Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

# PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT

BOARD OF DIRECTORS

## REGULAR MEETING AGENDA

**Monday, August 8, 2011**

**6:00 p.m. (Closed) | 7:30 p.m. (Open)**

**Location:** Alameda Hospital (Dal Cielo Conference Room)
2070 Clinton Avenue, Alameda, CA 94501
**Office of the Clerk: (510) 814-4001**

*Members of the public who wish to comment on agenda items will be given an opportunity before or during the consideration of each agenda item. Those wishing to comment must complete a speaker card indicating the agenda item that they wish to address and present to the District Clerk. This will ensure your opportunity to speak. Please make your comments clear and concise, limiting your remarks to no more than three (3) minutes.*

**I. Call to Order** **(6:00 p.m. – 2 East Board Room)** — Jordan Battani

**II. Roll Call** — Kristen Thorson

**III. Adjourn into Executive Closed Session**

**IV. Closed Session Agenda**

A. Call to Order

B. Approval of Closed Session Minutes – July 11, 2011

C. Medical Executive Committee Report and Approval of Credentialing Recommendations — H & S Code Sec. 32155

D. Board Quality Committee Report (BQC) — H & S Code Sec. 32155

E. Discussion of Pooled Insurance Claims — Gov't Code Sec. 54956.95

F. Consultation with Legal Counsel Regarding Pending and Threatened Litigation — Gov't Code Sec. 54956.9(a)

G. Discussion of Report Involving Trade Secrets — H & S Code Sec. 32106

1. Discussion of Hospital Trade Secrets applicable to development of new hospital services, programs and facilities related to long-term care expansion. No action will be taken.

   Estimated Date of Public Disclosure: *Not known at this time.*

H. Adjourn into Open Session

**V. Reconvene to Public Session** **(Expected to start at 7:30 p.m. – Dal Cielo Conference Room)**

A. Announcements from Closed Session — Jordan Battani

## VI. Special Report

A. Annual Auxiliary Report to the Board of Directors INFORMATIONAL [enclosure] (PAGES 4-7) — Linda Lingelser

## VII. Regular Agenda

A. Consent Agenda — ACTION ITEMS

1) Approval of July 11, 2011 Regular Meeting Minutes [enclosure] (PAGES 8-15 )
2) Acceptance of June 2011 Unaudited Financial Statements [enclosure] (PAGES 16-42)
3) Approval of Revisions to District Policy 2008-0b – Signature Authority [enclosure] (PAGES 43-45)
4) Approval of Resolution 2011-4I – District Board Policy on Confidential Information [enclosure] (PAGE 46)
5) Approval of Resolution 2011-5I – Use of Electronic Devices at Board Meetings [enclosure] (PAGE 47)
6) Approval of Medical Staff Rules and Regulations, Article 35 – Conflict Management Process [enclosure] (PAGES 48-51)

B. Medical Staff President Report INFORMATIONAL — James Yeh, DO

C. Action Items

1) Approval of Modifications to Bank of Alameda Line of Credit and Wound Care Loan Covenants [enclosure] (PAGES 52-58) — Deborah E. Stebbins, Kerry J. Easthope
2) Ratification of Authorization to Access the Bank of Alameda Line of Credit [enclosure] (PAGE 59) — Deborah E. Stebbins, Kerry J. Easthope

D. Presidents Report — Jordan Battani

E. Chief Executive Officer's Report

1) Special Reports | Presentations | Updates
   a) Meaningful Use Update INFORMATIONAL PRESENTATION — Dan Dickenson
2) Monthly Volume and Quality Statistics INFORMATIONAL — Deborah E. Stebbins
3) Hospital Updates / Events INFORMATIONAL — Deborah E. Stebbins
4) Stroke Certification Update INFORMATIONAL — Deborah E. Stebbins

F. Facilities Report — Kerry Easthope

G. Finance and Management Committee Report

1) July 27, 2011 Committee Meeting Report INFORMATIONAL — J. Michael McCormick
2) Reconciliation of FY 2011 Actual to Budget Variances INFORMATIONAL [enclosure] (PAGES 60-62) — Deborah E. Stebbins

H. Community Relations and Outreach Committee Report — Stewart Chen, DC

## VIII. General Public Comments

## IX. Board Comments

## X. Adjournment

# ALAMEDA HOSPITAL AUXILIARY
# REPORT TO:

# ALAMEDA HEALTH CARE
# DISTRICT BOARD

**JULY 1, 2010 TO JUNE 30, 2011**

**PREPARED BY:**

**LINDA LINGELSER**
**ALAMEDA HOSPITAL AUXILIARY PRESIDENT**

It was an honor to serve as Alameda Hospital Auxiliary President this past year. I have agreed to serve a second term. I also Chair the Floor Hostess Service. It is a wonderful feeling to personally brighten the day of a patient or help them in some small way. The following report details the Auxiliary's activities and accomplishments for the 2010-11 term.

## Membership

For 2010-2011 the Auxiliary had an average of 75 Active Members, which includes 16 Life Members, and 2 Honorary Members. This year, Tommie Anderson, Vice-President, conducted 84 candidate interviews; placed 39 and 5 are pending. The Auxiliary Application form was added to the Hospital's website this year to make it easier for individuals to apply. I have placed several articles regarding the Auxiliary and its' events in the Alameda Sun and the Journal, as well as meeting announcements, for purposes of promoting the volunteer opportunity and recognition of the Hospital.

## Services

The Auxiliary is made up of twelve services:

| | Chair: |
|---|---|
| Continuous Improvement | Betty Sanderson |
| Continuum of Care (new)* | Alice Martin RN |
| Emergency Care | Pam Ferrero |
| Floor Hostess/Host | Linda Lingelser |
| Gift Shop | Lily Eucker |
| Lap Robes/Pinkies | Jovita Herrera |
| Hospital Services | Barbara Rosenberg |
| Lobby Hostess/Host | Terry Veasy |
| Office Committee | Marlene Sahr |
| Pinkies | Jovita Herrera |
| Physical Therapy | Kathleen Jensen |
| Telecare (pending)** | TBD |

New Services added this year:

* Continuum of Care - Individualized activities and attention for long term residents on the Subacute Unit, including art, reading, games, etc.

** Telecare - Volunteer of the day makes calls to seniors or individuals with health issues that live alone to determine that they are ok. If the individual is not reached, one of their alternative contacts will be alerted. This service is pending final approval.

**During this past year, Alameda Hospital Auxiliary Members collectively donated 15,275 hours of service to Alameda Hospital. A donation of $30,000 was made by the Auxiliary to the hospital which purchased two sterilizer units.**

During the year, the Pinkies, other Active Auxiliary members, and Retired Auxiliary members delivered: 95 lap robes (regular and Veteran), which were not only donated to patients in the hospital but to South Shore Convalescent as well as to the Gift shop to sell. In addition, 192 Stuffies (handmade stuffed animals and pillows, the majority to children) were delivered to ER, lab, lobby, and x-ray. Also, the Infusion Center was presented with chemo-caps for patients.

## Financial

At the end of June, 2011, we have a total of $31,347.70 in the General Auxiliary Account. Money in the General Account is comprised of dues, refundable uniform deposits, earnings from fundraising events, and funds transferred from the Gift Shop account. The donation of $30,000 was made to the Hospital from the General Account. The annual dues for the Auxiliary have remained the same: a one time fee of $100 for Life Members; $6/year for Active Members; and $10/year for Associate Members. This past year, I arranged for two (Masquerade and AJ Floral Farms) of the three fundraising events held, including publicity. Future fundraising events will be: Carewear Scrubs, Masquerade $5 Sale, AJ Floral Farms, the Picture Lady and Discount Certificate Sale.

| Fundraising Events: | Earnings |
|---|---|
| Masquerade $5 Sale | $ 1410.00 |
| AJ Floral Farms Orchid Sale | $ 874.20 |
| Jewelry Sale | $ 459.00 |
| | $ 2743.20 |

| Other Income: | |
|---|---|
| Vending Machines | $ 865.35 |
| Remembrance | $ 155.00 |
| Dues | $ 456.00 |
| Bridge/Dominoes | $ 60.00 |
| Interest | $ 25.19 |
| | $ 1501.54 |

Money in the Gift Shop Account as of June, 2011 was $22,759.48 and is comprised of sales earnings.
In addition to current uniform options, a royal blue polo shirt option is being added, which will include the Alameda Hospital logo and VOLUNTEER. This option provides a more modern uniform alternative and is less expensive than the current smocks. We continue to have a $50.00 refundable uniform deposit for members less than 50 years of age. The uniform deposit is refunded upon resignation with the return of the uniform and ID badge.

**Additional Activities**

The Auxiliary gave 8 boxes of donated items to Operation Mom for individual gift boxes sent to active duty troops, provided $500 to cover mailing costs; and collected product coupons for families of troops.

Additional special projects that the Auxiliary participated in were:

- Alameda Hospital Foundation mailings
- Annual Health Faire
- Disaster Drill
- Fourth of July Parade
- Speaking and tour requests

General Meetings:

- Hours Award Luncheon - October
- Installation Luncheon – June

**Thank You**

I would like to especially thank Tony Corica for his on-going counsel and assistance. Special recognition to the following Auxiliary Members:

- Tommie Anderson, Vice-President, for her support and interviews
- Marlene Sahr, Auxiliary Office management
- Sheri Stock, Special Events Chair

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

# Minutes of the Board of Directors

July 11, 2011

| Directors Present: | | Medical Staff Present: | Legal Counsel Present: | Management Present: | Excused: |
|---|---|---|---|---|---|
| Jordan Battani | Elliott Gorelick | James Yeh, DO | Thomas Driscoll, Esq. | Deborah E. Stebbins | |
| Robert Deutsch, MD | J. Michael McCormick | | | David Neapolitan | |
| Stewart Chen, DC | | | | Kerry J. Easthope | |

**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 6:03 p.m. | |
| II. Roll Call | Kristen Thorson called roll, noting that a quorum of Directors were present. | |
| III. Adjourn into Executive Closed Session | The meeting was adjourned into Executive Closed Session at 6:04 p.m. | |
| IV. Reconvene to Public Session | The meeting was reconvened into public session at 7:23 p.m. Director Battani reported that no action was taken in closed session. | |
| VI. Regular Agenda | A. Consent Agenda<br>1. Approval of June 6, 2011 Regular Meeting Minutes<br>2. Acceptance of May 2011 Financial Statements | Director Deutsch made a motion to approve the Consent Agenda as presented. Director McCormick seconded the motion. The motion carried unanimously. |
| | B. Action Items | |
| | 1. Request to Change August Board Meeting Date<br>Due to schedule conflicts, Ms. Stebbins presented a recommendation | Director Deutsch made a motion to approve the change to the August Board Meeting Date. Director |

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| | to move the Board meeting from August 1 to August 8. | Gorelick seconded the motion. The motion carried unanimously. |
| | 2. Appointment of Committee Members to the Community Relations and Outreach Committee<br><br>Director Chen recommended Mike McMahon, Trustee, Alameda Unified School District, to the Community Relations and Outreach Committee. | Director Deutsch made a motion to approve the Appointment of Mike McMahon to the Community Relations and Outreach Committee. Director McCormick seconded the motion. The motion carried unanimously. |
| | 3. Approval of Resolution 2011-3I – Levying the City of Alameda Health Care District Parcel Tax for the Fiscal Year 2011-2012<br><br>Approval of Resolution 2011-3I – Levying the City of Alameda Health Care District Parcel Tax for the Fiscal Year 2011-2012<br><br>Director Battani presented the emails that she had received from members of the public in support of Resolution 2011-3I Levying the City of Alameda Health Care District Parcel Tax for the Fiscal Year of 2011- 2012 as follows: Tracy Zollinger, Ed Kofman, Dr. Jeptha Boone, Terrie Kurrasch, Denine Keltner, Doug Durein, Gayle Codiga, and Linda Lingelser. Emails will be included as part of the public record for future reference.<br><br>Director Gorelick spoke in opposition to levying the parcel tax, citing his long standing opposition to the parcel tax and his belief that Alameda Hospital does not provide the level of care that is better to what can be provided at other facilities in the area due to low volumes at Alameda Hospital.<br><br>Director Chen spoke in support of levying the parcel tax noting that the parcel tax to provide provisions for access to emergency services, an acute care hospital and other medical services. He also stated that the hospital may not need be superior to other facilities as long as it meets quality and licensure standards set forth by regulatory agencies.<br><br>Director McCormick spoke in support of levying the parcel tax, asking Director Gorelick to provide proof that the hospital is not providing quality care and better health outcomes than other facilities.<br><br>Director Deutsch spoke in support of levying the parcel tax and | Director Deutsch made a motion to call the question. Director McCormick seconded the motion. Director Gorelick opposed the motion. The motion carried.<br><br>Director Deutsch made a motion to approve the Resolution as presented. Director Chen seconded the motion. Director Gorelick opposed the motion. The motion carried. |

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| | commented on the standards set forth by the Joint Commission and that the Hospital has achieved full accreditation based on those standards. In addition, a majority of the Physicians that practice at Alameda Hospital are Board Certified or Double Board Certified, have been recognized for their achievements or teaching skills, practice at other large hospitals in the Easy Bay, and continue to provide the highest quality of care regardless of location.<br><br>Director Battani spoke in support of the tax. She redirected the discussion to the agenda item at hand the authorization to levy the parcel tax. She stated that the process of levying the parcel tax was the responsibility that the District Board was charged with set forth by the voters in 2002 and that the parameters are outlined clearly in the resolution. After further discussion, she asked for a motion to approve levying the parcel tax.<br><br>Director Gorelick asked for clarification on the process of stopping debate and calling the question according to Robert's Rules of Order from Legal Counsel Driscoll. After discussion, Director Battani asked for a motion to call the question.<br><br>After no further discussion, Director Battani asked for a motion to levy the parcel tax. | |
| | 4. Approval of Certification and Mutual Indemnification Agreement<br><br>Legal Counsel Driscoll provided background on the agreement stating that the County is responsible for collecting the tax, and each year asks public agencies to certify that the assessments are in accordance with the law and indemnify the County if there would be a final judgment if in fact that it was not legal to collect the tax. | Director McCormick made a motion to approve the Certification and Mutual Indemnification Agreement as presented. Director Chen seconded the motion. The motion carried unanimously. |
| | 5. Approval to Authorize Management to Utilize the Line of Credit with the Bank of Alameda<br><br>Ms. Stebbins and Mr. Neapolitan presented the recommendation to authorize management to access up to fifty percent (50%) of the $1.5 million line of credit (LOC) with the Bank of Alameda in order to process payments to critical vendors of the hospital subject to the Bank of Alameda's granting of a waiver to the current covenants and their agreement to modify certain covenants that are currently contained in the agreements for the Wound Care Note Payable and | With no further discussion, Director McCormick made a motion to approve the Authorization for Management to Utilize the Line of Credit as presented. Director Chen seconded the motion. Director Deutsch recused himself from the voting on the agenda item. Director Gorelick opposed the motion. The |

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| | LOC. Mr. Neapolitan reviewed the reasons for the request to access the line of credit as outlined in the memo as well as a cash flow analysis that included several items not included in the FY2012 budget.<br><br>Director Gorelick asked that the agenda item be tabled until a decision from the Bank of Alameda Loan Committee was final. He also requested documents in reference to the deferring of the boiler maintenance on the capital budget. Mr. Easthope will provide the documents to Board Members as requested.<br><br>Director Battani framed a motion to approve going forward with accessing the line of Credit assuming there are no material changes to the terms of the loan agreement. Director Battani stated that the Board could make an authorization now to allow staff to move forward quickly to begin to address the payables problem, but if terms and conditions changed materially then another approval by the Board of Directors would be needed. She stated that the approval was not a blanket authorization for management and would be dependent on material changes, if any, to the terms of the loan agreements. Material changes that were discussed included additional terms beyond the security of the parcel tax and the possibility of the Bank withdrawing the capital loan portion of the line of credit. | motion carried. |
| | C. Chief Executive Officer's Report<br><br>1. Communications Strategy Plan<br><br>Tom Clifford, Tramutola, gave a presentation, as attached to the Board Packet on the Alameda Hospital website, regarding the Communications Strategy Plan for Alameda Hospital including past and future outreach to the community.<br><br>Alameda Hospital has learned from Tramutola about how to distribute information and create awareness regarding the Hospital in terms of the community and Alameda County leadership.<br><br>2. Update on Request for Licensure Change<br><br>Management has met with OSHPD representatives regarding the possibility of increasing SNF Beds by twelve (12) and the reconfiguration of the Acute beds to the South Building and the Subacute beds to the West Building. | No action taken.<br><br>No action taken. |

Ms. Stebbins reviewed that the timeline for the project is determined by OSHPD and the square footage requirement may be addressed by filing a waiver for necessary accommodations based on the patient's needs.

3. Monthly Statistics

Ms. Stebbins reported n the monthly statistics as indicated below.

| | June Preliminary | June Budget | % Δ compared to Budget | % Δ compared to May | May Actual |
|---|---|---|---|---|---|
| Average Daily Census | 79.0 | 86.0 | -8.1% | 0.0% | □9.0 |
| Acute | 4.8 | 29. | -15.9% | -3.6% | 25.8 |
| Subacute | 31.8 | 33.5 | -5.1% | -0.4% | 31.9 |
| South Shore | 22.4 | 23.0 | -2.6% | 5.2% | 21. |
| Patient Day | 2,371 | 2,552 | -7.1% | -□.2% | 2,449 |
| ER Visits | 1,363 | 1,470 | -7.3% | -4.8% | 1,431 |
| OP Registrations | 1,983 | 2,313 | -14.3% | 2.4% | 1,936 |
| Total Surgeries | 195 | 199 | -2.0% | 16.1% | 168 |
| Inpatient Surgeries | 33 | 51 | -35.3% | 22.2% | 27 |
| Outpatient Surgeries | 162 | 148 | 9.5% | 14.9% | 141 |

4. Hospital Updates/Events

Doctor Alice Challen's 100th Birthday Celebration will be held July 21, 2011 3:00 p.m. to 5:00 p.m. in the Dal Cielo Conference Room,

The Alameda Hospital Foundation has joined with Michaan's Auction to raise funds for the Alameda Hospital Subacute Care Unit. The Great Antique Adventure will be held Friday, August 26, 2011, 4:00 p.m. to 7:00 p.m. at 2751 Todd Street in Alameda.

No action taken.

5. Stroke Certification Update

Ms. Stebbins reviewed that hospital employees continue to receive educational training. Patient screenings continue in the community. The next assessment is scheduled for September 30, 2011. Community training continues in the form of postcards, physician

No action taken.

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| | presentations, presentations at Skilled Nursing Facilities, and updates to the website. The application for certification through the Joint Commission was submitted and accepted in late May/early June. A 30-day advance notice of the survey is anticipated for the survey to be completed in September or October. | |
| | D. Medical Staff President Report<br><br>Dr. Yeh announced that Dr. Steven King will present the Continuing Medical Education regarding Cardiac Implant Devices July 12, 2011. He will be bringing updated Bylaws and Amendments to the next District Board Meeting for approval. | No action taken. |
| | E. Community Relations and Outreach Committee Report<br><br>1. June 28, 2011 Committee Meeting Report<br><br>Director Chen provided an overview of the discussion that took place at the Community Relations and Outreach Committee. A recommendation was made to add a new Community Relations and Outreach Committee member, Mike McMahon, Trustee, Alameda Unified School District. A presentation was given by Tramutola regarding the Communication Strategic Plan. The Annual Community Newsletter will be updated to include many topics such as testimonies, the childhood obesity initiatives, and a Wound Care status. The 4th of July Parade, the Jumpin' Jivin' Jubliee and the Concert at the Cove were well attended. The Alameda Hospital Health Fair will take place October 22, 2011 from 9:00 a.m. to 12:30 p.m. | No action taken |
| | F. Finance and Management Committee Report<br><br>1. June 29, 2011 Committee Meeting Report<br><br>Director McCormick mentioned that discussions at the next Finance and Management meeting may include a root cause analysis for the budget variances such as non-productive salaries. | No action taken. |
| VII. General Public Comments | | |
| VIII. Board Comments | Director Chen and Director McCormick commented that they were very impressed with the outreach that the TOLA interns did for the hospital. | |

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| | Ms. Stebbins updated the Board of Directors regarding the Alternative Medicine status. Tracy Zollinger, LaC was introduced to the medical space at the Alameda Towne Center location and felt as though the move would not benefit her at this time. However, the medical staff did not oppose such an addition; therefore another alternative medicine practitioner may be interested in partnering with Alameda Hospital. | |
| IX. Adjournment into Executive Closed Session | The meeting was adjourned into closed session at 8:45 p.m. | |
| XI. Reconvene to Public Session | The meeting was reconvened into public session at 11:17 p.m. Director Battani reported that the following actions were taken in Closed Session. | |
| | A. Announcements from Closed Session<br><br>Director Battani reported that the following actions were taken in Executive Closed Session | |
| | E. Approval of Closed Session Minutes – May 9, 2011 | |
| | F. Medical Executive Committee Report and Approval of Credentialing Recommendations | |

**Initial Appointments – Medical Staff**

| Name | Specialty | Affiliation |
|---|---|---|
| ○ Joseph Cheng, MD | Orthopedics | No Group Affiliation |
| ○ Riaz Dhanani, MD | Teleradiology | Bay Imaging Consultants |
| ○ James Eichel, MD | Family Medicine | Bayside Medical Group |
| ○ April Fredian, MD | Family Medicine | Bayside Medical Group |
| ○ Richard Hong, MD | Teleradiology | Bay Imaging Consultants |

**Reappointments – Medical Staff**

| Name | Specialty | Staff Status | Appointment Period |
|---|---|---|---|
| ○ Robert Bloom, MD | Radiology | Courtesy | 08/01/11-07/31/13 |
| ○ John Carney, MD | Pathology | Active | 08/01/11-07/31/13 |
| ○ Robert Deutsch, MD | Pulmonary Medicine<br>Critical Care Medicine | Active | 08/01/11-07/31/13 |

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|---|---|---|---|---|
| | | Internal Medicine | | |
| | ○ Mary Fisher, MD | Family Medicine | Courtesy | 08/01/11-07/31/13 |
| | ○ Mark Goldsmith, MD | Radiology | Courtesy | 08/01/11-07/31/13 |
| | ○ James Kong, MD | Internal Medicine Allergy/Immunology | Active | 08/01/11-07/31/13 |
| | ○ Subhendu Narayan, MD | Gastroenterology | Courtesy | 08/01/11-07/31/13 |
| | ○ Stephen Raskin, MD | Cardiology | Active | 08/01/11-07/31/13 |
| | ○ Barry Samuel, MD | Anesthesiology | Courtesy | 08/01/11-07/31/13 |
| | ○ Andrew Smith, MD | Urology | Courtesy | 08/01/11-07/31/13 |
| | ○ Randall Stettler, DDS | Oral/MaxFasce Surgery | Courtesy | 08/01/11-07/31/13 |
| | ○ Ann Wexler, MD | Hematology/Oncology | Courtesy | 08/01/11-07/31/13 |
| XII. General Public Comments | None. | | | |
| XIII. Board Comments | None. | | | |
| XIV. Adjournment | Being no further business the meeting was adjourned at 11:18 p.m. | | | |

Attest:

Jordan Battani
President

Elliott Gorelick
Secretary

# THE CITY OF ALAMEDA HEALTH CARE DISTRICT

# ALAMEDA HOSPITAL

## UNAUDITED FINANCIAL STATEMENTS

**FOR THE PERIOD ENDING JUNE 30, 2011**

# CITY OF ALAMEDA HEALTH CARE DISTRICT
# ALAMEDA HOSPITAL
# JUNE 30, 2011

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# ALAMEDA HOSPITAL
# MANAGEMENT DISCUSSION AND ANALYSIS
**JUNE, 2011**

The management of the Alameda Hospital (the "Hospital") has prepared this discussion and analysis in order to provide an overview of the Hospital's performance for the period ending June 30, 2011 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments*. The intent of this document is to provide additional information on the Hospital's financial performance as a whole.

## *Financial Overview as of June, 2011*

- For the month of June 2011, combined expense over revenues (loss) is $206,000 versus a budgeted excess of expense over revenue (loss) of $102,000. This loss was driven by a continued lower than previously experienced inpatient case mix index, which is an indication of lower acuity level patients, lower than expected outpatient volumes and the third of three adjustments to the reduce the amount of accrued intergovernmental transfer receivable (discussed further on page 11).

- For the twelve months ended June 30, 2011, combined expense over revenues (loss) is $3,109,000 before the inclusion of $1,451,000 of other non-operating income. This additional other non-operating income, which was recorded in March 2011, was the result of the elimination of a liability that was established in fiscal year 2006. The liability was the result of a dispute over contractual language related to the amounts due under the terms of an insurance contract. After inclusion of the elimination of this liability the year to date expense over revenue (loss) is $1,658,000 versus budgeted revenue over expenses (profit) of $488,000.

- Gross patient revenue for the month of June was less than budget by $2,644,000 or 12.4%. This unfavorable variance was the result of unfavorable variances of $1,584,000 and $1,060,000 in inpatient and outpatient programs, respectively. On adjusted patient day basis gross patient revenue was 4.8% less than budgeted at $5,118 compared to a budgeted amount of $5,376 for the month of June, which was an improvement from May performance. For the twelve months ended gross revenue per adjusted patient day is 0.3% greater than budgeted at $5,404 versus the budgeted $5,387.

- Total patient days for the month were 2,371 compared to the prior month's total patient days of 2,449 and the prior year's 2,461 total patient days. The average daily acute care census was 24.8 compared to a budget of 28.6 and an actual average daily census of 25.8 in the prior month; the average daily Sub-Acute census was 31.8 versus a budget of 33.5 and 31.9 in the prior month and the Skilled Nursing program had an average daily census of 22.4 versus a budget of 23.0 and prior month census of 21.3, respectively.

- Emergency Care Center (ECC) visits were 1,363 or 7.3% less than the budgeted 1,470 visits and were 33 visits or 2.3% less than the prior year's visits of 1,396.

- Total surgery cases were greater than budgeted expectations for the month at 217 cases versus the budgeted 199 cases. The current month's surgical volume was 16.7% greater than the same month prior year's 186 cases. While both inpatient and outpatient volumes improved from May, the positive variance was due to outpatient cases exceeding budget by 36 or 24.3, offsetting the negative variance to budget for inpatient cases.

- Outpatient registrations were 14.3% below budgeted targets at 1,983; however, at 66.1 visits per day, were 4.7% greater than the prior month's 63.4 visits per day.

Total assets decreased by $4,802,000 from the prior month as a result of. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for June decreased by $286,000 and days cash on hand including restricted use funds decreased to 12.6 days on hand in June from 13.6 days on hand in May. The decrease in cash was primarily the result of the use of one twelfth of the parcel tax funds in June.

- Net patient accounts receivable decreased in June by $1,082,000 compared to a decrease of $1,325,000 in May. Days in outstanding receivables were 55.0 at June 30, 2011, unchanged from at May 31, 2011. Collections in June totaled $5.2 million compared to $4.9 million in May.

- Other receivables increased by $6,159,000 primarily as a result of the accrual of the July parcel tax revenue. of $5.7 million. This was partially offset by a write-off of $103,000 of the remaining Intergovernmental transfer estimate determined to be in excess of the revised amounts to be received under this program.

- Prepaid and other deposits increased by $53,000 due to the payment of annual OSHPD fees ($35,000) and property insurance ($25,000), offset by the monthly amortization of prepaid insurance and service contracts.

Total liabilities increased by $4,995,000 compared to a decrease of $1,055,000 in the prior month. This decrease in the current month was the result of the following:

- The current portion of long term debt increased by $296,000, primarily due to the conversion of the FY 2009 Medi-Cal cost report settlement from a third party liability to a 24-month loan repayable to the Department of Healthcare Services. The liability was related to appeal issues pending the outcome of legal action filed by the California Hospital Association (CHA) on behalf of its member hospitals. CHA agreed to drop the legal action as part of the state FY 2012 budget negotiations, resulting in an immediate demand from the state for payment of the outstanding settlement. One-half of the loan balance of $642,000 was recorded in current portion and the other half was recorded in long term debt.

- Accounts payable and accrued expenses decreased by $37,000 as a result of the payment of additional outstanding trade payables during the month of June.

- Payroll related accruals increased by $32,000 as a result of more days of required accrued payroll liabilities at the end of June due to the timing of paid payrolls at month-end.

- Deferred revenues increased by $5,247,000 due to the accrual of the 2011/2012 parcel tax revenues of $5.7 million offset by the amortization of one-twelfth of the annual parcel tax revenues for the 2011 fiscal year.

- Estimated third party payables decreased by $642,000 in June as a result of the conversion of the FY 2009 Medi-Cal cost report liability to a 24-month loan (see comment above).

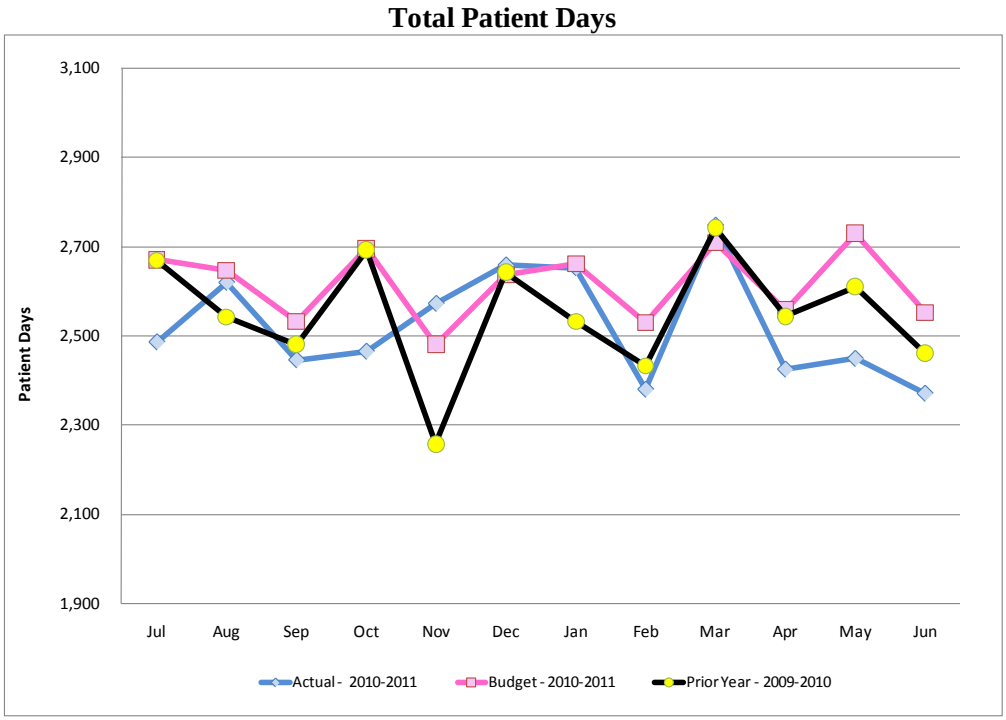
- Long term debt increased by $321,000 for the long term portion of 24 month loan payable to DHCS for the FY 2009 cost report (see comment above). The increase was offset by $37,000 for the monthly payment of the principle portion of the note payable to the Bank of Alameda for a net increase of $285,000.

## *Volumes*

The combined actual daily census was 79.0 versus a budget of 85.07 or an unfavorable variance of 7.1%. The current month's overall unfavorable variance from the budgeted census was the result of average daily census that were unfavorable to budget in the acute care areas by 3.73 patients per day or 13.1%. The Sub-Acute and Skilled Nursing programs were also unfavorable to budgeted expectations with unfavorable variances in average daily census of 1.7 and 0.6, respectively. While unfavorable to budget, June's census represents an improvement from May levels.

The graph on the following page shows the total patient days by month for fiscal year 2011 compared to the

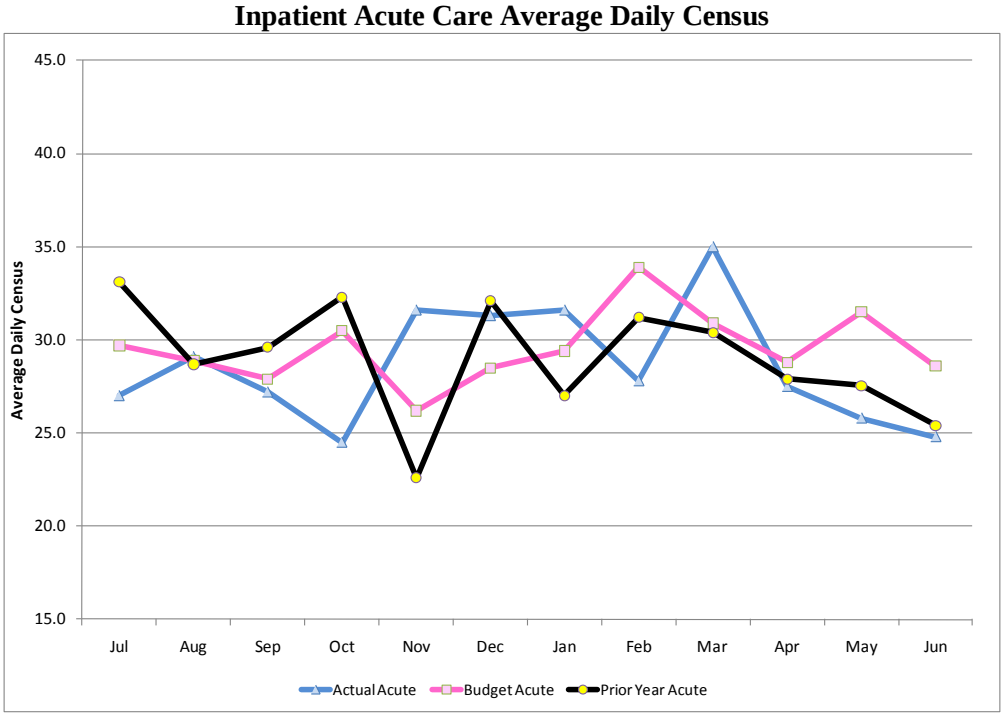
operating budget and fiscal year 2010 actual.




The various components of our inpatient volumes for the month of June are discussed in the following sections.

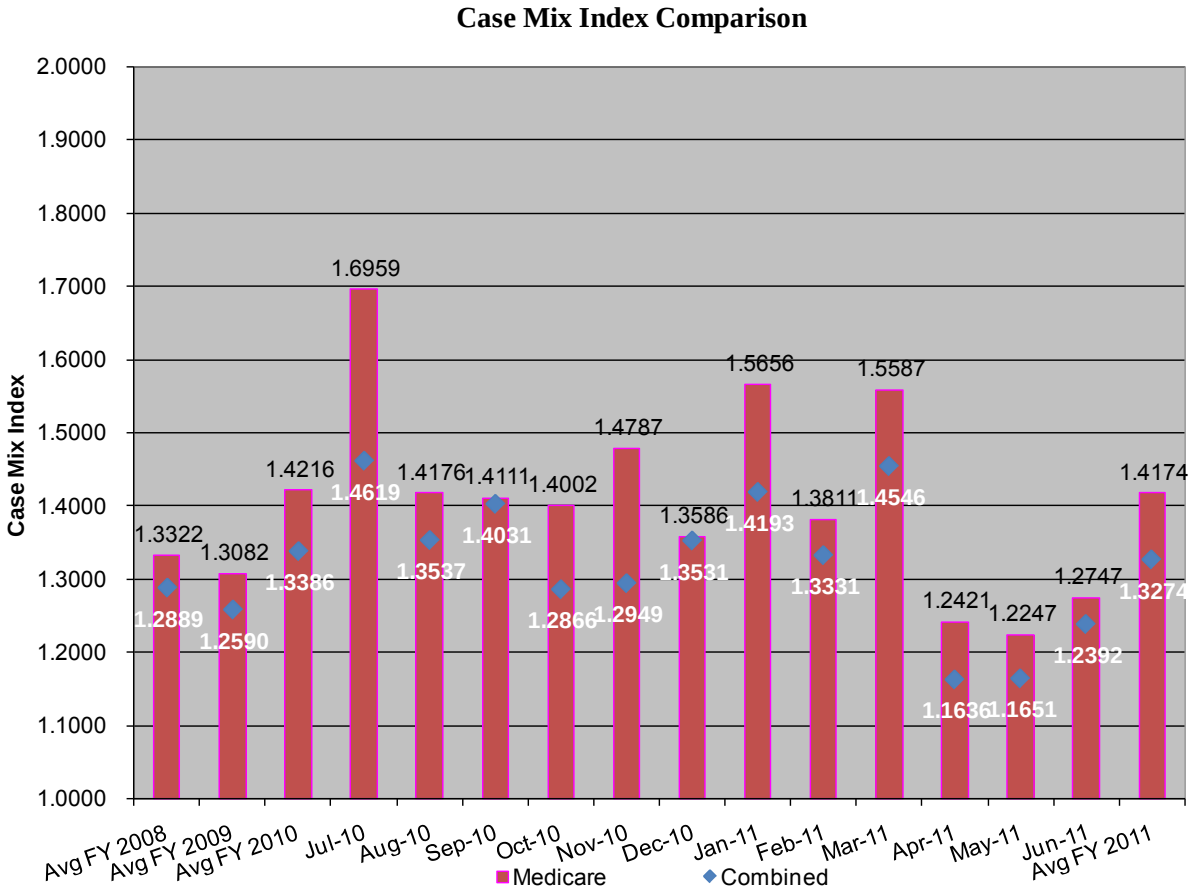
## Acute Care

The acute care patient days were 13.1% (112 days) less than budgeted and were 2.2% less than the prior year's average daily census of 25.4 for June. The acute care program is comprised of the Critical Care Unit (3.8 ADC, 5.0% unfavorable to budget), Definitive Observation Unit (12.9 ADC, right at budget) and Med/Surg Units (8.2 ADC, 31.1% unfavorable to budget). The graph below shows the inpatient acute care census by month for the current fiscal year, the operating budget and prior fiscal year actual.



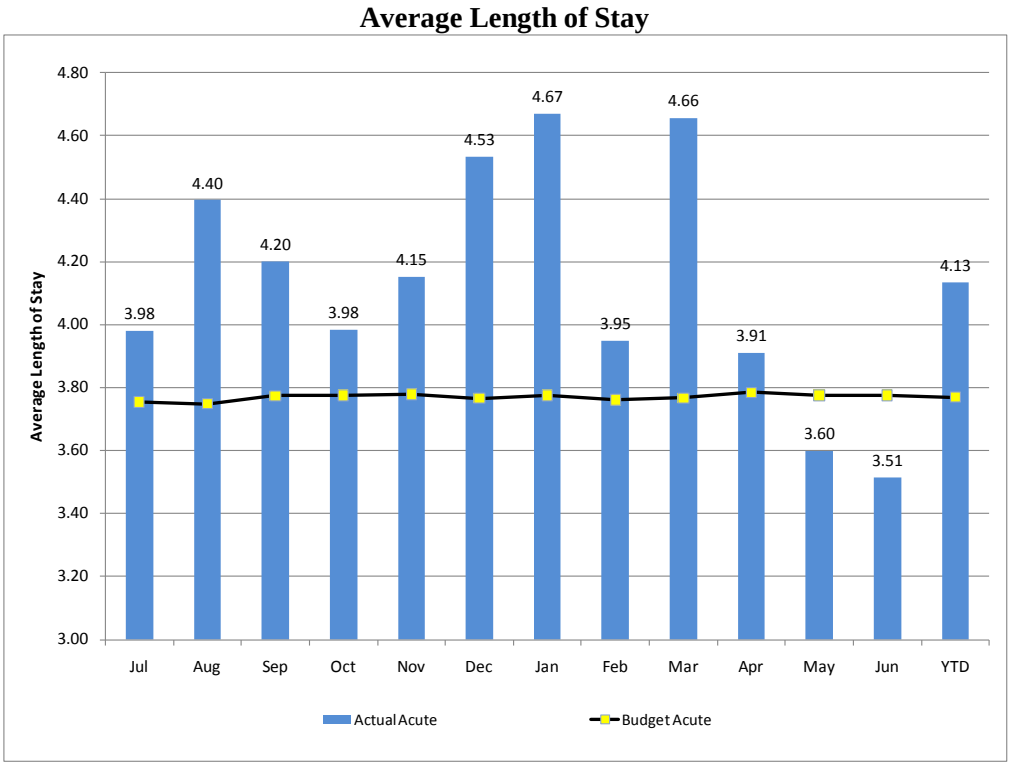
## *Case Mix Index*

The hospital's overall Case Mix Index (CMI) increased again to 1.2392 from 1.1651 in the prior month but remains substantially below the fiscal year to date average of 1.3264. The Medicare CMI increased slightly over the prior month from 1.2747 in May to 1.2421 in June. In June there was again only one (1) outlier case. The graph below shows the CMI for the hospital during the current fiscal year as compared to the prior three fiscal years.



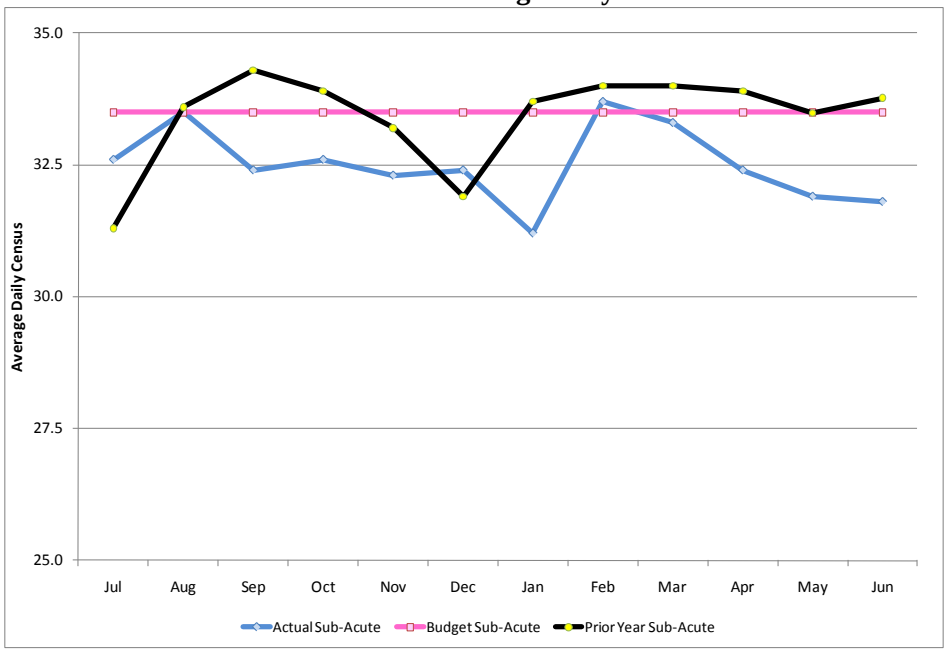

## *Average Length of Stay*

The average length of stay (ALOS) decreased from that of the prior months 3.60 to 3.51 in the month of June. This brings the year-to-date average to 4.13 versus the budgeted FY 2011 average of 3.77. The graph on the following page shows the ALOS by month and the budgeted ALOS for fiscal year 2011.



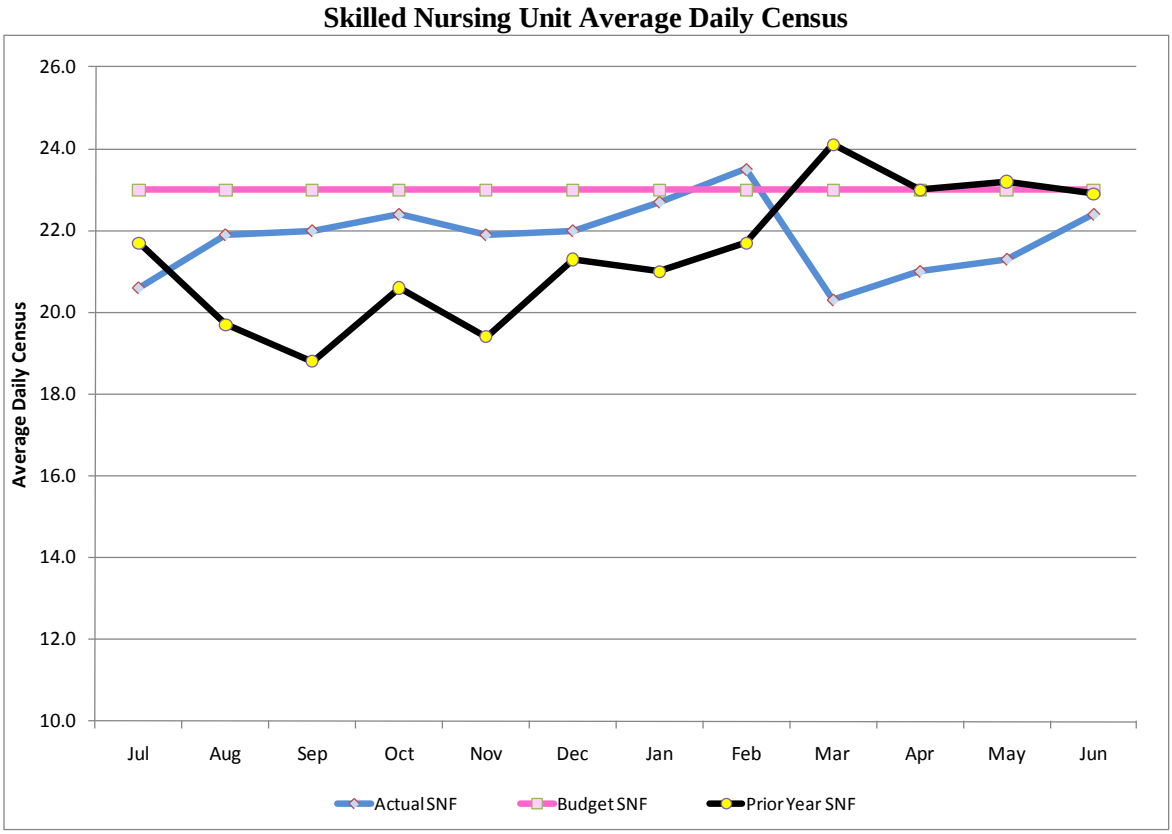

## Sub-Acute Care

The Sub-Acute program patient days were less than budgeted projections with an average daily census of 31.8 for the month of June which was budgeted for an average daily census of 33.5. The graph below shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.



## Skilled Nursing Care

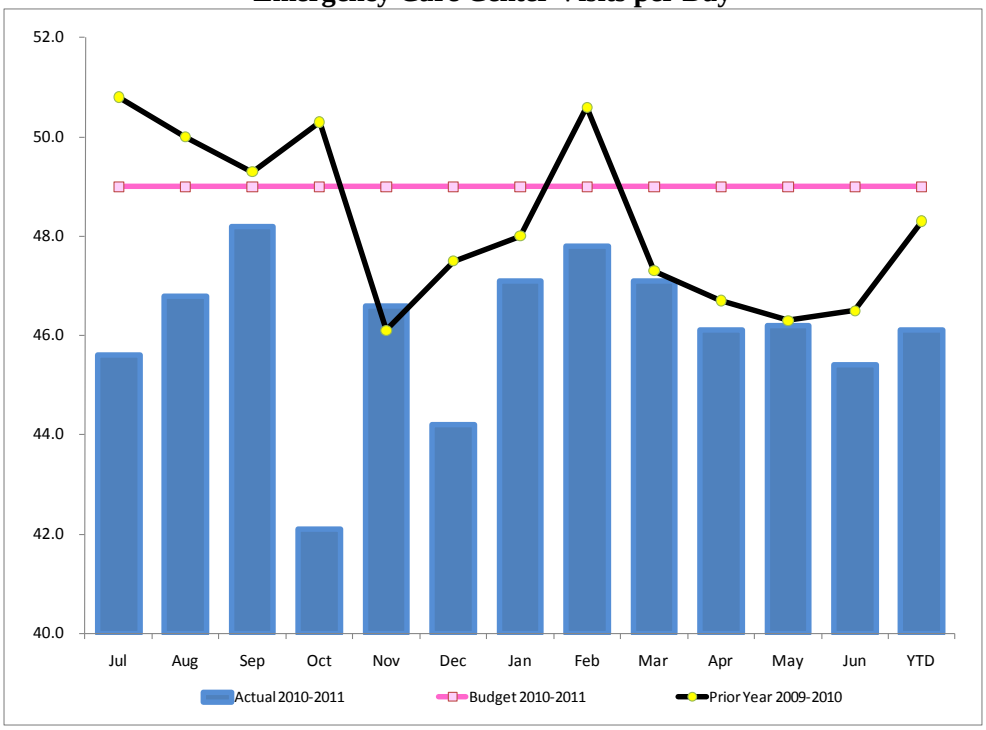
The Skilled Nursing Unit (South Shore) patient days were 2.6% or 18 patient days less than budgeted for the month of June, an improvement from May. Comparing performance to the prior year, this program's volume remains slightly greater than the prior year's performance for the twelve months of fiscal year 2011, with an average daily census of 21.8 versus 21.5 in fiscal year 2010. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.




## Emergency Care Center (ECC)

Emergency Care Center visits in June totaled 1,363 and were 7.3% or 107 visits less than budgeted for the month with 15.9% of these visits resulting in inpatient admissions versus 17.2% in May. In June there were 305 ambulance arrivals versus 288 in the prior month, on a per day basis this represents an increase of 9.7% over the prior month daily average. Of the 305 ambulance arrivals in the current month, 180 or 59.0% were from Alameda Fire Department (AFD) ambulances. The graph on the following page shows the Emergency Care Centers average visits per day for fiscal year 2011 as compared to budget and the prior year performance.

**Emergency Care Center Visits per Day**

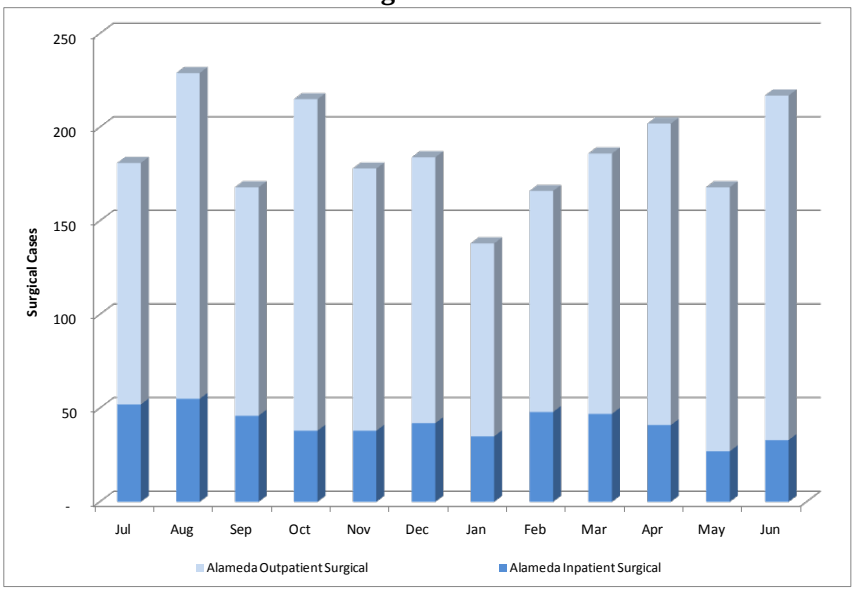



## Surgery

Surgery cases were 217 versus the 199 budgeted cases and 186 cases in the prior year. In June, surgery cases increased over the prior month by 29.2%. The increase of 49 cases over the prior month was the result of an increase of 6 and 43 inpatient and outpatient cases, respectively. Inpatient and outpatient cases totaled 33 and 184 versus 27 and 141 in June and May, respectively. The increase in cases from the prior month was driven by increases in Ophthalmology and Orthopedic cases, offset by *decreases* in Gastroenterology, Pain Management and Cardiology cases.

The graph below shows the number of inpatient and outpatient surgical cases by month for fiscal year 2011.

**Surgical Cases**

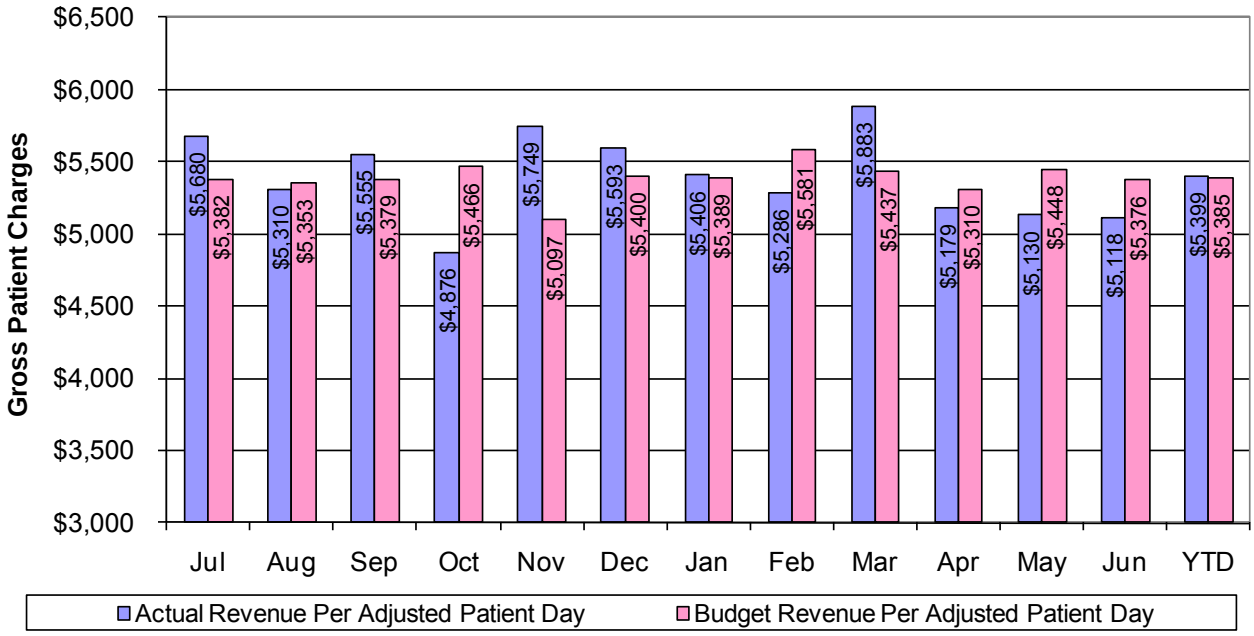


# *Income Statement*

## *Gross Patient Charges*

Gross patient charges in June were less than budgeted by $2,644,000. This unfavorable variance was comprised of unfavorable variances of $1,584,000 and $1,060,000 in inpatient and outpatient revenues, respectively. The decrease in inpatient gross revenues was driven primarily by low volume in the Medical/Surgical unit and below budgeted inpatient surgeries. Outpatient revenues were also lower than budgeted as a result of the delayed opening of the Wound Care program ($558,000), which now has a planned January 2012 opening, as well as lower than expected emergency room visits and other outpatient visits. On an adjusted patient day basis total patient revenue was $5,118 versus the budgeted $5,376 for the month of June. The following table shows the hospital's monthly gross revenue per adjusted patient day by month and year-to-date for fiscal year 2011 compared to budget.

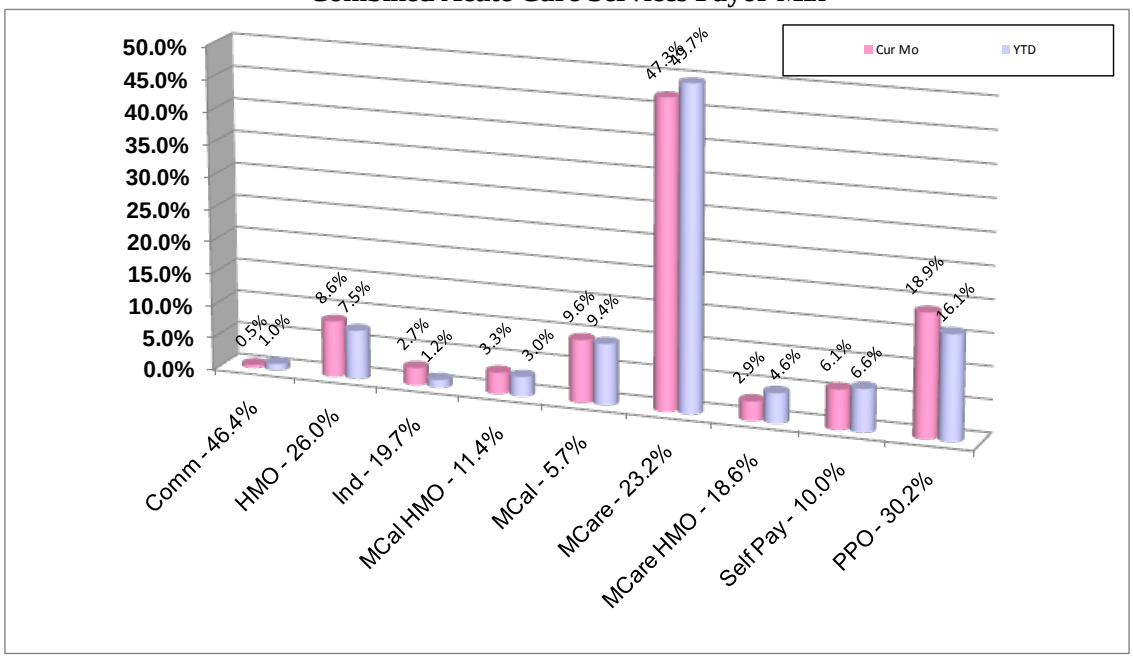
**Gross Charges per Adjusted Patient Day**




## *Payor Mix*

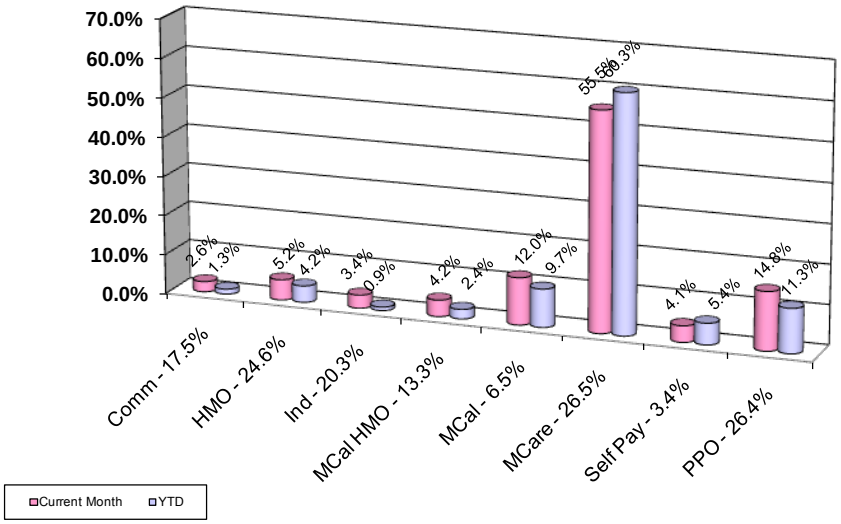
Combined acute care services, inpatient and outpatient, Medicare and Medicare Advantage total gross revenue in June made up 50.3% of the month's total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 27.5%, Medi-Cal Traditional and Medi-Cal HMO utilization at 12.9% and self pay at 6.1%. The graph on the following page shows the percentage of gross revenues generated by each of the major payors for the current month and fiscal year to date as well as the current month's estimated reimbursement for each payor for the combined inpatient and outpatient acute care services.

**Combined Acute Care Services Payor Mix**



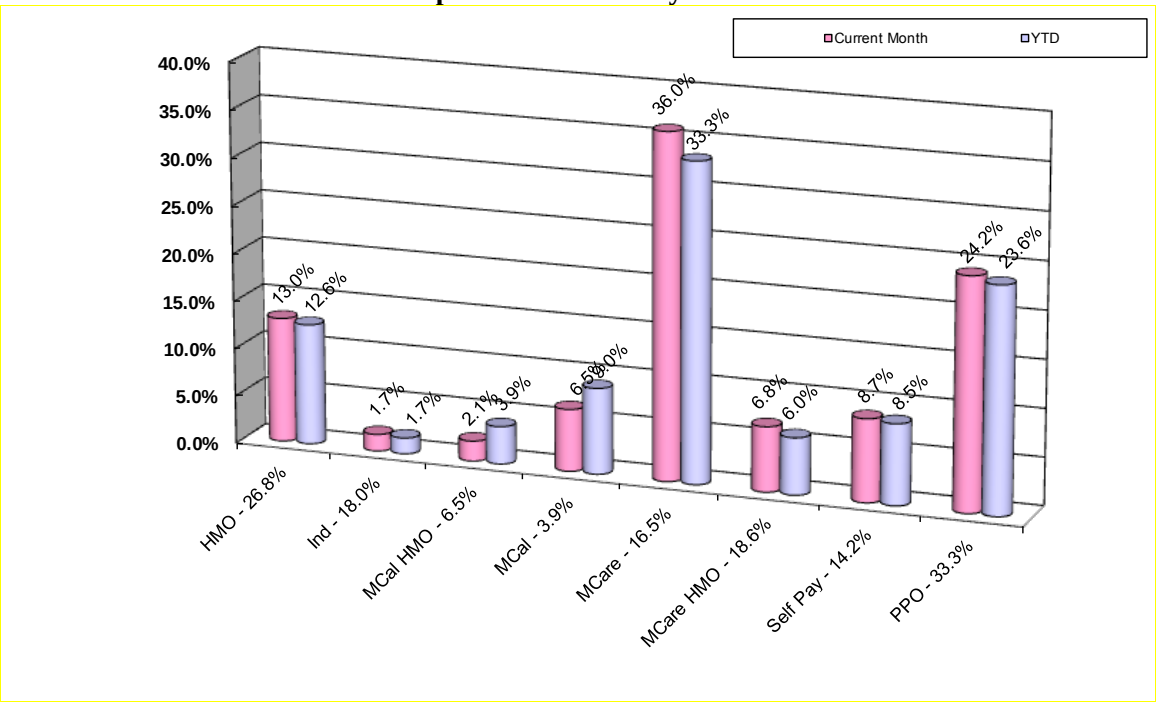

The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 55.5% of our total inpatient acute care gross revenues followed by HMO/PPO at 20.0%, Medi-Cal and Medi-Cal HMO at 16.1% and Self Pay at 4.1% of the inpatient acute care revenue. The graph below shows inpatient acute care current month and year to date payor mix and current month estimated net revenue percentages for fiscal year 2011.

**Inpatient Acute Care Payor Mix**



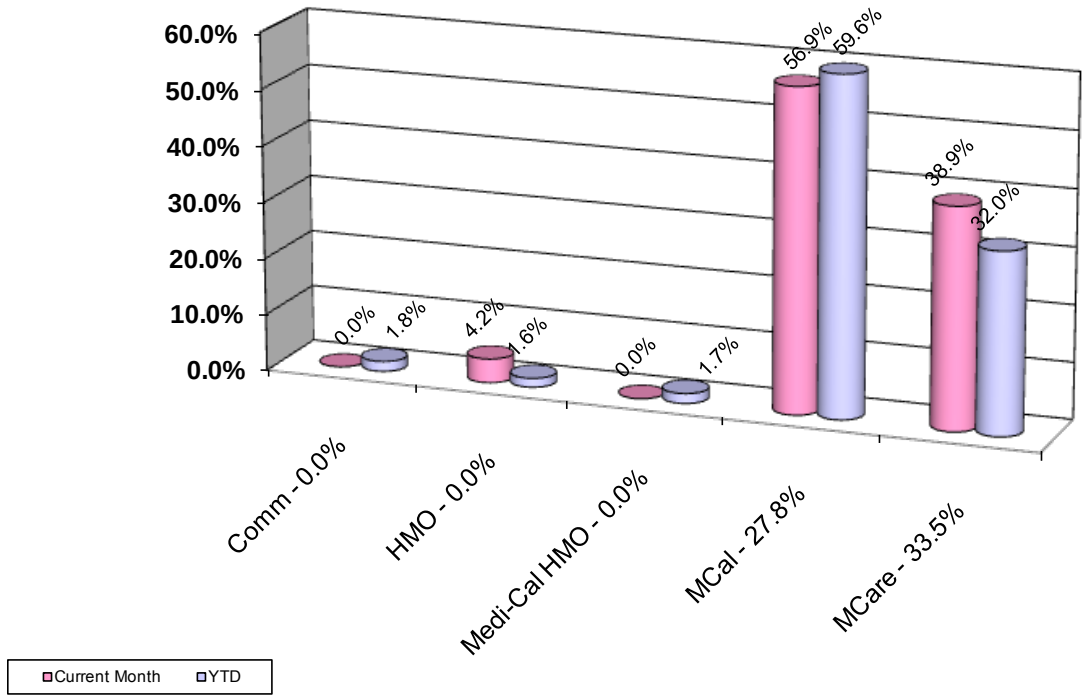

The outpatient gross revenue payor mix for June was comprised of 42.8% Medicare and Medicare Advantage, 37.2% HMO/PPO, 8.6% Medi-Cal and Medi-Cal HMO, and 8.7% self pay. The graph on the following page shows the current month and fiscal year to date outpatient payor mix and the current months estimated level of reimbursement for each payor.

**Outpatient Services Payor Mix**



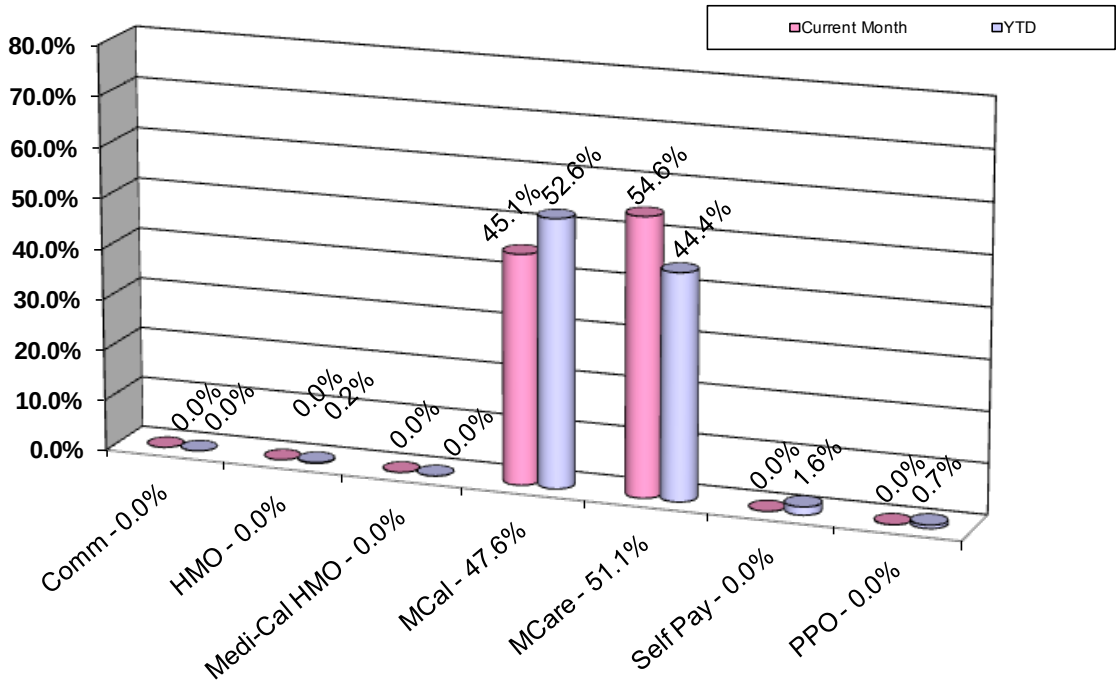

In June, the Sub-Acute care program again was dominated by Medi-Cal utilization of 56.9%, down from 57.8% 54.9% in May. The graph below shows the payor mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payor.

**Inpatient Sub-Acute Care Payor Mix**



In June, the Skilled Nursing program gross revenues were comprised primarily of Medicare at 54.6% and Medi-Cal at 45.1%. The graph below shows the current month and fiscal year to date skilled nursing payor mix and the current months estimated level of reimbursement for each payor.

**Inpatient Skilled Nursing Payor Mix**



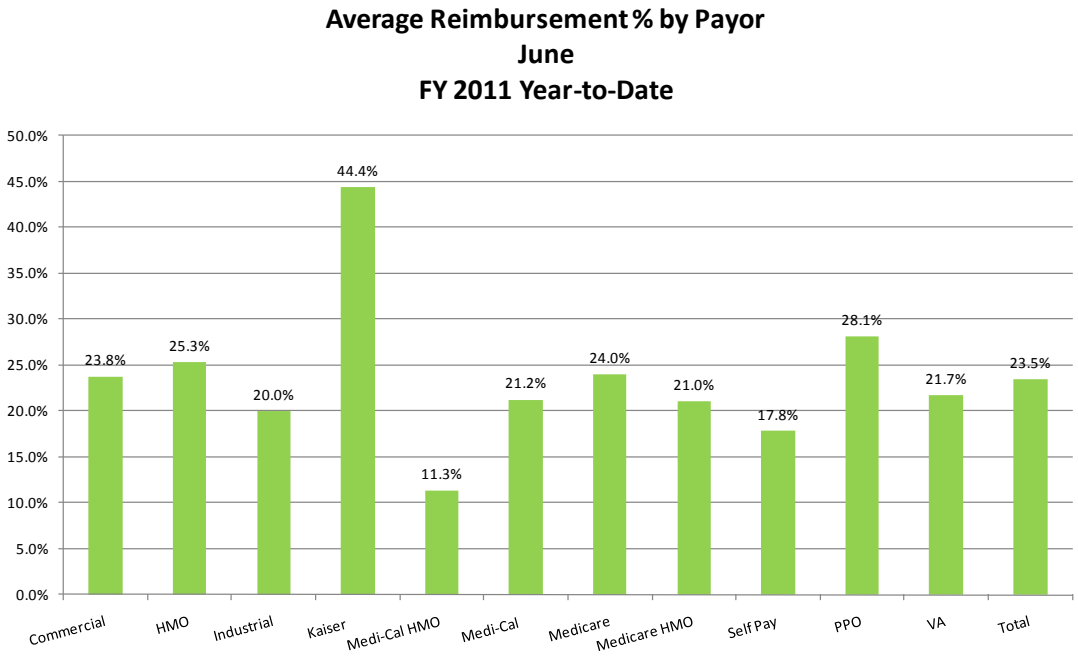

## *Deductions from Revenue*

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 June contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 78.0% versus the budgeted 76.2%. A major factor causing the decrease in this percentage in June was the higher case mix index than was experienced in April and May of fiscal year 2011.

## *Net Patient Service Revenue*

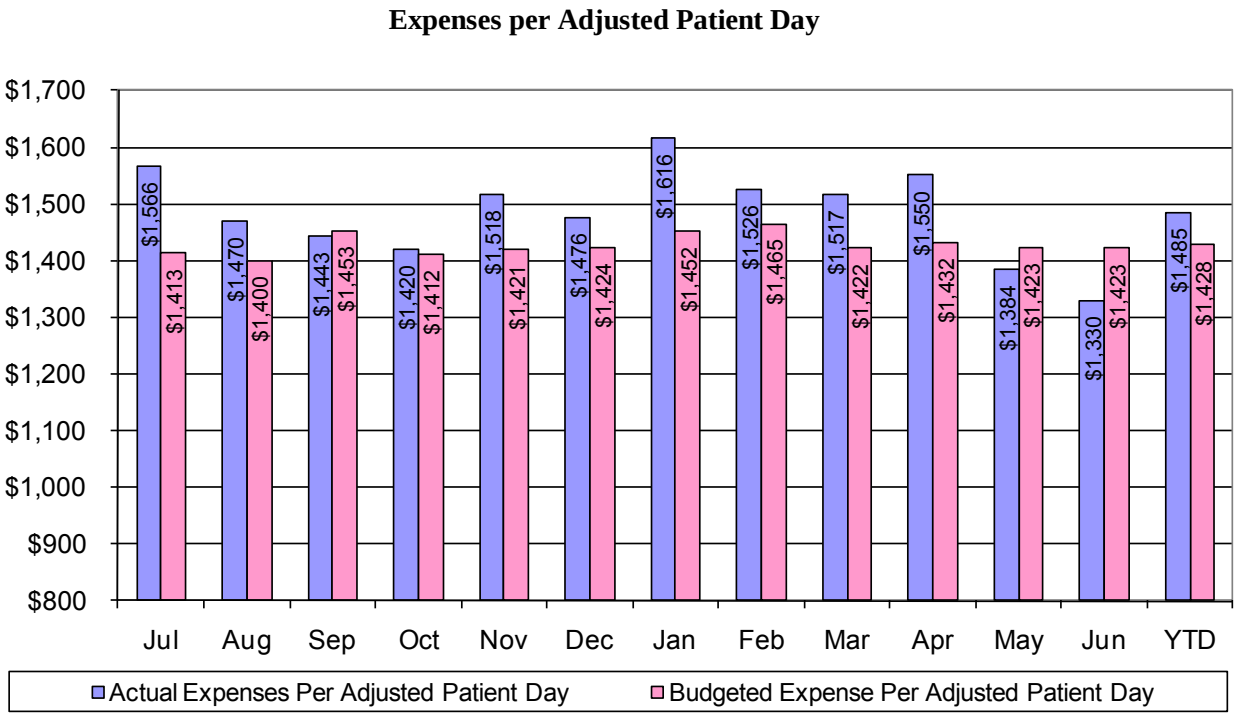
Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the anticipated cash payments the Hospital is expecting to receive for the services provided. In addition, included in the year to date net patient service revenue are the estimated amounts to be received from participation in the State of California's FY 2011 Intergovernmental Transfer (IGT) Program, $180,000 per month and $1,083,000 for the six month ended December 31, 2010. As a result of the inclusion of all forty-six (46) California district hospitals in the fiscal year 2011 IGT program and finalization of amounts that will be received by each of these Hospitals an additional reduction of $102,000 will be included each month over the remainder of fiscal year 2011. This reduction will result in an estimated adjusted amount to be received of $776,000 for fiscal year 2011. This amount is still receivable as of June 30, 2011.

The graph on the following page shows the level of reimbursement that the Hospital has estimated for fiscal year 2011 by major payor category.



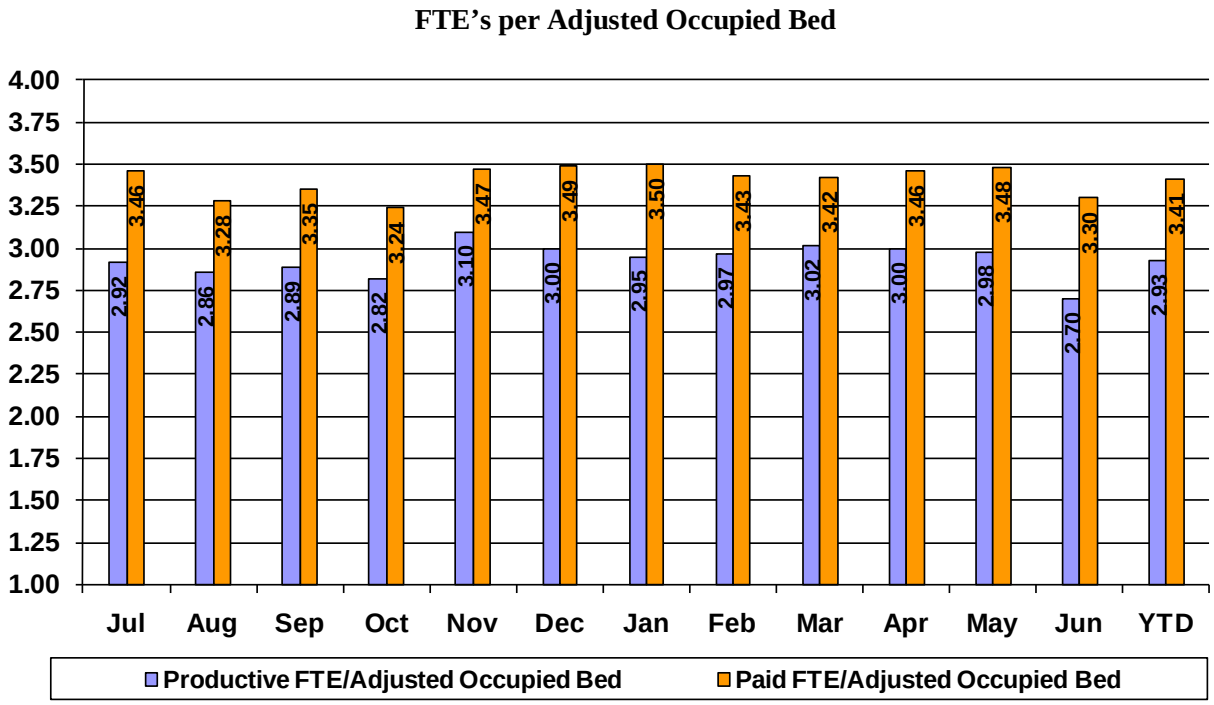

## *Total Operating Expenses*

Total operating expenses were less than the fixed budget by $846,000 or 14.8%. On an adjusted patient day basis, our cost per adjusted patient day was $1,330 which was $107 per adjusted patient day favorable to budget and $54 below the prior month. This variance in expenses per adjusted patient day was primarily the result of favorable variances in non salary and benefit costs of $98 per adjusted patient day. The graph below shows the actual hospital operating expenses on an adjusted patient day basis for the 2011 fiscal year by month as compared to budget and is followed by explanations of the significant areas of variance that were experienced in the current month.



### *Salary and Temporary Agency Expenses*

Salary and temporary agency costs combined were favorable to the fixed budget by $81,000 but were unfavorable to budgeted levels on a per adjusted patient day basis by $39 or 5.5%; however, the unfavorable variance was improved from May's 10.9% per adjusted patient day. On an adjusted occupied bed basis, productive FTE's were favorable to budget by 2.8% at 2.7 FTE's versus the budgeted 2.8 FTE's. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2011 by month.




### *Benefits*

Benefits were favorable to the fixed budget by $431,000 or 47.7%. This favorable variance was the result of lower than budget expenses related to the self insured group health insurance program ($229,000) due to lower health claims outstanding and lower workers compensation insurance costs ($25,000). In addition, there was a favorable vacation accrual entry of $45,000 due to the increased use of vacation and PTO for furloughs and $119,000 of benefit expenses capitalized for ongoing construction projects.

### *Professional Fees*

Professional fees were favorable to budget by $83,000 in June. This favorable variance was the result primarily of the delay in the start of the Wound Care Program ($64,000).

### *Supplies*

Supplies were favorable to budget by $210,000 or $42 per adjusted patient day in June. This favorable variance was the result of lower than budgeted medical supplies expense of $98,000, due in part to a favorable inventory adjustment for year end. The favorable supplies expense was also the result of lower than budgeted expenses for pharmacy supplies ($51,000) in the infusion therapy program and supply expenses related to the Wound Care program ($67,000) that have been delayed until January 2012.

### *Purchased Services*

Purchased services were favorable to budget by $42,000 or $3 per adjusted patient day for the month.

### *Rents and Leases*

Rents and leases were $27,000 favorable to the fixed budget and $5 per adjusted patient day favorable to budget for the month of June. This favorable variance was primarily the result of lower than budgeted rental expense related to the PACS and Digital Radiology upgrade project ($31,000). This project will not be completed until the end of the third quarter of calendar 2011 due to Office of Statewide Health Planning delays. In addition, there were multiple departments that did not incur equipment rental costs in June.

### *Action Items*

The management team has implemented several initiatives to respond to the unfavorable financial performance. In addition, there are many initiatives that are in process and will be implemented over the next months. Most of these initiatives are also part of the Fiscal Year 2012 budget.

## Initiatives that have been implemented include:

- We have implemented mandatory closure of most support departments on eight major holidays as well as two "non-holiday" closure days during the next fiscal year (beginning Memorial Day 2011). Essential support departments will staff at core staffing levels on these days. Productive salary cost savings are estimated to be $59,000 per year for the two days.

- Mandatory furlough days for the months of June, July and August have been implemented. All non nursing employees are required to take one PTO or non paid day off per pay period during this period when patient activity is typically slower. Savings are estimated to be $59,000 per month in productive salary expense during these three months.

- Elimination of outside consulting services from Robert Half and Jacobus who provided support for the EHR implementation and IT department ($68,000 - $80,000 per month). While this will not have an impact on the monthly Statement of Revenues and Expenses this will help with our cash flow.

- Reduction in the use of approximately 9.9 Certified Nursing Assistants (CNA's) on nursing units resulting in savings of approximately $42,000 per month, while still complying with state staffing guidelines.

- Negotiation of a new service agreement with Alliance Imaging who provides mobile MRI service, resulting in a reduction in fees of $4,000 per month.

- Reduction in scope of service and coverage limits for GE Biomedical Service support, resulting in an expense reduction of about $4,100 per month.

- Reduced stacked parking service to 11:00 am to 4:00 pm. Monthly savings are $3,000 (60 day notice given).

- Reduced security guard coverage to night shift only, seven days a week resulting in savings of $6,250 per month.

- Memberships deemed to not be of a benefit to the ongoing operations of the organization will be cancelled or not renewed. These include memberships with: Aging Services of California, Association of California Hospital Districts, Advisory Board and the Governance Institute for monthly savings of $6,250. Some of the annual fees for these memberships have been prepaid and as such savings will be realized over the next fiscal year.

The annual impact of the above cost reduction initiatives that will affect the Statement of Revenues and Expenses is about $879,000 per year or an average of $73,266 per month, plus $445,000 cash flow savings associated with the discontinuation of the IT consulting firms.

## Initiatives that are in process:

- Expansion of the number of sub acute beds by twelve beds. A letter has been sent to representatives at the California Department of Health Services expressing our interest and the need to expand sub acute capacity at Alameda Hospital.

- Management, together with representatives from the California Hospital Association, have spoken with regional and national representatives from CMS to provide information and data to support the rejection of the State's request under AB 97 (Medi-Cal D/P SNF & Sub Acute reimbursement reductions).

- Termination our inpatient Medi-Cal contract, which will become effective mid October 2011.

- Progressive steps to expand our operational presence in skilled nursing within the District.

The following pages include the detailed financial statements for the twelve (12) months ended June 30, 2011, of fiscal year 2011.

# ALAMEDA HOSPITAL
## KEY STATISTICS
## JUNE 2011

| | ACTUAL JUNE 2011 | CURRENT FIXED BUDGET | VARIANCE (UNDER) OVER | % | JUNE 2010 | YTD JUNE 2011 | YTD FIXED BUDGET | VARIANCE | % | YTD JUNE 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Discharges:*** | | | | | | | | | | |
| Total Acute | 212 | 227 | (15) | -6.6% | 219 | 2,527 | 2,860 | (333) | -11.6% | 2,802 |
| Total Sub-Acute | 1 | 1 | - | 0.0% | 1 | 24 | 17 | 7 | 41.2% | 14 |
| Total Skilled Nursing | 11 | 12 | (1) | -8.3% | 11 | 109 | 146 | (37) | -25.3% | 127 |
| | 224 | 240 | (16) | -6.7% | 231 | 2,660 | 3,023 | (363) | -12.0% | 2,943 |
| ***Patient Days:*** | | | | | | | | | | |
| Total Acute | 745 | 857 | (112) | -13.1% | 762 | 10,443 | 10,782 | (339) | -3.1% | 10,579 |
| Total Sub-Acute | 954 | 1,005 | (51) | -5.1% | 1,013 | 11,861 | 12,228 | (367) | -3.0% | 12,196 |
| Total Skilled Nursing | 672 | 690 | (18) | -2.6% | 686 | 7,966 | 8,395 | (429) | -5.1% | 7,832 |
| | 2,371 | 2,552 | (181) | -7.1% | 2,461 | 30,270 | 31,405 | (1,135) | -3.6% | 30,607 |
| ***Average Length of Stay*** | | | | | | | | | | |
| Total Acute | 3.51 | 3.78 | (0.26) | -6.9% | 3.48 | 4.13 | 3.77 | 0.36 | 9.6% | 3.78 |
| ***Average Daily Census*** | | | | | | | | | | |
| Total Acute | 24.83 | 28.57 | (3.73) | -13.1% | 25.40 | 28.61 | 29.54 | (0.93) | -3.1% | 28.98 |
| Total Sub-Acute | 31.80 | 33.50 | (1.70) | -5.1% | 33.77 | 32.50 | 33.50 | (1.01) | -3.0% | 33.41 |
| Total Skilled Nursing | 22.40 | 23.00 | (0.60) | -2.6% | 22.87 | 21.82 | 23.00 | (1.18) | -5.1% | 21.46 |
| | 79.03 | 85.07 | (6.03) | -7.1% | 82.03 | 82.93 | 86.04 | (1.93) | -2.2% | 83.85 |
| ***Emergency Room Visits*** | 1,363 | 1,470 | (107) | -7.3% | 1,396 | 16,816 | 17,888 | (1,072) | -6.0% | 17,624 |
| ***Outpatient Registrations*** | 1,983 | 2,313 | (330) | -14.3% | 2,075 | 23,796 | 26,838 | (3,042) | -11.3% | 29,079 |
| ***Surgery Cases:*** | | | | | | | | | | |
| Inpatient | 33 | 51 | (18) | -35.3% | 55 | 502 | 599 | (97) | -16.2% | 683 |
| Outpatient | 184 | 148 | 36 | 24.3% | 131 | 1,730 | 1,704 | 26 | 1.5% | 4,229 |
| | 217 | 199 | 18 | 9.0% | 186 | 2,232 | 2,303 | (71) | -3.1% | 4,912 |
| Kaiser Inpatient Cases | - | - | - | - | - | - | - | - | - | 91 |
| Kaiser Eye Cases | - | - | - | - | - | - | - | - | - | 1,461 |
| Kaiser Outpatient Cases | - | - | - | - | - | - | - | - | - | 1,417 |
| ***Total Kaiser Cases*** | - | - | - | - | - | - | - | - | - | 2,969 |
| **% Kaiser Cases** | 0.0% | 0.0% | | | 0.0% | 0.0% | 0.0% | | | 60.4% |
| ***Adjusted Occupied Bed*** | 120.86 | 132.59 | (11.73) | -8.8% | 127.56 | 123.35 | 130.64 | (7.29) | -5.6% | 142.21 |
| ***Productive FTE*** | 325.77 | 367.71 | (41.94) | -11.4% | 365.64 | 362.54 | 368.07 | (5.53) | -1.5% | 386.60 |
| ***Total FTE*** | 398.43 | 418.66 | (20.23) | -4.8% | 425.78 | 420.78 | 418.81 | 1.97 | 0.5% | 442.28 |
| ***Productive FTE/Adj. Occ. Bed*** | 2.70 | 2.77 | (0.08) | -2.8% | 2.87 | 2.94 | 2.82 | 0.12 | 4.3% | 2.72 |
| ***Total FTE/ Adj. Occ. Bed*** | 3.30 | 3.16 | 0.14 | 4.4% | 3.34 | 3.41 | 3.21 | 0.21 | 6.4% | 3.11 |

**City of Alameda Health Care District**
**Statements of Financial Position**
June 30, 2011

| | Current Month | Prior Month | Prior Year End |
|---|---|---|---|
| **Assets** | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | $ 1,802,225 | $ 2,037,785 | $ 3,480,668 |
| Patient Accounts Receivable, net | 7,249,185 | 8,331,120 | 9,558,147 |
| Other Receivables | 8,216,998 | 2,058,403 | 6,654,035 |
| Third-Party Payer Settlement Receivables | 278,580 | 628,100 | 374,557 |
| Inventories | 1,238,762 | 1,159,933 | 1,149,706 |
| Prepaids and Other | 262,359 | 208,538 | 453,872 |
| Total Current Assets | 19,048,109 | 14,423,879 | 21,670,985 |
| Assets Limited as to Use, net | 483,716 | 471,451 | 476,630 |
| Property, Plant and Equipment, net | 8,321,570 | 8,155,703 | 6,993,735 |
| **Total Assets** | **$ 27,853,395** | **$ 23,051,033** | **$ 29,141,350** |
| **Liabilities and Net Assets** | | | |
| Current Liabilities: | | | |
| Current Portion of Long Term Debt | $ 711,784 | $ 416,000 | $ 450,831 |
| Accounts Payable and Accrued Expenses | 7,025,089 | 7,061,608 | 6,112,296 |
| Payroll Related Accruals | 4,003,695 | 3,971,862 | 4,351,133 |
| Deferred Revenue | 5,725,900 | 478,792 | 5,736,951 |
| Employee Health Related Accruals | 343,382 | 528,999 | 645,750 |
| Third-Party Payer Settlement Payable | 267,474 | 909,297 | 500,000 |
| Total Current Liabilities | 18,077,324 | 13,366,558 | 17,796,961 |
| Long Term Debt, net | 1,142,109 | 857,005 | 1,236,831 |
| Total Liabilities | 19,219,433 | 14,223,563 | 19,033,792 |
| Net Assets: | | | |
| Unrestricted | 8,022,670 | 8,228,443 | 9,560,928 |
| Temporarily Restricted | 611,292 | 599,027 | 546,630 |
| Total Net Assets | 8,633,962 | 8,827,470 | 10,107,558 |
| **Total Liabilities and Net Assets** | **$ 27,853,395** | **$ 23,051,033** | **$ 29,141,350** |

# City of Alameda Health Care District

**Statements of Operations**

June 30, 2011

$'s in thousands

| | Current Month | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | $ Variance | % Variance | Prior Year | Actual | Budget | $ Variance | % Variance | Prior Year |
| Patient Days | 2,371 | 2,552 | (181) | -7.1% | 2,461 | 30,270 | 31,405 | (1,135) | -3.6% | 30,607 |
| Discharges | 224 | 240 | (16) | -6.7% | 231 | 2,660 | 3,022 | (362) | -12.0% | 2,942 |
| ALOS (Average Length of Stay) | 10.58 | 10.63 | (0.05) | -0.5% | 10.65 | 11.38 | 10.39 | 0.99 | 9.5% | 10.40 |
| ADC (Average Daily Census) | 79.0 | 85.1 | (6.03) | -7.1% | 82.0 | 83 | 86.0 | (3.11) | -3.6% | 83.9 |
| CMI (Case Mix Index) | 1.2392 | | | | 1.3264 | 1.3274 | | | | 1.3386 |
| Revenues | | | | | | | | | | |
| Gross Inpatient Revenues | $ 12,135 | $ 13,719 | $ (1,584) | -11.5% | $ 12,347 | $ 163,582 | $ 169,166 | $ (5,584) | -3.3% | $ 164,372 |
| Gross Outpatient Revenues | 6,575 | 7,636 | (1,060) | -13.9% | 6,919 | 80,180 | 87,366 | (7,187) | -8.2% | 114,302 |
| Total Gross Revenues | 18,710 | 21,354 | (2,644) | -12.4% | 19,265 | 243,761 | 256,532 | (12,771) | -5.0% | 278,674 |
| Contractual Deductions | 13,761 | 15,507 | 1,747 | 11.3% | 11,925 | 176,499 | 184,820 | 8,320 | 4.5% | 203,724 |
| Bad Debts | 718 | 620 | (98) | -15.8% | 497 | 8,015 | 7,619 | (396) | -5.2% | 6,338 |
| Charity and Other Adjustments | 119 | 155 | 36 | 23.0% | 281 | 1,768 | 1,905 | 137 | 7.2% | 1,294 |
| Net Patient Revenues | 4,112 | 5,072 | (960) | -18.9% | 6,563 | 57,479 | 62,189 | (4,710) | -7.6% | 67,317 |
| Net Patient Revenue % | 22.0% | 23.8% | | | 34.1% | 23.6% | 24.2% | | | 24.2% |
| Net Clinic Revenue | 35 | 28 | 7 | 26.3% | 46 | 430 | 335 | 95 | 28.5% | 201 |
| Other Operating Revenue | 12 | 14 | (2) | -14.8% | 8 | 123 | 166 | (43) | -25.7% | 419 |
| **Total Revenues** | **4,159** | **5,114** | **(955)** | -18.7% | **6,617** | **58,032** | **62,689** | **(4,657)** | -7.4% | **67,936** |
| Expenses | | | | | | | | | | |
| Salaries | 2,727 | 2,808 | 81 | 2.9% | 3,114 | 35,234 | 33,952 | (1,282) | -3.8% | 37,493 |
| Temporary Agency | 143 | 166 | 23 | 13.9% | 167 | 2,385 | 2,060 | (325) | -15.8% | 2,030 |
| Benefits | 473 | 904 | 431 | 47.7% | (193) | 9,300 | 10,735 | 1,435 | 13.4% | 10,115 |
| Professional Fees | 299 | 382 | 83 | 21.6% | 234 | 3,667 | 4,080 | 414 | 10.1% | 3,447 |
| Supplies | 485 | 695 | 210 | 30.3% | 825 | 8,125 | 8,388 | 263 | 3.1% | 9,985 |
| Purchased Services | 345 | 387 | 42 | 10.9% | 436 | 4,318 | 4,665 | 348 | 7.5% | 4,652 |
| Rents and Leases | 83 | 110 | 27 | 24.5% | 49 | 838 | 1,074 | 236 | 22.0% | 843 |
| Utilities and Telephone | 69 | 71 | 2 | 2.8% | 74 | 770 | 861 | 91 | 10.6% | 837 |
| Insurance | 37 | 36 | (1) | -2.0% | 10 | 384 | 430 | 46 | 10.7% | 496 |
| Depreciation and amortization | 77 | 73 | (4) | -5.4% | 102 | 953 | 877 | (77) | -8.7% | 1,155 |
| Other Operating Expenses | 127 | 77 | (49) | -63.6% | 95 | 1,080 | 973 | (107) | -11.0% | 985 |
| **Total Expenses** | **4,863** | **5,709** | **846** | 14.8% | **4,913** | **67,053** | **68,096** | **1,043** | 1.5% | **72,038** |
| **Operating gain (loss)** | (705) | (595) | (109) | -18.3% | **1,704** | **(9,021)** | **(5,407)** | **(3,614)** | 66.8% | **(4,102)** |
| **Non-Operating Income / (Expense)** | | | | | | | | | | |
| Parcel Taxes | 480 | 479 | 1 | 0.1% | 477 | 5,748 | 5,754 | (5) | -0.1% | 5,746 |
| Investment Income | 7 | - | 7 | 0.0% | 6 | 19 | - | 19 | 0.0% | 29 |
| Interest Expense | (12) | (8) | (4) | -44.0% | (7) | (121) | (125) | 4 | -3.5% | (99) |
| Other Income / (Expense) | 23 | 22 | 1 | 5.4% | 4 | 1,716 | 266 | 1,449 | 544.4% | 255 |
| **Net Non-Operating Income / (Expense)** | **499** | **493** | **6** | **1.1%** | **480** | **7,363** | **5,895** | **1,468** | **24.9%** | **5,932** |
| **Excess of Revenues Over Expenses** | **$ (206)** | **$ (102)** | **$ (104)** | **101.4%** | **$ 2,183** | **$ (1,658)** | **$ 488** | **$ (2,146)** | **-439.9%** | **$ 1,830** |

## City of Alameda Health Care District

**Statements of Operations - Per Adjusted Patient Day**

June 30, 2011

| | Current Month | | | | | Year-to-Date | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Budget | $ Variance | % Variance | Prior Year | Actual | Budget | $ Variance | % Variance | Prior Year |
| Revenues | | | | | | | | | | |
| Gross Inpatient Revenues | $ 3,319 | $ 3,454 | $ (134) | -3.9% | $ 3,215 | $ 3,627 | $ 3,552 | $ 74 | 2.1% | $ 3,168 |
| Gross Outpatient Revenues | 1,799 | 1,922 | (124) | -6.4% | 1,802 | 1,778 | 1,834 | (57) | -3.1% | 2,203 |
| Total Gross Revenues | 5,118 | 5,376 | (258) | -4.8% | 5,017 | 5,404 | 5,387 | 17 | 0.3% | 5,370 |
| Contractual Deductions | 3,764 | 3,904 | 140 | 3.6% | 3,105 | 3,913 | 3,881 | (32) | -0.8% | 3,926 |
| Bad Debts | 197 | 156 | (40) | -25.9% | 129 | 178 | 160 | (18) | -11.1% | 122 |
| Charity and Other Adjustments | 33 | 39 | 6 | 16.3% | 73 | 39 | 40 | 1 | 2.0% | 25 |
| Net Patient Revenues | 1,125 | 1,277 | (152) | -11.9% | 1,709 | 1,274 | 1,306 | (32) | -2.4% | 1,297 |
| Net Patient Revenue % | 22.0% | 23.8% | | | 34.1% | 23.6% | 24.2% | | | 24.2% |
| Net Clinic Revenue | 10 | 7 | 3 | 37.2% | 12 | 10 | 7 | 3 | 35.6% | 4 |
| Other Operating Revenue | 3 | 3 | (0) | -7.4% | 2 | 3 | 3 | (1) | -21.5% | 8 |
| **Total Revenues** | **1,138** | **1,287** | **(150)** | -11.6% | **1,723** | **1,287** | **1,317** | **(30)** | -2.3% | **1,309** |
| Expenses | | | | | | | | | | |
| Salaries | 746 | 707 | (39) | -5.5% | 811 | 781 | 713 | (68) | -9.6% | 723 |
| Temporary Agency | 39 | 42 | 3 | 6.4% | 44 | 53 | 43 | (10) | -22.2% | 39 |
| Benefits | 129 | 228 | 98 | 43.2% | (50) | 206 | 225 | 19 | 8.5% | 195 |
| Professional Fees | 82 | 96 | 14 | 14.8% | 61 | 81 | 86 | 4 | 5.1% | 66 |
| Supplies | 133 | 175 | 42 | 24.2% | 215 | 180 | 176 | (4) | -2.3% | 192 |
| Purchased Services | 94 | 97 | 3 | 3.2% | 114 | 96 | 98 | 2 | 2.3% | 90 |
| Rents and Leases | 23 | 28 | 5 | 17.9% | 13 | 19 | 23 | 4 | 17.6% | 16 |
| Utilities and Telephone | 19 | 18 | (1) | -5.6% | 19 | 17 | 18 | 1 | 5.6% | 16 |
| Insurance | 10 | 9 | (1) | -10.8% | 3 | 9 | 9 | 1 | 5.8% | 10 |
| Depreciation and Amortization | 21 | 18 | (3) | -14.5% | 26 | 21 | 18 | (3) | -14.8% | 22 |
| Other Operating Expenses | 35 | 19 | (15) | -77.8% | 25 | 24 | 20 | (4) | -17.2% | 19 |
| **Total Expenses** | **1,330** | **1,437** | **107** | 7.4% | **1,279** | **1,487** | **1,430** | **(57)** | -4.0% | **1,388** |
| **Operating Gain / (Loss)** | **(193)** | **(150)** | **(43)** | -28.6% | **444** | **(200)** | **(113)** | **(86)** | 76.3% | **(79)** |
| **Non-Operating Income / (Expense)** | | | | | | | | | | |
| Parcel Taxes | 131 | 121 | 11 | 8.8% | 124 | 127 | 121 | 7 | 5.5% | 111 |
| Investment Income | 2 | - | 2 | 0.0% | 2 | 0 | - | 0 | 0.0% | 1 |
| Interest Expense | (3) | (2) | (1) | -56.5% | (2) | (3) | (3) | (0) | 1.9% | (2) |
| Other Income / (Expense) | 6 | 6 | 1 | 14.6% | 1 | 38 | 6 | 32 | 580.4% | 5 |
| **Net Non-Operating Income / (Expense)** | **136** | **124** | **12** | **9.9%** | **125** | **163** | **124** | **39** | **31.9%** | **114** |
| **Excess of Revenues Over Expenses** | **$ (56)** | **$ (26)** | **$ (31)** | 118.8% | **$ 568** | **$ (37)** | **$ 10** | **$ (47)** | -448.3% | **$ 36** |

**City of Alameda Health Care District**
**Statement of Cash Flows**
**For the Twelve Months Ended June 30, 2011**

| | Current Month | Year-to-Date |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net Income / (Loss) | $ (205,773) | $ (1,658,321) |
| Items not requiring the use of cash: | | |
| Depreciation and amortization | 76,619 | $ 953,130 |
| Write-off of Kaiser liability | - | $ (1,451,597) |
| Changes in certain assets and liabilities: | | |
| Patient accounts receivable, net | 1,081,935 | 2,308,962 |
| Other Receivables | (6,158,595) | (1,562,963) |
| Third-Party Payer Settlements Receivable | (292,303) | (136,549) |
| Inventories | (78,829) | (89,056) |
| Prepaids and Other | (53,821) | 191,513 |
| Accounts payable and accrued liabilities | (36,519) | 2,364,390 |
| Payroll Related Accruals | 31,833 | (347,438) |
| Employee Health Plan Accruals | (185,617) | (302,368) |
| Deferred Revenues | 5,247,108 | (11,051) |
| Cash provided by (used in) operating activities | (573,962) | 258,652 |
| **Cash flows from investing activities** | | |
| (Increase) Decrease in Assets Limited As to Use | (12,265) | (7,086) |
| Additions to Property, Plant and Equipment | (242,486) | (2,280,965) |
| Other | 0 | 120,063 |
| Cash provided by (used in) investing activities | (254,751) | (2,167,988) |
| **Cash flows from financing activities** | | |
| Net Change in Long-Term Debt | 580,888 | 166,231 |
| Net Change in Restricted Funds | 12,265 | 64,662 |
| Cash provided by (used in) financing and fundraising activities | 593,153 | 230,893 |
| Net increase (decrease) in cash and cash equivalents | (235,560) | (1,678,443) |
| **Cash and cash equivalents at beginning of period** | 2,037,785 | 3,480,668 |
| **Cash and cash equivalents at end of period** | $ 1,802,225 | $ 1,802,225 |

# City of Alameda Health Care District
## Ratio's Comparison

| Financial Ratios | Audited Results FY 2008 | FY 2009 | FY 2010 | Unaudited Results Q1 FY 2011 | Q2 FY 2011 | Q3 FY 2011 | YTD 4/30/2011 | YTD 5/31/2011 | YTD 6/30/2011 |
|---|---|---|---|---|---|---|---|---|---|
| **Profitability Ratios** | | | | | | | | | |
| Net Patient Revenue (%) | 22.48% | 22.69% | 24.16% | 24.06% | 24.56% | 24.52% | 24.08% | 23.71% | 23.58% |
| Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA) | -0.72% | 3.62% | 4.82% | 0.04% | 1.59% | 3.37% | 0.51% | -0.87% | -1.01% |
| EBIDAP[Note 5] | -10.91% | -5.49% | -3.66% | -9.40% | -7.72% | -9.06% | -11.93% | -13.34% | -13.41% |
| Operating Margin | -3.75% | 1.03% | 2.74% | -1.58% | -0.15% | 1.51% | -1.16% | -2.46% | -2.61% |
| **Liquidity Ratios** | | | | | | | | | |
| Current Ratio | 0.98 | 1.15 | 1.23 | 1.19 | 1.21 | 1.24 | 1.13 | 1.07 | 1.05 |
| Days in accounts receivable ,net | 51.70 | 57.26 | 51.83 | 59.89 | 64.26 | 60.17 | 59.07 | 51.36 | 46.03 |
| Days cash on hand ( with restricted) | 30.61 | 13.56 | 21.60 | 12.38 | 9.07 | 14.11 | 17.72 | 15.25 | 14.14 |
| **Debt Ratios** | | | | | | | | | |
| Cash to Debt | 187.3% | 115.3% | 249.0% | 143% | 93.4% | 172.6% | 229.2% | 197.11% | 123.30% |
| Average pay period | 58.93 | 58.03 | 57.11 | 67.10 | 62.78 | 67.98 | 64.70 | 63.06 | 62.68 |
| Debt service coverage | (0.14) | 3.87 | 5.98 | 0.01 | 1.04 | 3.15 | 0.50 | (0.89) | (0.70) |
| Long-term debt to fund balance | 0.26 | 0.20 | 0.14 | 0.14 | 0.13 | 0.11 | 0.12 | 0.13 | 0.18 |

# City of Alameda Health Care District
## Ratio's Comparison

| Financial Ratios | Audited Results FY 2008 | FY 2009 | FY 2010 | Unaudited Results Q1 FY 2011 | Q2 FY 2011 | Q3 FY 2011 | YTD 4/30/2011 | YTD 5/31/2011 | YTD 6/30/2011 |
|---|---|---|---|---|---|---|---|---|---|
| Return on fund balance | -29.59% | 8.42% | 18.87% | -2.66% | -0.49% | 6.92% | -6.61% | -16.45% | -19.21% |
| Debt to number of beds | 20,932 | 13,481 | 10,482 | 9,778 | 9,065 | 8,367 | 8,137 | 7,907 | 11,515 |
| **Patient Care Information** | | | | | | | | | |
| Bed Capacity | 135 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 |
| Patient days( all services) | 22,687 | 30,463 | 30,607 | 7,551 | 15246 | 23,025 | 25,450 | 27,899 | 30,270 |
| Patient days (acute only) | 11,276 | 11,787 | 10,579 | 2,552 | 5,230 | 8,074 | 8,899 | 9,698 | 10,443 |
| Discharges( acute only) | 2,885 | 2,812 | 2,802 | 609 | 1,242 | 1,882 | 2,093 | 2,315 | 2,527 |
| Average length of stay ( acute only) | 3.91 | 4.19 | 3.78 | 4.19 | 4.21 | 4.29 | 4.25 | 4.19 | 4.13 |
| Average daily patients (all sources) | 61.99 | 83.46 | 83.85 | 82.08 | 82.86 | 84.03 | 83.72 | 83.28 | 82.93 |
| Occupancy rate (all sources) | 45.92% | 52.94% | 52.08% | 50.98% | 51.47% | 52.19% | 52.00% | 51.73% | 51.51% |
| Average length of stay | 3.91 | 4.19 | 3.78 | 4.19 | 4.21 | 4.29 | 4.25 | 4.19 | 4.13 |
| Emergency Visits | 17,922 | 17,337 | 17,624 | 4,310 | 8,381 | 12,640 | 14,023 | 15,453 | 16,816 |
| Emergency visits per day | 48.97 | 47.50 | 48.28 | 46.85 | 45.55 | 46.13 | 46.13 | 46.13 | 46.07 |
| Outpatient registrations per day[Note 1] | 84.54 | 82.05 | 79.67 | 64.54 | 64.18 | 65.26 | 65.37 | 65.11 | 65.19 |

# City of Alameda Health Care District
## Ratio's Comparison

| Financial Ratios | Audited Results FY 2008 | FY 2009 | FY 2010 | Unaudited Results Q1 FY 2011 | Q2 FY 2011 | Q3 FY 2011 | YTD 4/30/2011 | YTD 5/31/2011 | YTD 6/30/2011 |
|---|---|---|---|---|---|---|---|---|---|
| Surgeries per day[Note 1] | 14.78 | 16.12 | 13.46 | 6.28 | 6.28 | 6.00 | 6.11 | 6.01 | 6.12 |

Notes:

1. Includes Kaiser Outpatient Sugercial volume in Fiscal Years 2008, 2009 and through March 31, 2010.
2. In addition to these general requirements a feasibility report will be required.
3. Based upon Moody's FY 2008 preliminary single-state provider medians.
4. EBIDA - Earnings before Interest, Depreciation and Amoritzation
5. EBIDAP - Earnings before Interest, Depreciation and Amortization and Parcel Tax Proceeds

# Glossary of Financial Ratios

| Term | What is it? Why is it Important? | How is it calculated? |
|---|---|---|
| EBIDA | A measure of the organization's cash flow | Earnings before interest, depreciation, and amortization (EBIDA) |
| Operating Margin | Income derived from patient care operations | Total operating revenue less total operating expense divided by total operating revenue |
| Current Ratio | The number of dollars held in current assets per dollar of liabilities. A widely used measure of liquidity. An increase in this ratio is a positive trend. | Current assets divided by current liabilities |
| Days cash on hand | Measures the number of days of average cash expenses that the hospital maintains in cash or marketable securities. It is a measure of total liquidity, both short-term and long-term. An increasing trend is positive. | Cash plus short-term investments plus unrestricted long-term investments over total expenses less depreciation divided by 365. |
| Cash to debt | Measures the amount of cash available to service debt. | Cash plus investments plus limited use investments divided by the current portion and long-term portion of the organization's debt insruments. |
| Debt service coverage | Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability. | Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense. |
| Long-term debt to fund balance | Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive. | Long-term debt divided by long-term debt plus unrestricted net assets. |

Date: August 8, 2011

To: City of Alameda Health Care District, Board of Directors

From: Deborah E. Stebbins, CEO

Subject: Approval of Revisions Signature Authority

---

RECOMMENDATION:

Management recommends that revisions be made to the District Policy 2008-0b Signature Authority as reflected in the attached document.

BACKGROUND:

The District operates a number of bank accounts for business purposes that require checks to be written and monies to be deposited and withdrawn in the normal course of business. The Board of Directors authorizes the officers of the District and management to operate these accounts as signatories.

Due to changes in Hospital personnel the bank signature cards are currently being updated to reflect those changes. In addition, to more accurately reflect the duties of each officer of the Board of Directors, the District Policy on Signature Authority relating to expenditures is recommended to be revised by changing the second signatory from Secretary to Treasurer.



2070 Clinton Avenue • Alameda, CA 94501 • TEL (510) 522-3700 • www.alamedahospital.org

City of Alameda Health Care District
Policy 2008-0b
SIGNATURE AUTHORITY

I. PURPOSE

The District maintains a number of bank accounts for business purposes that require checks to be written and monies to be deposited and withdrawn in the normal course of business. This policy defines the responsibility and authorization limits for the disbursement of funds by the District to its vendors and employees by check.

II. POLICY

a. The Board of Directors authorizes the following officers and management positions to serve as the organizations check signors:

i. Board Members

1. President

2. ~~Secretary~~ Treasurer

ii. Management

1. Chief Executive Officer

2. Chief Financial Officer

3. Associate Administrator

4. Chief Nursing Officer

5. Director of Physician Relations

6. Director of Quality and Resource Management

iii. Vendors

1. HealthComp Designee – Self insured health & dental claims payments

b. The Board of Directors authorizes the preparation and use of a facsimile signature of the Chief Executive Officer, in lieu of a manual signature which can be affixed to all hospital generated accounts payable and

payroll related disbursements. A facsimile signature is defined to include, but is not limited to, the reproduction of any authorized signature by a photographic, photo static, or mechanical device. Facsimile signature does not include the use of a rubber stamp signature.

c. The Board of Directors authorizes the following signature requirements with regard to the dollar value of all disbursements:

    i. Disbursements of $9,999 or less require the authorized facsimile signature or in the case of a manually prepared check the manual signature of one of the authorized officers or management positions of the organization.

    ii. Disbursements of $10,000.00 or more requires the authorized facsimile signature and the manual signature of one of the authorized officers or management positions of the organization or in the case of a manually prepared check the manual signature of two of the authorized officers or management positions of the organization.

    iii. A log of all disbursements executed by facsimile signature will be reviewed once a month by the Chief Executive Officer or Associate Administrator.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

**RESOLUTION NO. 2011-4I**

**BOARD OF DIRECTORS, CITY OF ALAMEDA HEALTH CARE DISTRICT**

**STATE OF CALIFORNIA**

*** * ***

BOARD POLICY ON CONFIDENTIAL INFORMATION

WHEREAS, California Government Code Section 54963(a) provides that: "A person may not disclose confidential information that has been acquired by being present in a closed session to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information."

WHEREAS, questions have arisen regarding what types of information may be disclosed while confidential issues are, in whole or in part, still under confidential, closed session discussion; and

WHEREAS, this Board desires to clarify its policy in this regard in a manner that both preserves confidentiality, when appropriate, and enhances public transparency;

**NOW THEREFORE, BE IT RESOLVED**, that Board members shall not publish interpretations or personal conclusions with respect to any matter still under consideration in closed sessions, or not yet made public by the Board ("Closed Session Items"); however, Board members may disclose or re-publish verbatim texts of written materials previously made public by the District with respect to such pending Closed Session Items.

PASSED AND ADOPTED on August 8, 2011 by the following vote:

AYES: _____ NOES: _____ ABSENT: _____

_____
Jordan Battani
President

ATTEST:

_____
Elliott Gorelick
Secretary

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

**RESOLUTION NO. 2011-5I**

**BOARD OF DIRECTORS, CITY OF ALAMEDA HEALTH CARE DISTRICT**

**STATE OF CALIFORNIA**

*** * ***

**DISTRICT POLICY ON USE OF ELECTRONIC DEVICES AT BOARD MEETINGS**

WHEREAS, the Board of Directors of the City of Alameda Health Care District is committed to a full and fair discussion, both among Board members and with the public, of the issues presented to it for consideration, without undue distraction or disruption; and

WHEREAS, the Board has concluded that the use of internet-enabled or web-enabled electronic devices and cell phones by Board members during meetings creates a disruptive distraction to the other members while important issues facing the District are under consideration;

**NOW THEREFORE, BE IT RESOLVED**, that, with the exception provided in the next clause, it is the policy of the District that the use of internet-enabled or web-enabled electronic devices and cell phones during meetings is prohibited; if a Board member receives an urgent or emergent communication, or is required to initiate one, that Board member shall excuse him/herself and conclude the communication out of the earshot of the other Board members and the public.

Be it further resolved, that, in accordance with Government Code Section 54957.9., the Board may enforce this policy by the removal of individuals who are willfully interrupting the meeting or violating this policy.

PASSED AND ADOPTED on August 8, 2011 by the following vote:

AYES: _____ NOES: _____ ABSENT: _____

_____
Jordan Battani
President

ATTEST:

_____
Elliott Gorelick
Secretary

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: August 8, 2011

To: City of Alameda Health Care District, Board of Directors

From: Jim Yeh, DO, Medical Staff President

Subject: Approval of Medical Staff Rules, Regulations and Policies, Article 35 – Conflict Management Process

---

RECOMMENDATION:

It is recommended that the Board of Director approve the Medical Staff Rules, Regulations and Policies, Article 35 – Conflict Management Process as outlined in the attachment.

BACKGROUND:

The Joint Commission issued new regulatory standards under MS.01.01.01 which delineate provisions that must be included in the Medical Staff Bylaws and Rules and Regulations. Specifically, Element of Performance 10 states that the Medical Staff must establish a process for resolving disputes between the Medical Staff and the Medical Executive Committee related to proposals to adopt a rule and regulation or policy. Medical Staff members must also have a vehicle for communicating with the Governing Board on a rule and regulation or policy adopted by the Medical Staff or the Medical Executive Committee.

To satisfy LP 10 of the Joint Commission standards, Gregory Cochran, Attorney at Law, prepared the attached proposed Article 35 for inclusion in the Medical Staff Rules and Regulations. The Medical Executive Committee approved Article 35 on July 29th and recommended the same be approved by the Board of Directors.

>><<

| TITLE: ARTICLE 35: PROPOSED MEDICAL STAFF RULES, REGULATIONS AND POLICIES; CONFLICT MANAGEMENT PROCESS | EFFECTIVE DATE: _____ |
|---|---|
| | PAGE: 1 of __ |

A. PROPOSED MEDICAL STAFF RULES.

1. Except as provided at Subsection A.4 below (pertaining to circumstances requiring urgent action), the Medical Executive Committee shall not act on a Proposed Rule (as defined in Section 10.1 of the Bylaws) until the Active Medical Staff has had a reasonable opportunity to review and comment on the Proposed Rule. [This review and comment opportunity may be accomplished thirty percent (30%)by providing all Active Staff Members with a copy of the Proposed Rule at least thirty (30) days prior to the scheduled Medical Executive Committee meeting, together with instructions how interested members may communicate comments. A comment period of at least fifteen (15) days shall be afforded, and all comments shall be summarized and provided to the Medical Executive Committee prior to Medical Executive Committee action on the Proposed Rule.]

2. Medical Executive Committee approval is required, unless the Proposed Rule is one generated by petition of at least thirty percent (30%) of the Active Medical Staff. In this latter circumstance, if the Medical Executive Committee fails to approve the Proposed Rule, it shall invite the Active Medical Staff to meet to resolve differences, using the procedures set forth in Section C, Conflict Management below.

   a. If conflict management is not invoked within thirty (30) days it shall be deemed waived. In that case, the Active Medical Staff's Proposed Rule shall be submitted for vote, and if approved by the Active Medical Staff pursuant to Subsection A.2.c, the Proposed Rule shall be forwarded to the Governing Body for action. The Medical Executive Committee may forward comments to the Governing Body regarding the reasons it declined to approve the Proposed Rule.

   b. If resolution management is invoked, the Proposed Rule shall not be voted upon or forwarded to the Governing Body until the resolution management process has been completed, and the results of the resolution management process shall be communicated to the Governing Body.

   c. With respect to Proposed Rules generated by petition of the Active Medical Staff, approval of the Active Medical Staff requires the affirmative vote of a majority of the Active Medical Staff members voting on the matter by mailed secret ballot, provided at least 14 days' advance written notice, accompanied by the Proposed Rule, has been given, and at least sixty percent (60%) of votes have been cast.

3. Following approval by the Medical Executive Committee or favorable vote of the Active Medical Staff as described above, the Proposed Rule shall be forwarded to the Governing Body for approval, which approval shall not be withheld unreasonably. The Rule shall become effective immediately following approval of the Governing Body or automatically within 60 days if no action is taken by the Governing Body.

4. Where urgent action is required to comply with law or regulation, the Medical Executive Committee is authorized to provisionally adopt a Rule and forward it to the Governing Body for approval and immediate implementation, subject to the following. If the Active Medical Staff did not receive prior notice of the Proposed Rule (as described at Subsection A.1, the Active Medical Staff shall be notified of the provisionally-adopted and approved Rule, and may, by petition signed by at least thirty percent *(*30%*)* of the Active Medical Staff require the Rule to be submitted for possible recall; provided, however, the approved Rule shall remain effective until such time as a superseding Rule meeting the requirements of the law or regulation that precipitated the initial urgency has been approved pursuant to any applicable provision of this Section A.

B. PROPOSED MEDICAL STAFF POLICIES

1. Medical Executive Committee approval is required, unless the proposed policy is one generated by petition of at least thirty percent *(*30%*)* of the Active Medical Staff. In this latter circumstance, if the Medical Executive Committee fails to approve the proposed policy, it shall notify the Active Medical Staff. The Medical Executive Committee and the Active Medical Staff each has the option of invoking or waiving the conflict management provisions of Section C below.

   a. If resolution management is not invoked within thirty [30] days it shall be deemed waived. In this circumstance, the Active Medical Staff's proposed policy shall be submitted for vote, and if approved by the Active Medical Staff pursuant to Subsection B.1.c, the proposed Rule shall be forwarded to the Governing Body for action. The Medical Executive Committee may forward comments to the Governing Body regarding the reasons it declined to approve the proposed policy.

   b. If resolution management is invoked, the proposed policy shall not be voted upon or forwarded to the Governing Body until the resolution management process has been completed, and the results of the resolution management process shall be communicated to the Active Medical Staff and the Governing Body.

   c. Approval of the Active Medical Staff shall require the affirmative vote of a majority of the Active Medical Staff members voting on the matter by mailed secret ballot, provided at least fourteen (14) days' advance written notice, accompanied by the proposed Rule, has been given and at least sixty percent (60%) votes have been cast.

2. Following approval by the Medical Executive Committee or the Active Medical Staff as described above, a proposed Rule shall be forwarded to the Governing Body for approval, which approval shall not be withheld unreasonably. The policy shall become effective immediately following

approval of the Governing Body or automatically within sixty [60] days if no action is taken by the Governing Body.

3. The Medical Staff shall be notified of the approved policy, and may, by petition signed by at least thirty percent (30%) of the Active Medical Staff require the policy to be submitted for possible recall; provided, however, the approved policy shall remain effective until such time as it is repealed or amended pursuant to any applicable provision of this Section B.

C. CONFLICT MANAGEMENT

In the event of a conflict between the Medical Executive Committee and the Active Medical Staff (as represented by written petition signed by at least thirty percent (30%) of the Active Medical Staff regarding a proposed or adopted Rule or policy, or other issue of significance to the Medical Staff, the President of the Medical Staff shall convene a meeting with the petitioners' representative(s). The foregoing petition shall include a designation of up to five (5) members of the Active Medical Staff who shall serve as the petitioners' representative(s). The Medical Executive Committee shall be represented by an equal number of Medical Executive Committee members. The Medical Executive Committee's and the petitioners' representative(s) shall exchange information relevant to the disagreement and shall work in good faith to resolve differences in a manner that respects the positions of the Medical Staff, the leadership responsibilities of the Medical Executive Committee, and the safety and quality of patient care at the hospital. Resolution at this level requires a majority vote of the Medical Executive Committee's representatives at the meeting and a majority vote of the petitioner's representatives. Unresolved differences shall be submitted to the Governing Body for its consideration in making its final decision with respect to the proposed Rule, policy, or issue.

>><<

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: August 8, 2011

TO: City of Alameda Health Care District, Board of Directors

THROUGH: Finance and Management Committee

FROM: Deborah E. Stebbins, Chief Executive Officer
Kerry Easthope, Associate Administrator

SUBJECT: Approval of Modifications to Bank of Alameda Line of Credit and Wound Care Loan Covenants

---

**Recommendation:**

The Finance and Management Committee and executive management recommend that the Board of Directors approve the modifications and waivers to the Terms and Covenants for the Line of Credit and Wound Care Construction Loan agreed to between the Bank of Alameda and Alameda Hospital.

Additionally, executive management is requesting that the District's Chief Executive Officer and Associate Administrator execute the required documents to reflect these modifications on behalf of the District.

**Background & Discussion:**

On May 9, 2011 the City of Alameda Health Care Board of Directors approved the final Terms and Conditions of the Line of Credit and Wound Care Construction Loan. Since that time, we have informed the Bank of Alameda that the Hospital would be in violation of two of the original covenants with respect to our June 30, 2011 financial statements. The specific violations are the required Annual Debt Service Coverage Ratio (DSCR) of 1.20:1.00 and the minimum actual Net Income of $1.00 for year-end June 30, 2011.

Following a series of discussions regarding this matter with representatives from the Bank of Alameda, it was agreed that these two covenants be waived. This waiver request was approved by the Bank's Loan Committee on July 21, 2011.

Furthermore, it was agreed and approved by the Bank of Alameda Loan Committee, that the following Amendments to the Terms and Covenants be adopted for both the Line of Credit and Construction Loan.

- Eliminate and remove all DSCR requirements in their entirety.

- Add: Minimum current ratio of 1:00:1:00 to be tested every quarter-end (next test September 30, 2011).
- Maintain: Minimum Net Income of $1.00 to be tested at fiscal year-end (next test June 30, 2012).

- Add: Minimum Tangible Net Worth of $7.5 million to be tested every quarter-end (next test September 30, 2011.

- To limit the availability of the $900K Wound Care Loan to $700K for costs associated with only construction, construction planning and management, furniture, fixtures and equipment. Any draw exceeding $700K for any other purposes will require the approval of the Bank on a case by case basis.

This Amendment approval is conditioned upon an updated legal opinion from the Bank's legal counsel confirming that the special parcel tax will continue to support all loans from the Bank to the Hospital. It is anticipated that the Bank will charge the Hospital for a portion or all of this review cost. However, we will be able to borrow under the Line of Credit upon execution of the Loan Covenant Violation Waiver. Thomas Driscoll, Legal Counsel to the District, previously provided the Bank of Alameda with a legal opinion regarding use of the parcel tax as a security interest. That legal opinion is attached for reference.

All other Terms and Covenants of the Loan and Line of Credit would remain in full force and effect.

THOMAS L. DRISCOLL
ATTORNEY AT LAW
2002 Third Street #114
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Telephone (415) 281-0900
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May 12, 2011

**Hand Delivered at Closing**
Roger Chu
Bank of Alameda
155 Grand Ave.
Oakland, CA 94612

Re: Authority of City of Alameda Healthcare District to expend Proposition A Parcel Tax Proceeds; Disposition following Dissolution

Dear Mr. Chu:

The City of Alameda Healthcare District ("District") plans to establish a Wound Care Clinic to be located within the boundaries of the District as an outpatient department of its hospital, in space leased, improved and equipped from the proceeds of a $900,000 loan from the Bank of Alameda ("Loan"). In addition, the District plans to enter into a new and separate line of credit ("LOC") to repay and replace the line of credit currently outstanding with the Bank of Alameda. The management of the District has prepared more detailed descriptions of both the Loan and the LOC, dated May 9. 2011, and such descriptions are attached hereto. You have asked for our opinion regarding two specific issues:

1. May tax revenues from the special tax approved by the voters of the District in 2002 as Measure A be used to repay the Loan and the LOC?

2. Assuming this is a proper use of tax revenues from Measure A, would such tax revenues be available until the Loan and the LOC are fully repaid?

In our view, parcel taxes collected under the authority of Measure A may be used for establishment of the Wound Care Clinic, as described above, as these uses are within the purposes for which the special tax was enacted. In addition, provided that an appropriate pledge of such tax revenues is made by the District in the agreements establishing and securing the Loan, the District or its successor may be obligated to levy and appropriate such tax revenues until the Loan is fully repaid. Likewise, provided that an appropriate pledge of such tax revenues is made by the District in the agreements establishing and securing the LOC, and the LOC is used for purposes permissible under the terms of Measure A, the District or its successor may be obligated to levy and appropriate such tax revenues until the LOC is fully repaid.

In reaching these conclusions, we are relying solely on the facts recited herein and our review of copies of the ballot measure and resolutions calling the 2002 election on Measure A, including the resolution adopted by the Alameda County Local Agency Formation Commission ("LAFCO") calling for establishment of the District.

We assume, for purposes of this advice, that the Loan and LOC agreements will be drafted and approved by both parties so as to become legally enforceable obligations of the District, as described below. In providing advice on the two specific questions set forth above, such advice is limited solely to the substantive laws of the State of California, as applied by courts located in California without regard to choice of law, and the federal laws of the United States (except for federal and state tax, antitrust, bankruptcy, energy, utilities, national security, anti-terrorist, anti-money laundering securities, or blue sky law laws, as to which we express no opinion herein). Our advice is based on laws, regulations, rulings and court decisions as of the date hereof.

**1. Use of the proceeds of Measure A for Wound Care Clinic.**

In Measure A, the voters of the District were asked in 2002 whether they would impose a special tax on parcels within the District "to defray operating expenses and capital needs, all as more particularly described in the resolution [adopted by LAFCO]." In that resolution, LAFCO made formation of the District contingent upon approval of the special tax "to assist the proposed District in meeting the costs of providing emergency, acute care and other healthcare services, and operating and improving property of the proposed District." You have asked whether the establishment of the Wound Care Clinic is within these stated purposes of Measure A.

The courts have likened the relationship between the electorate and districts which arises from an election authorizing the levying of taxes to support borrowing by the government to a contractual relationship. (*Associated Students of North Peralta Community College v. Board of Trustees of the Peralta Community College District* (1979) 92 Cal.App.3d 672.) In determining the scope of use of tax proceeds, the courts examine the ballot language, the resolution calling the election and other information publicly available to the voters.

Traditionally, agencies have used broad, general descriptions of the expected uses of the proceeds of a parcel tax or other bond authorization in calling an election in order to allow for changes in priorities and plans of the proposed district. Where an agency's description of planned uses is specific and definite, its spending authority can be restricted. (*San Diego County v. Perrigo* (1957) 155 Cal.App.2d 644, 318 P.2d 542; see also, *San Lorenzo Valley Community Advocates v. San Lorenzo Valley Unified*

*School District* (2006) 139 Cal. App. 4th 1356; *Committee for Responsible School Expansion v. Hermosa Beach City School District (2006)* 142 Cal. App. 4th 1178).

Here, LAFCO employed expansive language, both in the ballot measure and in the resolution referenced therein and available to the voters prior to the 2002 election, to permit use of the proceeds of the special tax for "healthcare services," operations, and "improving property." In our opinion, the costs of establishing a Wound Care Clinic as a department of the hospital would be squarely within the plain language of this broad authorization. The language approved by the voters puts no specific restrictions on the use of the tax revenues which would limit the right of the District to enter into the Loan. Consequently, we believe that proceeds of taxes imposed under Measure A may be expended for the proposed project. As for the LOC, if the agreement between the District and the Bank of Alameda appropriately limits the use of the LOC's proceeds to the purposes approved by the voters, then tax revenues from the special tax approved by the voters of the District in 2002 as Measure A may likewise be used to repay the LOC.

**2. Duration of levy under Measure A to repay the Loan.**

You have also asked whether the proceeds of Measure A would be available until the Loan and LOC are repaid. First, we note that Measure A contains no time limit on the authority of the District to impose the parcel taxes approved by the voters. No time limit is legally required.

Second, we believe that the parcel tax proceeds may be pledged as security for repayment of the Loan and LOC, subject to statutory and Constitutional limits.[1] For example, Government Code section 5450-5451 authorizes the pledge of collateral, including revenues, by local agencies (including the District) to secure "bonds" which would appear to include the Loan and the LOC. For example, the District could rely upon Health & Safety Code section 32130.6 in obtaining both the Loan and the LOC. This section authorizes borrowing for up to 5 years "secured, in whole or in part, by the accounts receivable or other intangible assets of the district, *including anticipated tax revenues* . . . to be used for any district purpose." Assuming that the Loan is structured to comply with this, or other statutory borrowing authority available to the District, the proceeds of Measure A would be available to repay the Loan until the obligation is retired.

Health & Safety Code section 32130.6(a) permits a District to:

[1] For example, the California Constitution, as interpreted in *Merchants Bank v. Escondido Irr. Dist.* (1904) 144 Cal. 329 and *Kugler v Yocum* (1968) 69 Cal.2d 371, may limit the remedies available to the Bank of Alameda to compel imposition of the tax and appropriation to repay the Loan.

> (a) (1) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.
>
> (2) Any money borrowed under this line of credit pursuant to paragraph (1) shall be repaid within five years from each separate borrowing or draw upon the line of credit.
>
> (3) The district may enter into a new and separate line of credit to repay a previous line of credit pursuant to paragraph (1), provided that the district complies with this section in entering into a new line of credit.

Thus, assuming that the LOC is structured to comply with this section, the proceeds of Measure A would be available to repay the LOC until the obligation is retired.

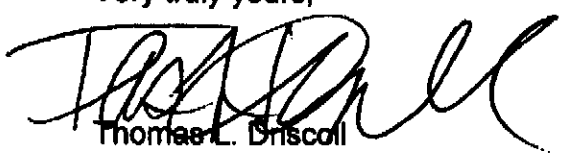
Indeed, proceeds of Measure A would be available to repay the Loan and the LOC even in the event of dissolution of the District. First, we note that dissolution of the District is an event which requires voter approval at an election under Government Code section 57103. Assuming that dissolution were approved by the voters, LAFCO would be required to designate a successor agency (such as the County of Alameda) to wind up the affairs of the District, succeed to its assets, and assume its responsibilities. As to outstanding indebtedness, LAFCO would, once again, be required to impose on the successor to the District an obligation to continue to collect parcel taxes until the Loan and LOC were repaid. Government Code section 57458 provides:

> Until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding long-term obligations, which are payable in whole or in part from taxes or assessments upon any property within all or any part of the territory of a dissolved district, the legislative body of the successor shall in each year provide for the levy and collection of taxes or assessments upon the property sufficient to pay any principal, interest, and any other amounts owing on account of such obligations, as they become due. . . .[2]

[2] Additional restrictions are also imposed on the successor's disposition of assets prior to satisfaction of outstanding obligations. See, e.g., Government Code section 57459.

Consequently, we believe that the parcel taxes authorized by Measure A must, per this statutory language, be imposed by the District or its successor until the Loan and LOC are fully repaid.

Very truly yours,



Thomas L. Driscoll

Cc: Client

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: August 8, 2011

TO: City of Alameda Health Care District, Board of Directors

FROM: Deborah E. Stebbins, Chief Executive Officer
Kerry Easthope, Associate Administrator

SUBJECT: Ratification of Authorization to Access the Bank of Alameda Line of Credit

---

**Recommendation:**

It is recommended that the Board of Directors ratify the authorization to access up to $750,000 of the Line of Credit with the Bank of Alameda.

**Background & Discussion:**

There was discussion at the Finance and Management Committee of July 27, 2011 as to the requirement that the Board approve the access to the LOC based on the changes to the terms and covenants that were presented to the Finance and Management Committee. After reviewing the minutes and Board video from the July 11, 2011 District Board Meeting, the District Board approved going forward with accessing the line of Credit assuming there are no material changes to the terms of the loan agreement. The approval was not a blanket authorization for management and was dependent there being no material changes to the terms and covenants of the loan agreements. Material changes that were discussed included additional terms beyond the security of the parcel tax and the possibility of Bank withdrawing the capital loan portion of the line of credit.

Since there are no material changes to the loan terms and covenants, and after discussion with Board President, Jordan Battani as well as Legal Counsel, Tom Driscoll, executive management accessed the Line of Credit on Friday, July 29, 2011 to address cash flow needs and to mitigate the delay in receiving the IGT funds transfer from the State. The amount of IGT funds on deposit with the State is $700,000. Management limited the draw to $250,000 until the Board ratified the authorization at the August 8th meeting.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: August 8, 2011

To: City of Alameda Health Care District, Board of Directors

Through: Finance and Management Committee

From: Deborah E. Stebbins, CEO

SUBJECT: Reconciliation of FY 2011 Actual to Budget Variances

---

At the last meetings of the Finance and Management Committee and the Board of Directors, Management committed to provide a summary of the key favorable and unfavorable variances between actual vs. budget results for the FY 2011 Operating Budget. This memorandum outlines those variances, which are summarized on Attachment A.

The FY 2011 margin (Excess of Revenue over Expense) was budgeted at $488,000. The FY2011 unaudited actual margin (Excess of Revenue over Expense) was a loss of $1,699,000, representing an unfavorable variance of $2,193,000. The following are components of the variance:

**Non-Operating Income:**
Normally Non-Operating Income is comprised predominantly of the Parcel Tax Revenue plus much smaller amounts for interest and investment income. This year, there was a favorable variance of $1,470,000 in this category as result of a non-reoccurring write off of a third party liability. Although we were aware this write-off might occur during FY 2011, it was not included in the FY 2011 budget until we received appropriate advice from legal counsel and our auditor.

**Net Revenue Variances:**
There are two parts of the Net Revenue variances which, in total result in an unfavorable Net Revenue of ($4,659K). They include:

1. Two unforeseen and essentially uncontrollable adjustments for the lower IGT payment and the FY 2009 Medi-Cal payment adjustment, totaling ($2,140K). These are both included in the Contractual Deductions line, which is where such items are appropriately booked. At the time of the budget preparation we fully expected our IGT pick up would be closer to $2.2 million instead of the actual amount of $700K. The variance was largely the result of much greater participation in the IGT program by District Hospitals, which diluted the available funds for each participant. The 2009 Medi-Cal payment adjustment was the result of recent budget negotiations at the State level in which an injunction to impede the State implementing a rate reduction during the 2009 fiscal year was removed, allowing the State to collect the reduced amount.

2. There were also significant variances in net operating revenue as a result of a sharp decline in volume and patient acuity, especially in the months of April, May and June. For the year, the unfavorable Net Revenue associated with these variances totaled

($2,518,000) or (4%) from budget. Of this approximately $1,480K is associated with Inpatient volume and acuity and $1,038K is associated with Outpatient volumes. It is important to note that total patient days were also under budget for the year by (3.6%).

3. We have estimated the inpatient net revenue variance based on the product of budgeted net revenue per patient day multiplied by the variance between budgeted and actual inpatient days. ($1,303 / day X 1,135 days variance).

4. The outpatient calculation is essentially done similarly based on $ per registration and includes the lower outpatient registrations and revenue due to the delayed start of Wound Care, which makes up about half of the outpatient net revenue variance. It should be noted that while the net revenue outpatient variance was substantially impacted by the delayed opening of the Wound Care program, expenses for the program were also delayed. The bottom line impact of the delay for Wound Care is minimal (about $50,000). This low margin does not reflect long term contributions for Wound Care since the volume, revenue and expense will ramp up gradually in the first year.

**Operating Expenses**:

Productive salaries and registry are both negative variances which, in a perfect world should actually been favorable variances given the lower volume and acuity. While there was an attempt to react to that through flexed staffing, unit consolidation and, as of June, a mandatory furlough program, we were not successful in flexing proportionately to the volume and acuity drop. We should have come closer to achieving some favorable variances. A significant portion of the registry and temporary labor expenses related to temporary staff in the Information Technology Department, all of whom have now either completed their assignments or have been placed in open permanent positions.

The larger labor variance is in non-productive salaries. We have done a lot of work to better understand this variance; however, the Alliance system, which is our budgeting tool, has been down for the past several days. From what we have found out, it does appear that the actual expenses for non-productive salaries appears to be accurate and that this pay category was understated in the FY 2011 budget.

Offsetting positive variances in Employee Benefits Expenses ($1,435K) are valid (we really have seen about a $1 million decrease in our employee health expenses and workers compensation expense). Other expense categories combined were about $1.368K better than budget. This in part was associated with the lower patient volumes throughout the hospital as well as costs associated with not operating the Wound Care Clinic ($375K), as well as delays associated with completing the PACS and Radiology suite upgrades ($205K).

In FY 2009, FY 2010 and FY 2012, most non-productive hours and wages were calculated off a position control listing of each and every employee. In addition, budgeted wages for non-productive categories that vary, rather than being accrual-based, e.g. (education leave, jury duty, etc.) were based on historical usage. In FY 2011, the budget was based on an annualization of all YTD actual non-productive hours incurred to date at the time of budget. For the FY 2011 budget this resulted in about $1.2 million understatement of the non-productive wages.

**Attachement A**

**FY 2011 Actual to Budget Variance Reconciliation**
**($'s in thousands)**

| | Financial Statement Information | Variance Reconciliation |
|---|---|---|
| **2011 Budgeted Excess of Revenue Over Expense** | **$488** | |
| | | |
| **2011 Non-Operating Income Variances** | **$1,470** | **$1,468** |
| | | |
| **Contractual Allowance Variances: *** | | |
| IGT Payments below budget | | ($1,500) |
| FY 2009 MediCal Payment Adjustments | | ($640) |
| Subtotal | | **($2,140)** |
| | | |
| | | |
| **Operating Net Revenue Variances:** | | |
| Inpatient Volume/Acuity Related Variance | | ($1,480) |
| Outpatient Volume/Wound Care Variance | | ($1,038) |
| Subtotal | | **($2,518)** |
| | | |
| **Total Non-operating and Net Operating Variance** | **($4,659)** | **($4,658)** |
| | | |
| **Expense Variances** | | |
| Salaries: | | |
| Productive | | ($243) |
| Non-Productive | | ($1,038) |
| Subtotal - Salaries | | ($1,281) |
| Registry/Temp Labor | | ($325) |
| Benefits | | $1,435 |
| Pro Fees,Supplies, Purch Svcs,Rents, Insurance | | $1,368 |
| Depreciation and Other | | ($200) |
| **Total Expense Variances** | **$1,002** | **$997** |
| | | |
| **2011 Actual Excess Revenue over Expense/Variance** | **($1,699)** | **($2,193)** |

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

# Handouts and Presentations from August 8, 2011 District Board Meeting Posted August 9, 2011

2070 Clinton Avenue • Alameda, CA 94501 • TEL (510) 522-3700 • www.alamedahospital.org

Alameda Hospital
Quality Care - Close To Home

# Meaningful Use

***

# Alameda Hospital

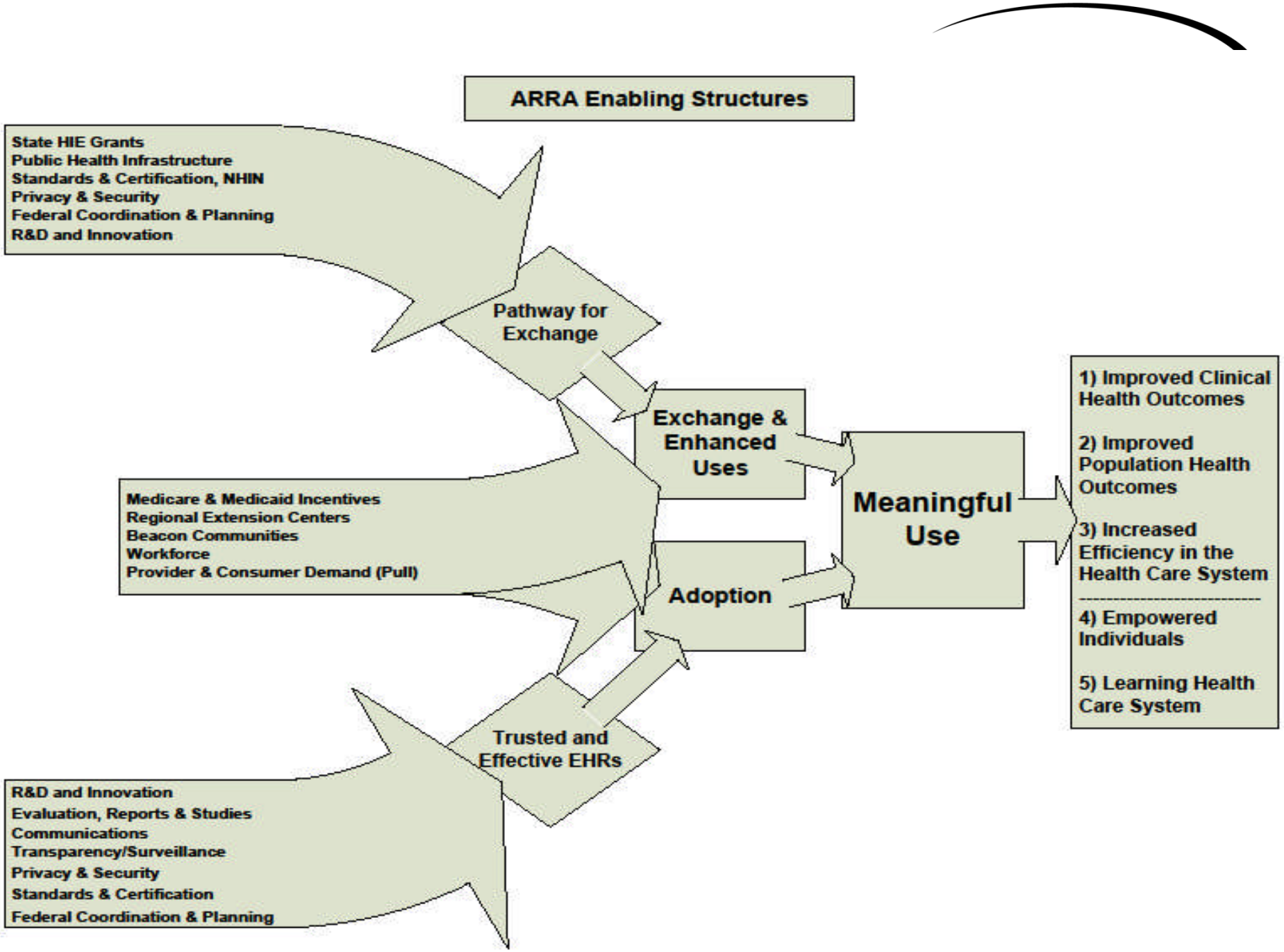
Daniel Dickenson
Director of Information Systems

# Meaningful Use Background

Alameda Hospital
*Quality Care - Close To Home*

Health Information Technology for Economic and Clinical Health Act (HITECH Act)

- Use Health IT to
  - Improve health of Americans
  - Improve performance of health care system
- Components
  - Funding for ***health IT infrastructure*** including HIE
  - Incentives (Medicare and Medicaid) for ***meaningful use***
  - Strengthen privacy and security of health information
  - Designated **Office of National Coordinator** (ONC) in Health & Human Services (HHS) as lead


ARRA Enabling Structures
State HIE Grants
Public Health Infrastructure
Standards & Certification, NHIN
Privacy & Security
Federal Coordination & Planning
R&D and Innovation
Pathway for Exchange
Medicare & Medicaid Incentives
Regional Extension Centers
Beacon Communities
Workforce
Provider & Consumer Demand (Pull)
Exchange & Enhanced Uses
Adoption
Meaningful Use
1) Improved Clinical Health Outcomes
2) Improved Population Health Outcomes
3) Increased Efficiency in the Health Care System
4) Empowered Individuals
5) Learning Health Care System
Trusted and Effective EHRs
R&D and Innovation
Evaluation, Reports & Studies
Communications
Transparency/Surveillance
Privacy & Security
Standards & Certification
Federal Coordination & Planning

# Medicaid/Medicare Meaningful Use Incentive Program

Alameda Hospital
Quality Care - Close To Home

- Goals
  - improving quality, safety, efficiency, and reducing health disparities;
  - engage patients and families in their health care;
  - improve care coordination;
  - improve population and public health; and
  - ensure adequate privacy and security protections
- Mechanism
  - Incentives to eligible physicians and hospitals that
    - Use certified electronic health record (EHR)
    - Meet criteria for meaningful use

# Electronic Health Record Qualified & Certified

Alameda Hospital
*Quality Care - Close To Home*

- Qualified EHR;
- Certified EHR
- Certification criteria
- MEDITECH provides all of these

Initial set of standards are organized into four categories

Vocabulary Standards
Content Exchange Standards
Transport Standards
Privacy and Security Standards

# Meaningful Use CMS Requirements

Alameda Hospital
*Quality Care - Close To Home*

- Stage 1 (2011)
  - electronically capturing health information in a coded format
  - using that information to track key clinical conditions and communicating that information for care coordination
  - implementing clinical decision support tools to facilitate disease and medication management
  - reporting clinical quality measures and public health information
- Stage 2 (2013) date is likely to slip based upon standards not yet identified
  - encourage the use of health IT for CQI at the point of care
  - encourage exchange of information in the most structured format possible
  - orders entered using computerized provider order entry
  - electronic transmission of diagnostic test results and other such data needed to diagnose and treat disease
- Stage 3 (2015)
  - improvements in quality, safety and efficiency, focusing on decision support for national high priority conditions, patient access to self management tools, access to comprehensive patient data and improving population health.

# Pathway to ARRA Incentives

Alameda Hospital
*Quality Care - Close To Home*


CCHIT-certified or new certifying bodies yet to be named

Stage 1:
28 measures; 17 require only attestation

In either Medicaid or Medicare program

## Medicare and Medicaid incentives

- Eligible professionals – volume thresholds (Medicaid percentage)
- Eligible hospitals – acute care and children's hospitals
- States may request CMS approval to implement meaningful use measures above the minimum

# MEDICARE REIMBURSEMENTS

Alameda Hospital
*Quality Care - Close To Home*

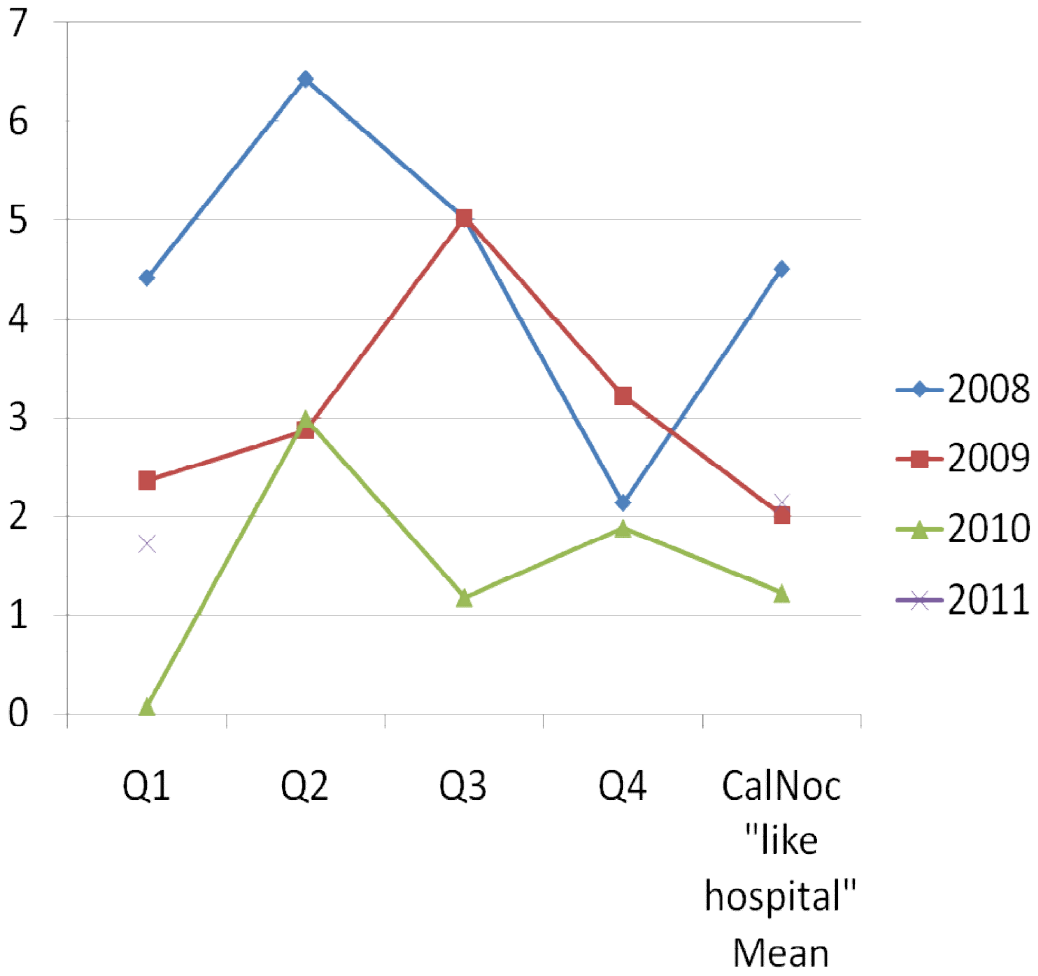
| Transition factor for | First payment year, 2011 | First payment year, 2012 | First payment year, 2013 | First payment year, 2014 | First payment year, 2015 |
|---|---|---|---|---|---|
| 2011 | 1 | NA | NA | NA | NA |
| 2012 | 0.75 | 1 | NA | NA | NA |
| 2013 | 0.5 | 0.75 | 1 | NA | NA |
| 2014 | 0.25 | 0.5 | 0.75 | 0.75 | NA |
| 2015 | NA | 0.25 | 0.5 | 0.5 | 0.5 |
| 2016 | NA | NA | 0.25 | 0.25 | 0.25 |

# More information

Alameda Hospital
Quality Care - Close To Home

- http://healthit.hhs.gov
- http://www.himss.org/EconomicStimulus/
- http://www.ohi.ca.gov/calohi/LinkClick.aspx?fileticket=9e52c2gpa_c%3D&tabid=169
- http://ehealth.ca.gov/Portals/0/uploads/eHealth%20Plans/CeC%20Technical%20Implementation%20Plan/CeC-Technical-Implementation-Plan-Draft-Posted-090910-FINAL2.pdf
- http://healthit.hhs.gov/portal/server.pt/community/healthit_hhs_gov__onc_beacon_community_program__improving_health_through_health_it/1805
- http://www.calrhio.org/

## Hospital Acquired Pressure Ulcers (HAPU) per 1,000 patient days.




**2008**

-As part of the Institute for Healthcare Improvement's (IHI) 5 Million Lives Campaign a recommendation of 12 scientifically proven interventions to help reduce pressure ulcers was implemented at A.H.

**June 2008**

-AH joined the Bay Area Beacon Collaborative HAPU program to improve our outcomes.

-CMS notes 2.5 Million patients per year suffer HAPU and approximately 60,000 patients die.

-Effective October 2008 reimbursement for hospital acquired pressure ulcers complications ended.

**March 2009**

-Wound and Skin Care Reference Manual developed and placed on all units.

-6 RN's sent for Wound Care Specialist Certification

-Safety Fair Booth and wound care education completed.

**April 2010**

-PI Team Charter established using the National Pressure Ulcer Advisory Panel Prevention and Treatment Plan:

•Developed new assessment form to be completed within 24° of admission

•Revised the Skin Management Protocol

•Implemented standard interventions for wound management

•Required Braden scale assessments every shift

•Developed a pt/family educational brochure

•Ordered high density foam mattress overlays

•Mandatory on-line training module required for all licensed staff

•Other education: Nursing Forums, Safety Fair, Clinical Newsletter articles, 1:1 follow-up with individual RN Staff

•Expanded the role of the of Wound Care Specialists and increased their hours.