



Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Minutes of the Board of Directors

Special Meeting
May 18, 2010

Directors Present:

Jordan Battani
Robert Deutsch, MD
J. Michael McCormick
Leah D. Williams

Management Present:

Deborah E. Stebbins
Kerry J. Easthope
David A. Neapolitan

Medical Staff Present:

Excused:

Robert Bonta
Alka Sharma, MD

Legal Counsel Present:

Thomas Driscoll, Esq.

Submitted by:

Kristen Thorson

Topic	Discussion	Action / Follow-Up
I. Call to Order	Jordan Battani called the Open Session of the Board of Directors of the City of Alameda Health Care District to order at 7:36 a.m.	
II. Roll Call	Kristen Thorson called roll, noting that all Directors were present.	
III. Adjourn into Executive Closed Session	At 7:37 a.m. the meeting adjourned to Executive Closed Session.	
IV. Reconvene to Public Session	A. Announcements from Closed Session	Jordan Battani reconvened the meeting into public session at 9:06 a.m. and reported that no action was taken during Closed Session.

<p>V. Regular Agenda</p>	<p>A. <u>Approval of Financing with Bank of America for PACS and Diagnostic Imaging Equipment</u> Mr. Neapolitan requested that the Board of Directors authorize the CEO and CFO to enter into and execute a Master Lease Agreement and correlating documents with Banc of America Leasing and Capital, LLC for the PACS, diagnostic imaging equipment and other capital equipment not to exceed \$2.5 million. The lease documents were included in the Board packet. Director McCormick asked if the loan was assignable. Mr. Neapolitan stated that it was assignable and that the appropriate language was incorporated into the documents. Director Deutsch inquired about the 10 day late fee of 5% as he thought it was high. Mr. Neapolitan stated that that language was standard.</p> <p>B. <u>Status Update on Selection of Construction Management Firm</u> The status update on the selection of a construction management firm was deferred to the June District Board Meeting.</p> <p>C. <u>June District Board Meeting</u> After discussion at prior meetings regarding moving the June District Board Meeting to an alternate date, the Board meeting date will not be changed and will remain on June 7, 2010.</p>	<p>Director Williams moved to authorize the CEO and CFO to enter into and execute a Master Lease agreement and correlating documents with Banc of America Leasing and Capital, LLC for the PACS, diagnostic imaging equipment and other capital equipment not to exceed \$2.5 million. Director McCormick seconded the motion. The motion carried.</p>
<p>VI. General Public Comments</p>	<p>None.</p>	
<p>VII. Board Comments</p>	<p>None</p>	
<p>VIII. Adjournment</p>		<p>A motion was made to adjourn the meeting and being no further business, the meeting was adjourned at 9:20 a.m.</p>

Attest: _____
Jordan Battani
President

_____ Robert Bonta
Secretary

Date: June 7, 2010
To: City of Alameda Health Care District Board of Directors
From: Deborah Stebbins, CEO
Subject: Request to Move July 2010 District Board Meeting

Recommendation:

Hospital Administration is recommending that the Board of Directors move the July 5, 2010 District Board Meeting to Monday, July 12, 2010.

Background:

Due to the originally scheduled Board meeting falling on the Monday after the 4th of July weekend and scheduling conflicts around this weekend, the Board requested management and staff to poll the Board of Directors for an alternate meeting date for July. July 12th was the mutually agreed upon date.

City of Alameda Health Care District
FY2010 Executive Performance Metrics

INTRODUCTION

Revised - 06.07.2010

Payment of any incentive compensation to an executive is predicated upon a performance evaluation of "meets expectations" or above. The base percentage bonus (based on % base compensation) for the Chief Executive Officer is established by the Board. The incentive compensation levels for other participating executives are established by the CEO. Annual metrics are approved each year by the Board, including any target or high stretch financial objectives.

Incentive Compensation as % Base Salary			
	Threshold	Target	High
CEO	25%	6.25%	6.25%

The Chief Executive Officer (CEO) is responsible for recommending additional executive participants in an incentive Plan to the Board. The CEO is responsible for structuring the terms of their incentive in a manner consistent with the executive incentive compensation system. In FY 2010 the full incentive compensation target for the CEO and other participating executives was budgeted and has been accrued at the "target" financial level and at full achievement of the other three areas to ensure that the incentive payments are appropriately funded. The excess revenue over expense will include the Hospital and South Shore only and exclude CWS and the 501(c)3 corporation. For purposes of clarifying exact time frames associated with metrics, FY 2010 is the period between July 1, 2009 and June 30, 2010.

The proportion of pay-out of the bonus is based on the achievement of the metrics outlined below in the following areas:

	Weighting
Financial Success	50%
Quality / Satisfaction	10%
Workforce Success	10%
Operational Success	20%
Business Development / Long Term Financial Viability	10%
Total	100%

Financial Success				Weighting Points
Goals	Actions	Measures		
Achieve our FY10 Financial Targets & Goals	Tripwire: Excess Revenue over Expense. Must meet threshold or no incentive compensation paid	Threshold	Target	High
		\$358,000 (FY 2010 Budget)	\$543,000	\$1M or >
Quality / Satisfaction Success				Weighting Points
Goals	Actions	Measures		
Improve Customer Satisfaction, Engagement & Referenceability	Establish and disseminate Code of Conduct (2009)	Patient satisfaction HCHAPS scores for "cleanliness of facility" improved significantly from 55% (Q3) to 64% (Q4) and 59% (Q1). Concern about noise on nursing units improved in 2 quarters and declined in 2 quarters.		4
Overall Quality	<ul style="list-style-type: none"> Organize preparation for 2010 Joint Commission Survey, including orientation manual, biweekly tracer reviews, orientation booklet (Compass), leadership practice sessions and TJC Fair for staff. Reorganized the performance improvement process to identify, address and report on most important quality/safety issues in functional and departmental areas. 	Hospital granted full accreditation in April, 2010. Hospital Board now receives a more concise and focused monthly report on qualitative issues. Rapid intervention through PIC (Performance Improvement Committee) action teams of areas of high concern or priority. (e.g. reduction of HAPU)		4

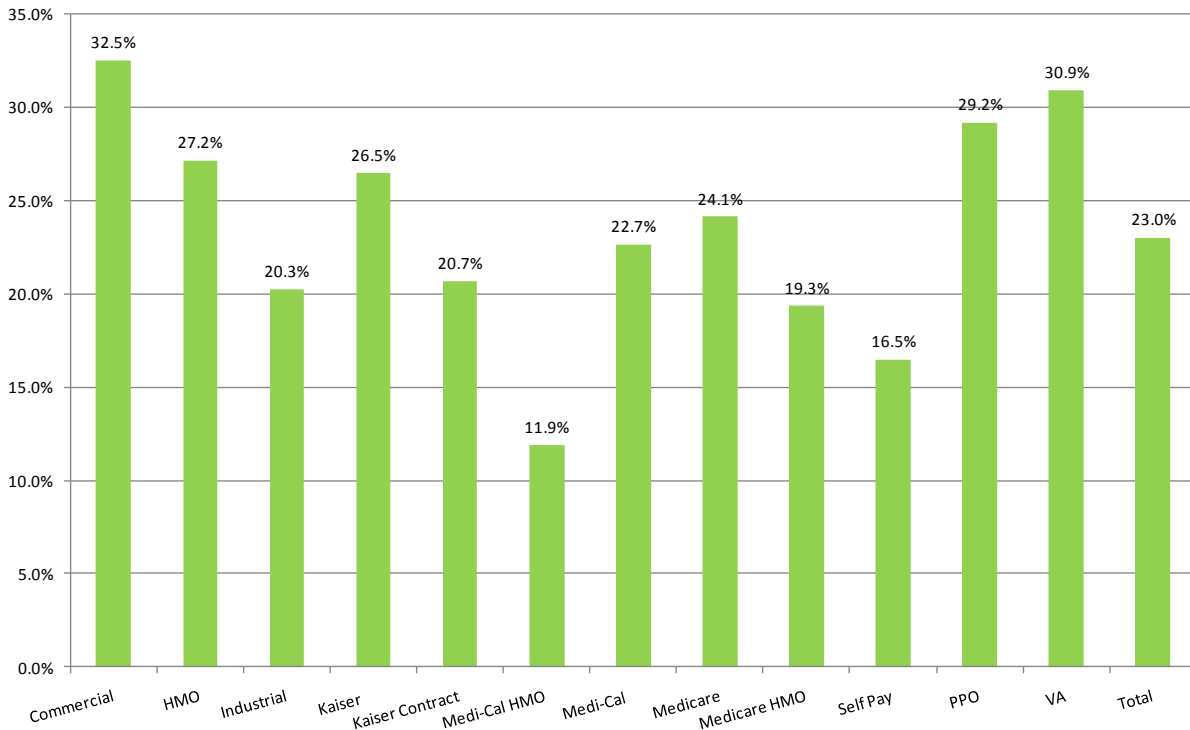
Deductions from Revenue

Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payors such as Blue Cross. In the month of April contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 74.8% versus the budgeted 78.4%.

Net Patient Service Revenue

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the anticipated cash payments the Hospital is expecting to receive for the services provided. The graph below shows the level of reimbursement that the Hospital has estimated for fiscal year 2010 by major payor category.

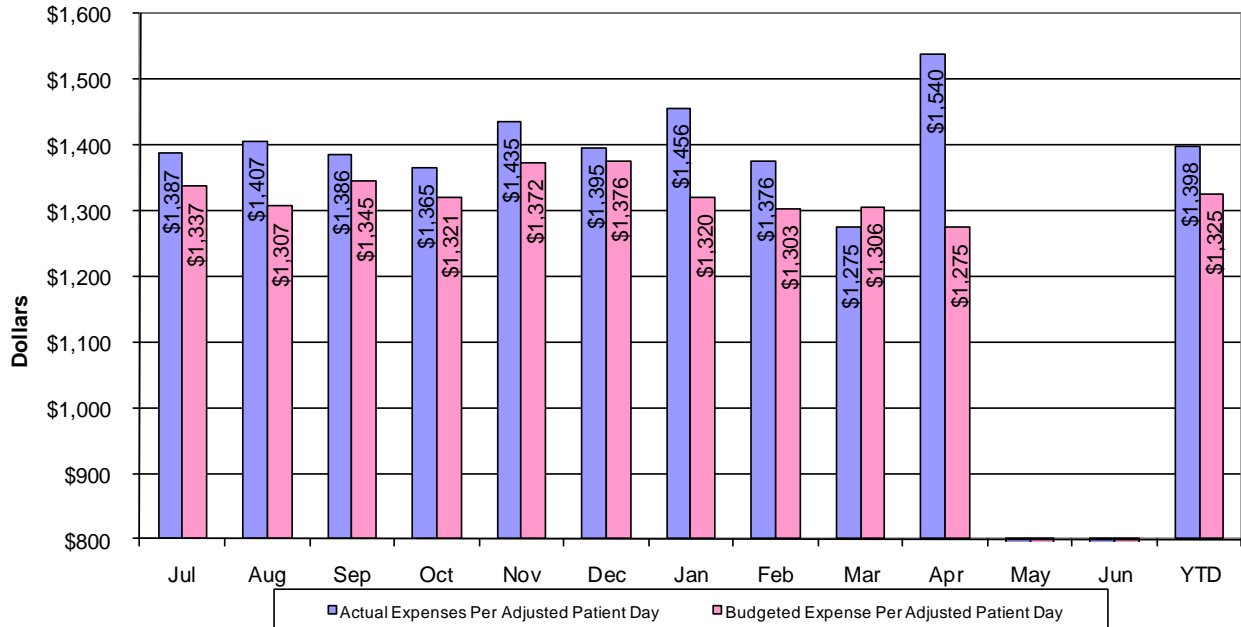
**Average Reimbursement % by Payor
 April
 2010 Year-to-Date**



Total Operating Expenses

Total operating expenses were less than the fixed budget by \$368,000 or 6.0%. On an adjusted patient day basis, our cost per adjusted patient day was \$1,540 which was \$265 per adjusted patient day unfavorable to budget. This variance in expenses per adjusted patient day was the result of unfavorable variances in virtually all expense categories. The graph on the following page shows the hospital operating expenses on an adjusted patient day basis for the 2010 fiscal year by month and is followed by explanations of the significant areas of variance that were experienced in the current month.

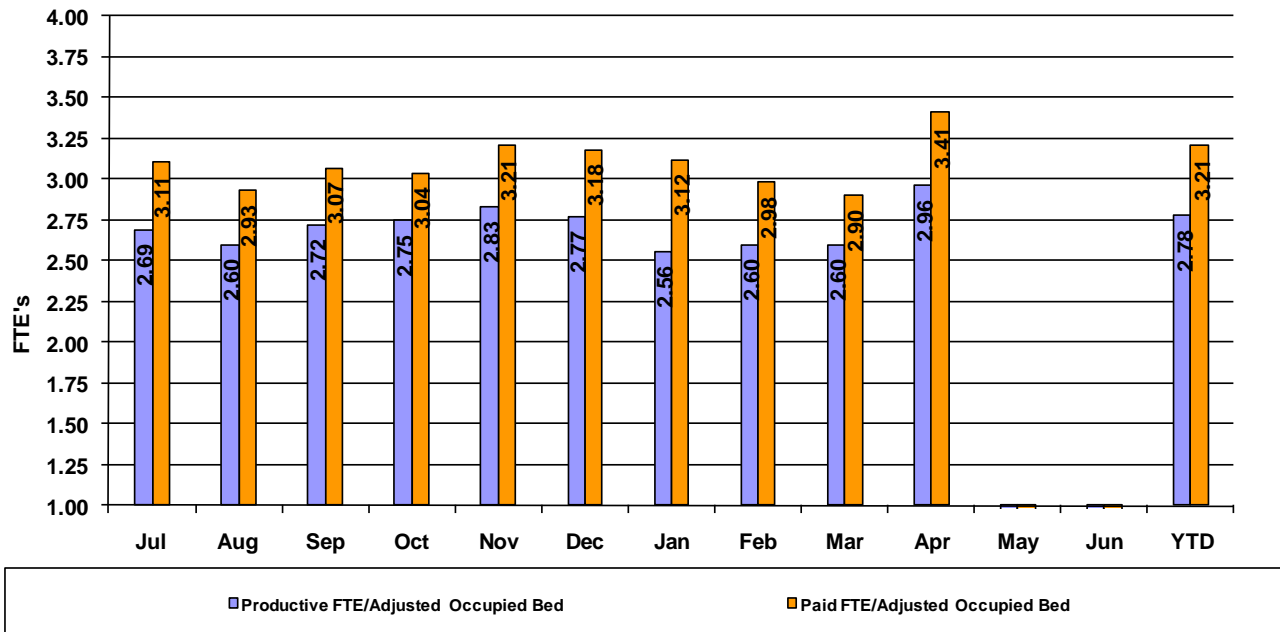
Expenses per Adjusted Patient Day



Salary and Registry Expenses

Salary and registry costs combined were favorable to the fixed budget by \$225,000 but were unfavorable to budgeted levels on a per adjusted patient day basis in April by \$135. The majority to the variance from the fixed budget related to surgical services departments which contributed \$195,000 toward this favorable variance. On an adjusted occupied bed basis, productive FTE's were 2.96 in March versus the budgeted 2.48. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2010 by month and year to date.

FTE's per Adjusted Occupied Bed

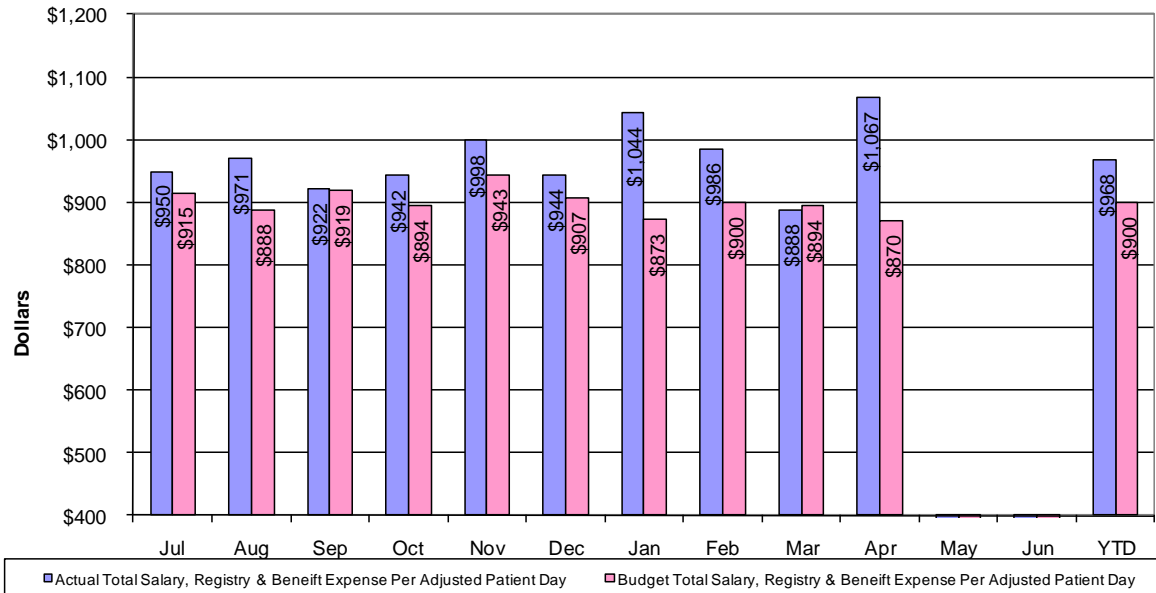


Benefits

Benefit costs were \$36,000 unfavorable to the fixed budget and were \$62 unfavorable to budget on an adjusted patient day basis in April. Benefit costs were unfavorable to the fixed budget as a result of additional accruals of \$73,000 offset by the favorable adjustment to the health insurance IBNR of \$37,000 in the month of April.

The following graph shows the combined salary, registry and benefit costs on an adjusted patient basis for FY 2010 by month.

Salary, Registry and Benefit Cost per APD



Professional Fees

Professional fees were favorable to budget by \$89,000 and \$4 per adjusted patient day favorable to budget. This favorable variance was the result of \$60,000 less in medical professional fees and \$28,000 less in non-medical professional fees. The majority of the favorable variance in medical professional fees, \$34,000, was related to budgeted amounts for physician services in the Community Clinic that are actually reflected in the salary and wage classification. In the non-medical grouping, Administration had the majority of the favorable variance at \$14,900 below budgeted expectations for the month of April.

Supplies

Supply expense was favorable to budget by \$46,000 but was \$36 per adjusted patient day unfavorable to budget. This favorable variance from the fixed budget was the result of reversals of excess accruals of surgical expenses accrued in previous months of \$31,000.

Rents and Leases

Rents and lease expense as unfavorable to budget by \$27,000 or \$11 per adjusted patient day as a result of over accruals for the Pyxis machines, \$11,500 and copier leases from Xerox of \$10,000. These will be reversed in May.

Depreciation Expense

Depreciation expense was \$51,000 or \$6 per adjusted patient day favorable to budget as a result of additional pieces of equipment becoming fully depreciated in addition to the equipment that became fully depreciated in June 2009. The majority of the new equipment was our CT Scanner which became fully depreciated in the month of March.

The following pages include the detailed financial statements for the ten months ended April 30, 2010.

ALAMEDA HOSPITAL
Balance Sheet
April 30, 2010

	April 30, 2010	March 31, 2010	Audited June 30, 2009
Assets			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 3,122,199	\$ 1,966,969	\$ 1,866,540
Net Accounts Receivable	9,730,369	9,652,474	10,069,536
Net Accounts Receivable %	22.75%	21.87%	22.15%
Inventories	1,292,593	1,300,143	1,291,072
Est.Third-party payer settlement receivable	580,774	277,830	351,648
Other assets	1,553,392	4,214,360	6,920,987
Total Current Assets	16,279,327	17,411,776	20,499,783
Restricted by contributors and grantors for capital acquisitions and research-Jaber Estate			
Total Non-Current Assets	457,464	446,882	468,209
<i>Fixed Assets:</i>			
Land	877,945	877,945	877,945
Depreciable capital assets, net of accumulated depreciation	5,915,528	5,828,826	6,029,967
Total fixed assets, net of accumulated depreciation	6,793,473	6,706,771	6,907,912
Total Assets	\$ 23,530,264	\$ 24,565,429	\$ 27,875,904
Liabilities and Net Assets			
<i>Current Liabilities:</i>			
Current portion of long term debt	\$ 421,262	\$ 423,305	\$ 436,733
Accounts payable and accrued expenses	6,286,106	6,444,343	6,244,967
Payroll and benefit related accruals	4,851,579	5,639,114	3,765,683
Est.Third-party payer settlement payable	885,550	193,412	306,588
Other liabilities	1,729,516	2,244,101	7,274,242
Total Current Liabilities	14,174,013	14,944,275	18,028,213
<i>Long-Term Liabilities.</i>			
Debt borrowings net of current maturities	1,343,064	1,377,979	1,733,631
Total Long-Term Liabilities	1,343,064	1,377,979	1,733,631
Total Liabilities	15,517,077	16,322,254	19,761,844
<i>Net Assets</i>			
Unrestricted Funds	7,485,723	7,726,293	7,615,851
Restricted Funds	527,464	516,882	498,209
Net Assets	8,013,187	8,243,175	8,114,060
Total Liabilities and Net Assets	\$ 23,530,264	\$ 24,565,429	\$ 27,875,904

City of Alameda Health Care District
Statements of Operations - Per Adjusted Patient Day
 April 30, 2010

	Current Month				Year-to-Date					
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 3,606	\$ 3,052	\$ 554	18.1%	\$ 3,146	\$ 3,168	\$ 3,075	\$ 94	3.0%	\$ 3,029
Gross Outpatient Revenues	1,704	2,378	(674)	-28.3%	2,193	2,288	2,264	24	1.0%	2,263
Total Gross Revenues	5,310	5,431	(120)	-2.2%	5,339	5,456	5,339	117	2.2%	5,292
Contractual Deductions	3,824	4,136	312	7.5%	4,028	4,054	4,012	(42)	-1.0%	3,940
Bad Debts	117	104	(13)	-12.6%	107	120	100	(19)	-19.1%	139
Charity and Other Adjustments	30	20	(10)	-49.5%	12	15	19	5	25.2%	20
Net Patient Revenues	1,339	1,171	169	14.4%	1,192	1,268	1,207	61	5.1%	1,193
Net Patient Revenue %	25.2%	21.6%			22.3%	23.2%	22.6%			22.5%
Net Clinic Revenue	4	13	(9)	-66.9%	-	3	13	(10)	-79.8%	-
Other Operating Revenue	(1)	3	(4)	-128.1%	3	9	3	6	189.8%	3
Total Revenues	1,343	1,187	156	13.1%	1,195	1,280	1,223	57	4.7%	1,197
Expenses										
Salaries	775	648	(127)	-19.6%	634	714	676	(38)	-5.7%	658
Registry	45	37	(8)	-22.2%	44	39	37	(2)	-5.1%	50
Benefits	248	185	(62)	-33.7%	214	215	195	(20)	-10.5%	191
Professional Fees	66	70	4	5.4%	66	67	74	7	9.9%	69
Supplies	205	169	(36)	-21.3%	179	192	170	(22)	-13.2%	173
Purchased Services	102	81	(21)	-25.7%	76	88	85	(3)	-3.0%	77
Rents and Leases	26	14	(11)	-78.1%	10	16	15	(1)	-7.0%	14
Utilities and Telephone	19	16	(3)	-21.7%	15	16	17	1	4.2%	16
Insurance	12	9	(3)	-28.3%	10	10	10	(0)	-2.9%	11
Depreciation and Amortization	21	27	6	22.2%	25	22	28	6	21.7%	27
Other Operating Expenses	21	18	(3)	-17.4%	15	18	19	0	1.4%	17
Total Expenses	1,540	1,275	(265)	-20.8%	1,289	1,398	1,326	(73)	-5.5%	1,303
Operating Gain / (Loss)	(197)	(88)	(109)	-124.6%	(94)	(118)	(103)	(15)	15.0%	(107)
Net Non-Operating Income / (Expense)	132	105	27	25.7%	107	113	110	3	2.7%	112
Excess of Revenues Over Expenses	\$ (64)	\$ 18	\$ (82)	-460.9%	\$ 13	\$ (5)	\$ 7	\$ (12)	-174.9%	\$ 6

ALAMEDA HOSPITAL
KEY STATISTICS
APRIL 2010

	ACTUAL APRIL 2010	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	APRIL 2009	YTD APRIL 2010	YTD FIXED BUDGET	VARIANCE	%	YTD APRIL 2009
Discharges:										
Total Acute	217	256	(39)	-15.2%	240	2,386	2,413	(27)	-1.1%	2,325
Total Sub-Acute	1	4	(3)	-75.0%	4	12	37	(25)	-67.6%	32
Total Skilled Nursing	6	13	(7)	-53.8%	9	102	129	(27)	-20.9%	98
	224	273	(49)	-17.9%	253	2,500	2,579	(79)	-3.1%	2,455
Patient Days:										
Total Acute	836	1,051	(215)	-20.5%	1,068	8,963	9,889	(926)	-9.4%	9,714
Total Sub-Acute	1,018	1,009	9	0.9%	990	10,145	10,154	(9)	-0.1%	10,020
Total Skilled Nursing	690	645	45	7.0%	657	6,428	6,539	(111)	-1.7%	5,285
	2,544	2,705	(161)	-6.0%	2,715	25,536	26,582	(1,046)	-3.9%	25,019
Average Length of Stay										
Total Acute	3.85	4.11	(0.25)	-6.2%	4.45	3.76	4.10	(0.34)	-8.3%	4.18
Average Daily Census										
Total Acute	27.87	35.03	(6.94)	-19.8%	35.60	29.48	32.53	(3.05)	-9.4%	31.95
Total Sub-Acute	33.93	33.63	0.29	0.9%	33.00	33.37	33.40	(0.03)	-0.1%	32.96
Total Skilled Nursing	23.00	21.50	1.45	6.8%	21.90	21.14	21.51	(0.37)	-1.7%	20.41
	88.45	90.13	(5.19)	-5.8%	90.50	84.00	87.44	(3.08)	-3.5%	85.32
Emergency Room Visits	1,402	1,360	42	3.1%	1,483	14,792	13,975	817	5.8%	14,211
Outpatient Registrations	1,954	2,261	(307)	-13.6%	2,555	25,032	25,339	(307)	-1.2%	24,904
Surgery Cases:										
Inpatient	44	49	(5)	-10.2%	62	585	552	33	6.0%	564
Outpatient	148	456	(308)	-67.5%	448	3,986	4,036	(50)	-1.2%	4,260
	192	505	(313)	-62.0%	510	4,571	4,588	(17)	-0.4%	4,824
Kaiser Inpatient Cases	-	10	(10)	-	5	91	89	2	-	86
Kaiser Eye Cases	-	176	(176)	-	190	1,461	1,531	(70)	-4.6%	1,625
Kaiser Outpatient Cases	-	185	(185)	-	161	1,417	1,521	(104)	-6.8%	1,580
Total Kaiser Cases	-	371	(371)	-	356	2,969	3,141	(172)	-5.5%	3,291
% Kaiser Cases	0.0%	73.5%			69.8%	65.0%	68.5%			68.2%
Adjusted Occupied Bed	124.98	160.37	35.39	22.1%	153.40	144.70	151.80	(7.10)	-4.7%	143.45
Productive FTE	369.56	397.13	27.57	6.9%	390.06	391.46	394.94	3.48	0.9%	374.88
Total FTE	426.03	446.69	20.66	4.6%	439.66	447.28	452.52	5.24	1.2%	426.31
Productive FTE/Adj. Occ. Bed	2.96	2.48	(0.48)	-19.4%	2.54	2.71	2.60	(0.10)	-4.0%	2.61
Total FTE/Adj. Occ. Bed	3.41	2.79	(0.62)	-22.4%	2.87	3.09	2.98	(0.11)	-3.7%	2.97

RESOLUTION NO. 2010-1H

BOARD OF DIRECTORS, CITY OF ALAMEDA HEALTH CARE DISTRICT

STATE OF CALIFORNIA

* * *

EXTENSION OF SPENDING AUTHORITY

WHEREAS, the City of Alameda Health Care District (the "District") was formally organized and began its existence on July 1, 2002; and

WHEREAS, on June 1, 2009, the District Board of Directors approved the Fiscal Year 2009-2010 Operating Budget; and

WHEREAS, the hospital has not yet finalized the Fiscal Year 2010-2011 Operating Budget;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District that the District hereby authorizes that, until further action is taken specifying otherwise, the City of Alameda Health Care District (Alameda Hospital) will continue to utilize its spending authority approved by the District Board on June 1, 2009 until an approved Budget for Fiscal Year 2010-2011 can be adopted by the Board of Directors which shall occur no later than July 31, 2010.

PASSED AND ADOPTED on June 7, 2010 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Jordan Battani
President

Robert Bonta
Secretary