizes the health of our diverse communities.

Values

Compassion, Commitment, Teamwork, Excellence, Integrity, and Respect.

Meeting Procedures

All items appearing on the agenda are subject to action by the Board of Trustees. Staff recommendations are subject to action and change by the Board of Trustees.

The Board of Trustees is the Policy Body of the Alameda Health System. The Board has several standing Committees where Board matters are the subject of discussion at which members of the public are urged to testify. Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Board Members or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room. Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of the Board or to its members, 1411 East 31st Street Oakland, CA 94602.

Members of the public are advised that all Board and Committee proceedings are recorded (audio), including comments and statements by the public in the course of the meetings. Copies of the audio recordings will be made available to the public. Copies of the agendas and supporting documents can be found here: <http://www.alamedahealthsystem.org/meeting-agendas-and-minutes/>. By attending and participating in Board/Committee meetings, members of the public consent to audio recording of any statements they may make during the proceedings.

Disability Access

The Meeting Rooms are wheelchair accessible. Assistive listening devices are available upon request at the Clerk of the Board's Office. To request accommodation or assistance to participate in the meeting, please contact the Clerk of the Board. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to perfumes and various other chemical-based scented products. Please help us to accommodate these individuals.

The AHS Board of Trustees is committed to protecting the private health information (PHI) of our patients. We ask that speakers refrain from disclosing or discussing the PHI of others. Please also know that, should you decide to disclose your PHI, the Trustees will still likely refer your matter, to the extent it involves PHI, to the executive staff for a confidential review of the facts and for confidential handling. If you would like more information regarding the confidentiality of PHI as it relates to the Health Insurance Privacy and Accountability Act, please refer to 45CFR Section 164.101, et.seq.

A&B. St. Rose Hospital Budget



| SRH Budget Approval – February 5, 2025
AHS Board of Trustees Finance Committee

Freeze Investments and Grow

MAXIMIZE CAPACITY

- Focused outreach on assigned unseen patients
- Develop partnerships with area competitors to assist with:
- Bed overflow or transfers
- OR block utilization

INTERV. CARDIOLOGY

- Halt relocation of Cath Lab until volume thresholds achieved
- Develop capital campaign to fundraise for expanded service line at appropriate time

PHYSICIAN INTEGRATION

- Collectively problem-solve barriers for specialty care admissions, e.g. community safety net providers
- Joint marketing/education
- Co-sponsored health screening events
- Seek MOB tenants that support key service lines
- Participate and showcase quality experience and outcomes

MEET MARKET NEED

- Conduct in-depth market analysis
- Align key service lines/service mix to meet market need
- Create synergies between AHS/SRH in key service lines

CAPITAL FREEZE

- Suspend Epic
- Limit to maintenance capital for the first three years
- Release capital as growth targets achieved

Revenue

- Gross charges increased 3.5% over FY24; volumes consistent with FY24
- Net Revenue: collections assumed at 16.9%, on average
 - Improvements in Med/Surg, ICU revenue with Alameda Alliance contract parity adjustments
- HQAF/Private DSH projections based on Oct-Dec actuals + 9 mos. budgeted, aligned with SCA analysis (included in appendix)
- IGT current contributions from community/AHS with federal match - \$8M
- County Measure A contribution - \$7M

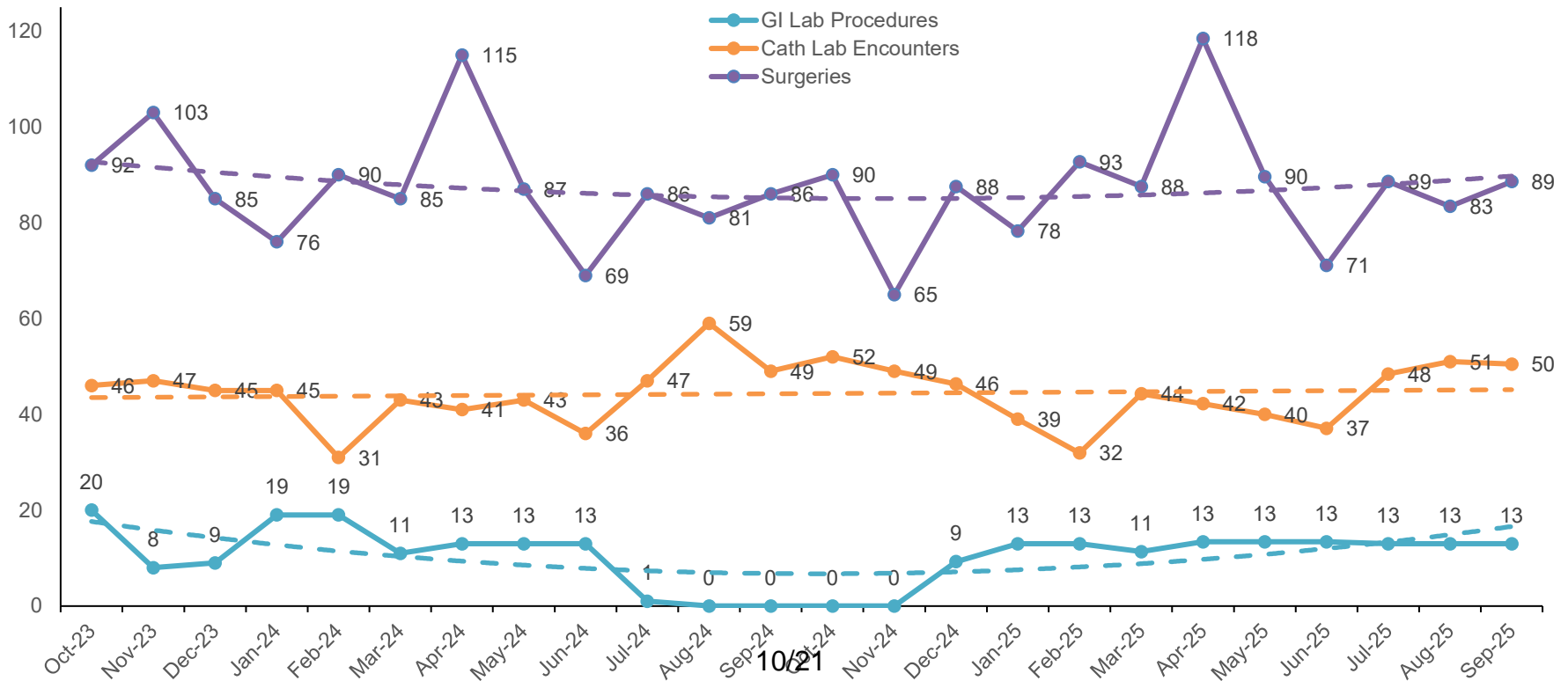
Expenses

- All expense categories increased 3.5% over FY24; excluded overtime in non-nursing depts.
- Manual adjustment for closure of L&D (Feb) and opening of Sub Acute (Apr) units
- Reduced pro fees in OB to reflect ED call coverage only
- Alecto severance included; AHS Management fee is included (3.75% of PSR)
- Reduced interest expense to reflect HCAI debt restructure provisions
- Assumed Distressed Hospital Loan forbearance/forgiveness
- Included tail D&O + cybersecurity insurance premiums
- Subscription/community support reductions
- Continued travel expense for contracted legal and HR services
- Discontinued outside consulting expenses
- Discontinued cybersecurity legal/settlement expenses

	Audited 2023	Preliminary 2024	Budget 2025	Budget 2025 Notes
Operating Revenue				
Patient Service Revenues	78,425	77,245	77,978	Assume same volumes, adjusted sub acute unit opening, OB closing
HQAF	14,647	27,498	19,203	Oct-Dec actuals + 9 mos. budgeted, according to SCA analysis
SB DSH	3,633	6,848	4,269	Oct-Dec actuals + 9 mos. budgeted, according to SCA analysis
Other Rev. – Rent & SRF Contributions	4,286	4,697	2,106	Grants, MOB revenue, SRF contributions
Other Contributions				
Private Contributions for Operations			1,000	Stanford donation
Public Contributions for IGT Local Share			3,000	Eden Health District, *City of Hayward, *Supervisor Marquez's Office
AHS Contribution for IGT			1,005	Approved by BOT
IGT – Federal Match			4,004	Approved by BOT; fed. share based on contributions to date
County/IGT Funding	19,970	21,244	7,140	FY25 Measure A funds not leveraged for federal match
Total Revenue	120,961	137,532	119,706	
Expenses				
Salaries, Benefits and Contract Labor	81,383	83,996	84,933	Subacute opening/cont. emp. benefits/return from furlough; OB severances
Purchased Services and Other	22,209	24,803	27,379	Sub acute prof. fees, legal & HR consulting, AHS management fee
Provider Fees Paid	7,738	16,197	10,370	Oct-Dec actuals + 9 mos. budgeted, according to SCA analysis
Supplies	12,264	10,524	12,884	Subacute opening
Insurance	1,001	1,223	2,767	Tail insurance premiums; D&O, cybersecurity
Other OpEx	808	699	545	
Depreciation and Amortization	4,387	4,040	4,181	
Interest	1,534	1,781	381	Restructured debt: suspended interest payments on LOC & term loan
Donation	1,684	287	12	
Total Expenses	133,008	143,550	143,452	
Net Operating Income/(Loss)	(12,047)	(6,018)	(23,747)	
Non-Operating Income - Restricted				
Capital Donation(s)			3,500	Alameda Alliance donation for Geropsych unit/services
Investment Returns	272	471	459	Investment income returns
Net Income/(Loss)	(11,774)	(5,545)	(19,788)	

	Audited 2023	Preliminary 2024	Budget 2025
Net Patient Revenue (000s)	78,425	77,245	77,978
Discharges	3,484	3,335	3,335
Adjusted Discharges	4,905	4,911	4,911
NPR/Adj Discharge	15,988	15,728	15,878
Collection Ratio	16.9%	17.2%	16.7%
OP Factor	1.5	1.5	1.5
Total Acute Patient Days	14,392	12,834	12,763
LOS	4.1	4.0	3.8
ADC	39	35	35
Salaries, Benefits and Contract Labor (000s)	81,383	83,996	84,933
FTEs	566	532	532
Cost/FTE	143,786	157,887	159,648
Cost/Adj Discharge	16,591	17,103	17,294
ED Visits	25,771	26,420	26,420
Surgeries	1,126	1,055	1,055
Deliveries	311	300	92
GI Lab Procedures	290	126	126
Cath Lab Encounters	554	532	532

- Surgical services are profitable and need to be maintained/improve to achieve budget targets
 - Resume GI procedures
 - No further significant disruption or downtime with PCI procedures
 - GYN surgeries and/or other surgical cases replace discontinued c-section deliveries
- Subacute unit beginning to take SNF patients in Feb; subacute patients expected Apr
- Strategy teams operationalizing growth plans in 1) primary/specialty/obstetrics care; 2) dentistry/oral surgery; 3) OR/procedures; 4) occupational health
- L&D suspension mid-Feb; mitigates patient safety risk and sustained negative net income burden
- Continued negative net income supports need to defer/receive forgiveness on Distressed Hospital Loan



- Maximizing IGT brings SRH close to breakeven; however,
- To achieve positive net income, SRH should consider reappropriation of Geropsych donation (planned for use 2026-2027) to allow for subacute or other surgical/procedural service line investments
- Without volume improvement, SRH cannot fund any growth or infrastructure investments

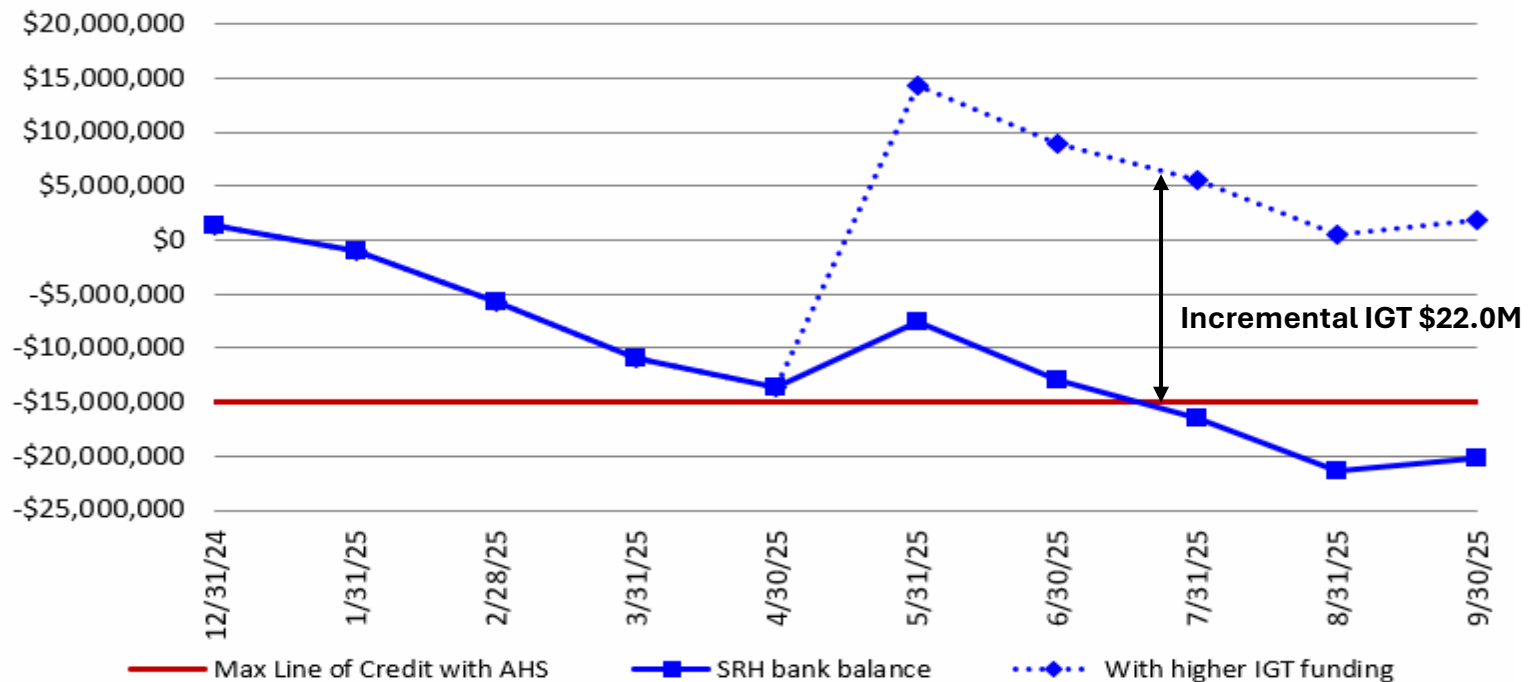
	Audited (000s) 2023	Preliminary (000s) 2024	Budgeted w/Current IGT (000s) 2025	Budgeted w/Max IGT (000s) 2025
Revenue				
NPR	78,425	77,245	77,978	77,978
HQAF	14,647	27,498	19,203	19,203
DSH	3,633	6,848	4,269	4,269
Other Op Rev/Contributions	4,286	4,697	3,106 ¹	3,106 ¹
County Support			7,140	7,140
IGT	19,990 ²	21,244 ²	8,000 ³	30,000 ³
Total Revenue	120,961	137,532	119,705	141,696
Expense	(133,008)	(143,550)	(143,452)	(143,452)
Net Operating Income/(Loss)	(12,047)	(6,018)	(23,747)	(1,756)
Restricted for Use			3,500	3,500
Other Non-Op Income - Investments	272	471	459	459
Net Income/(Loss)	(11,774)	(5,545)	(19,788)	1,744

¹ Includes grants, MOB revenue, SRF contributions, and \$1m Stanford donation

² Includes County Support

³ Includes public fund donations and AHS support per BOT approval 10/29/24 11/21

- Maximum approved borrowing on AHS line of credit, \$15.0M (red solid line)
 - SRH borrowed from AHS line of credit in January (funding received from Stanford and advance payment from Alameda Alliance delayed borrowing need)
- Cash flow assumes no AHS management fee payment (\$3.2M in projection)
- Budget IGT of \$8.0M expected May (blue solid line); maximum available based on County letter is \$30.0M (blue dotted line)
- Material transactions outside normal operations are reported on the next slide



- HQAF represents provider tax transactions
- Public contributions earmarked for IGT:
 - Short fall exists to fund IGT at historical levels
 - Additional local share needed to maximize available funding
- Inpatient L&D suspended effective 2/18/25; working to retain existing staff
- Subacute unit ready for SNF admissions in Feb. with subacute admissions expected by Apr. 1

Material Items Included in Budget Forecast
(in thousands)

	<u>Jan-25</u>	<u>Feb-25</u>	<u>Mar-25</u>	<u>Apr-25</u>	<u>May-25</u>	<u>Jun-25</u>	<u>Jul-25</u>	<u>Aug-25</u>	<u>Sep-25</u>
HQAF	\$ (838)	\$(1,248)	\$ -	\$ 3,503	\$ 1,436	\$ -	\$ -	\$(1,582)	\$ 4,969
IGT SB 1100 (federal share)					4,000				
IGT (funding sent directly to County)									
Contribution (Eden Health District)					1,000				
Contribution (Supervisor Marquez)					1,000				
Contribution (City of Hayward)					1,000				
Contribution (AHS)					1,000				
Closing OB and Nursery (net improvement)		129	257	257	257	257	257	257	257
Opening Subacute unit (net improvement)				149	210	248	248	248	248

Committed IGT Support

- \$1M received: Eden Health District
- \$2M verbal commitment: City of Hayward, Supervisor Marquez
- \$1M from AHS: included in original projection approved at 10/29/2024 BOT meeting

AHS IGT Ask

- Line of Credit not to exceed \$14M (\$1M AHS in original projection plus \$13M):
 - Deadline approaching to submit IGT funding commitment to County
 - \$2M in committed support not yet received

IGT Funds Submission/Timeline

- County has requested plan for IGT by Feb. 7
- Board of Supervisors meetings planned Feb/Mar to discuss/determine approval levels
- Documents due to the State by Mar. 28
- Deadline to wire funds: Apr. 1; collection of \$2M committed from City of Hayward and Supervisor Marquez TBD

AHS Total Support

- AHS committed a line of credit not to exceed \$15M
- IGT local share donation “not to exceed” \$14M, which cannot be repaid
- AHS would utilize NNB to provide total funding of \$29M
- Current SRH cash flow does not include payment of AHS management fee (\$3.2M/yr.)

Appendices

Analysis of St. Rose Hospital Medi-Cal Supplemental Payment Analysis

June 11, 2024



St Rose Payment Amounts

Net Benefit – Moderate Scenario

Program (Millions)	CY 2024 Baseline Net	CY 2025 Net Revenue	CY 2026 Net Revenue	CY 2027 Net Revenue	CY 2028 Net Revenue
[A] Baseline (SRH Projections)	\$31.12	\$23.97	\$24.07	\$24.17	\$24.28
Enhanced Payment Program*		\$6.60	\$6.80	\$7.00	\$7.20
Quality Incentive Program		\$2.00	\$2.10	\$2.20	\$2.20
Global Payment Program		\$0.40	\$0.40	\$0.50	\$0.50
HQAF Grants		\$1.00	\$1.00	\$1.00	\$1.00
AB 915		\$1.40	\$1.40	\$1.40	\$1.40
County of Alameda PHSF IGT		\$7.40	\$7.50	\$7.70	\$7.80
Base IP FFS Difference		\$3.40	\$3.50	\$3.60	\$3.60
[B] Total Designated Public Hospital (DPH)		\$22.20	\$22.70	\$23.40	\$23.70
[B] - [A] Net Gain/Loss as DPH vs. Baseline	N/A	(\$1.77)	(\$1.37)	(\$0.77)	(\$0.58)
HQAF Gross Revenue*	\$18.26	\$20.60	\$20.80	\$22.40	\$22.60
HQAF Provider Fees*	(\$10.28)	(\$10.40)	(\$10.50)	(\$10.60)	(\$10.70)
DSH-R	\$1.90	\$1.90	\$1.90	\$1.90	\$2.00
PHSF (State GF + IGT)	\$21.24	\$16.60	\$16.80	\$16.90	\$17.10
[C] Total Private Hospital	\$31.12	\$28.70	\$29.00	\$30.60	\$31.00
[C] - [A] Net Gain/Loss as Private vs. Baseline	N/A	\$4.73	\$4.93	\$6.43	\$6.72

*The estimated impact for the new SRH Subacute Unit (opening July 1, 2024), was included into each of these line-items, when appropriate (e.g., net EPP, HQAF PHDP, HQAF Passthrough, HQAF Provider Fees).

C. New agreement between Hayward Sisters Hospital doing business as St. Rose Hospital and Saint Rose Medical Building, Inc and AHS to provide for management services.

<p>Contractor/Vendor Name:</p>	<p>Hayward Sisters Hospital doing business as St. Rose Hospital (“St. Rose”) and Saint Rose Medical Building, Inc. (“SRMB”, collectively “SRH”)</p>
<p>Description:</p>	<p>St. Rose has historically operated as a stand-alone nonprofit safety net hospital providing important emergency, inpatient, and outpatient health services to the residents of Hayward and the surrounding area. Alameda Health System (“AHS”) entered discussions with SRH in 2024 to explore how partnering could better enable SRH to continue serving the needs of the Hayward community. In light of the strong alignment with AHS’ mission and the opportunity for SRH to maintain provision of important services to the Hayward community, the parties entered a membership issuance agreement on November 1, 2024 per terms of which AHS assumed the role of the sole statutory member of St. Rose. Subsequent to this, the parties have now negotiated a management services agreement (“Agreement” or “MSA”) under the terms of which AHS will provide administrative and support services (“Services”) to SRH as described below.</p> <ol style="list-style-type: none"> 1. Personnel – <ol style="list-style-type: none"> a. St. Rose Chief Administrative Officer (1.0 FTE) b. St. Rose Communications Consultant/Director (0.25 FTE) c. In addition to the above staffing, AHS will also provide consultative support through the following AHS executives and employees: <ol style="list-style-type: none"> i. Chief Financial Officer ii. Chief Medical Officer iii. Chief Operating Officer iv. Director of Human Resources v. Chief Clinical Officer vi. General Counsel vii. Chief Information Officer viii. Chief Strategy Officer 2. Consulting Services – <ol style="list-style-type: none"> a. Financial Services – budgeting, payer contracting, supplemental payments revenue cycle, accounts payable, and financial reporting b. Facilities – building maintenance, biomedical engineering, environmental services, construction/renovations, medical office buildings, and security c. Communications & Planning – public relations, strategic planning, business development, and marketing d. Medical & Professional Services – staff development, recruiting, professional staff satisfaction, quality assurance, utilization review, and regulatory e. Ambulatory & Sub-Acute Services – outpatient services, emergency services, and sub-acute f. Materials Management & Purchasing g. Human Resources h. Information Services/Technology – MS Office 365 license, IS/IT monitoring, infrastructure standards and vendors, St. Rose domain, domain migration plan (long-term), and other services as required i. Legal – compliance, risk management, contracting, reporting, and litigation

Board of Trustees Contract Summary

February

2025

	<p>j. Ancillary Services – radiology, pathology, anesthesiology, pharmacy, and food and nutrition</p> <p>3. Key Provisions –</p> <ul style="list-style-type: none"> a. AHS serves in the capacity of independent contractor providing consulting and staffing services to SRH b. With the exception of the staff resources deployed by AHS pursuant to the MSA, all SRH personnel shall remain employees or independent contractors of SRH c. AHS will receive 3.75% of SRH’s net operating revenues in exchange for services and personnel provided under the MSA d. SRH business activities will continue to be overseen and governed by the St. Rose Board of Directors e. AHS is NOT obligated to extend loans to SRH nor guarantee or pay any financial obligations incurred by SRH f. AHS may, at its sole and exclusive discretion, agree to extend a line of credit to SRH if needed to assist SRH in paying operational expenses <p>The SRH Board of Directors voted to approve this MSA on the terms described above and below.</p>																
<p>Contract Type and Term:</p>	<p>New Agreement November 1, 2024 – October 31, 2039 (“Initial Term”). Includes provision for automatic renewal for successive 10-year terms.</p>																
<p>Termination Clause:</p>	<p>This agreement may be terminated at any time during its terms by either: 1) mutual written agreement of AHS and SRH, or 2) 120 days’ prior written notice delivered by one party to the other.</p>																
<p>Total Revenue:</p>	<table border="1" data-bbox="435 1325 1167 1470"> <thead> <tr> <th>Description</th> <th>Estimated Annual Total</th> </tr> </thead> <tbody> <tr> <td>AHS receives 3.75% of SRH net operating revenues</td> <td>\$3 million*</td> </tr> </tbody> </table> <p>*Calculated using current SRH net operating revenues.</p>	Description	Estimated Annual Total	AHS receives 3.75% of SRH net operating revenues	\$3 million*												
Description	Estimated Annual Total																
AHS receives 3.75% of SRH net operating revenues	\$3 million*																
<p>Reasons for Recommendation:</p>	<p>AHS’ partnership with SRH will help ensure the continued presence of a vital member of the Alameda County hospital safety net and uninterrupted services to residents of the Hayward community. The proposed agreement is aligned with AHS’ mission.</p>																
<p>Impacted Facilities:</p>	<table border="1" data-bbox="490 1740 1287 1814"> <thead> <tr> <th>AHS</th> <th>JGPH</th> <th>HGH</th> <th>FMT</th> <th>SLH</th> <th>AH</th> <th>SRH</th> <th>Clinic(s)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> </tbody> </table>	AHS	JGPH	HGH	FMT	SLH	AH	SRH	Clinic(s)							X	
AHS	JGPH	HGH	FMT	SLH	AH	SRH	Clinic(s)										
						X											
<p>Coordination with Medical Staff:</p>	<p>Chief Medical Officer</p>																

Board of Trustees Contract Summary February

2025

Administrative Review:	AHS Senior Executive Leadership
Prior BOT Review/Action:	N/A
Executive Sponsor:	AHS Senior Executive Leadership