CITY OF ALAMEDA HEALTH CARE DISTRICT

PUBLIC NOTICE

CITY OF ALAMEDA HEALTH CARE DISTRICT

BOARD OF DIRECTORS

REGULAR MEETING AGENDA

Monday, September 12, 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 – August 8, 2011

C. Instructions to Bargaining Representatives Regarding Salaries, Fringe Benefits and Working Conditions — Gov't Code Sec. 54957.6

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: October, 2011

H. Public Employee Performance Evaluation, Title: Chief Executive Officer — Gov't Code Sec 54957

I. 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. Regular Agenda

A. Consent Agenda **ACTION ITEMS**

✔ 1) Approval of August 8, 2011 Regular Meeting Minutes [enclosure] (PAGES 4-13)

✔ 2) Approval of Administrative Policies and Procedures [enclosure] (PAGES 14-15)

✔ 3) Approval of Departmental Policy and Procedures **[enclosure]** (PAGES16-23)

✔ 4) Approval of Amendment to Article X, Medical Staff Bylaws **[enclosure]** (PAGES 24-25)

✔ 5) Approval of ALPHA Fund Resolution **[enclosure]** (PAGES 26-33)

✔ 6) Acceptance of July 2011 Unaudited Financial Statements [enclosure] (PAGES 34-55)

✔ 7) Approval of Physician Recruitment Agreement – Alameda Family Physicians [enclosure] (PAGES 56-85)

B. Action Items

✔ 1) Request to Reschedule October 2011 District Board Meeting **[enclosure]** (PAGE 86) — Deborah E. Stebbins

✔ 2) Approval of District Policy 2011-0c District Board Referrals **[enclosure]** (PAGES 87-90) — Deborah E. Stebbins

C. Presidents Report — Jordan Battani

D. Chief Executive Officer's Report **INFORMATIONAL** — Deborah E. Stebbins

1) Special Reports | Presentations | Updates

✔ a) Stroke Survey Preparation Report and Update (Mary Bond, RN) **[enclosure]** (PAGE 91)

2) Alameda County Uncompensated Care Program

3) IGT Update

4) Revenue Cycle Review

5) Affinity Medical Group Relationships

6) Monthly Volume Statistics and Quality Metrics

✔ a) Quality Metrics Calendar **[enclosure]** (PAGE 92)

b) Hospital Acquired Infections

7) Hospital Updates / Events

✔ a) Alameda Hospital Foundation Gala – October 1, 2011 **[enclosure]** (PAGE 93)

E. Facilities Report **INFORMATIONAL** — Kerry Easthope

a) Marina Village Wound Care Program Update

F. Medical Staff President Report **INFORMATIONAL** — James Yeh, DO

G. Finance and Management Committee Report INFORMATIONAL

1) August 31, 2011 Committee Meeting Report — J. Michael McCormick

2) FYE June 30, 2011 Audit Update — Diana Suber

H. Community Relations and Outreach Committee Report INFORMATIONAL

1) August 23, 2011 Committee Meeting Report — Stewart Chen, DC

VII. General Public Comments

VIII. Board Comments

IX. Adjournment

Minutes of the City of Alameda Health Care District Board of Directors
Open Session
Monday, August 8, 2011 Regular Meeting
Rescheduled from August 1, 2011

Board Members Present	Management Present	Legal Counsel Present	Guests
Jordan Battani Stewart Chen, DC Robert Deutsch, MD Elliott Gorelick J. Michael McCormick	Deborah E. Stebbins Kerry J. Easthope	Thomas Driscoll, Esq.	N/A
		Medical Staff Present	**Excused**
		Jim Yeh, DO	N/A
Submitted by: Kristen Thorson, District Clerk			

Topic		Discussion	Action / Follow-Up
I.	Call to Order	The meeting was called to order at 6:10 p.m.	
II.	Roll Call	Ms. Thorson called roll noting a quorum of Directors were present.	
III.	Adjourn into Executive Closed Session	The meeting was adjourned into Executive Closed Session at 6:11 p.m.	
IV.	Closed Session Agenda		
V.	Reconvene to Public Session	The meeting was reconvened into public session at 7:40 p.m.	
VI.	Special Report		

A. Annual Auxiliary Report to the Board of Directors

Linda Lingelser, Auxiliary President presented the annual report that was presented in the packet and asked if there were any questions related to the report. Director Battani thanks Mrs. Lingelser for her leadership and the commitment and ongoing support provided to the Hospital by the members of the Auxiliary. Director McCormick thanked the Auxiliary for their support as well. Mrs. Lingelser introduced two fellow Auxiliary members in attendance at the meeting, Floor Hostesses, Zee Aborshid and Sandy Roerden.

Topic	Discussion	Action / Follow-Up

Director Battani stated that she has a number public speaker cards and reminded anyone interested in speaking to fill out speaker card, including your name and the agenda item you wish to speak about and return to the District Clerk. She reminded the public speakers that there was a 3 minute time limit and that the public comment period was not for the public to engage in conversation with the Board.

A. Announcements From Closed Session

The following actions were taken in Executive Closed Session

1) Approval of Minutes – July 11, 2011

2) Approval of the Board Quality Committee Report

3) Approval of Credentialing Recommendation as outlined below.

Initial Appointments – Medical Staff

Name	Specialty	Affiliation
• Lori Kim, MD	Hematology/Oncology	No. California Hem/Onc
• David Wixson, MD	Teleradiology	BIC

Reappointments – Medical Staff

Name	Specialty	Staff Status	Appointment Period
• Gregory Broderick-Villa, MD	General Surgery	Courtesy	09/01/11-08/31/13
• Claude Burdick, MD	Pathology	Courtesy	10/01/11-09/30/13
• Tamina Isolani, MD	Internal Medicine	Active	10/01/11-09/30/13
• Maria Jackson, MD	Emergency	Active	09/01/11-08/31/13
• William Kammerer, MD	Emergency	Active	09/01/11-08/31/13
• Christina Kwok, DPM	Podiatry	Courtesy	10/01/11-09/30/13
• Hon-Wai Lam, MD	Family Practice	Courtesy	10/01/11-09/30/13
• Collin Mbanugo, MD	General Surgery	Courtesy	10/01/11-09/30/13
• David Pfister, MD	Hematology/Oncology	Active	10/01/11-09/30/13
• Pushpasree Sajja, MD	Internal Medicine	Active	10/01/11-09/30/13
• Robert Shimshak, MD	Radiology	Courtesy	09/01/11-08/31/13

Topic	Discussion			Action / Follow-Up
• Dwain Skinner, MD	Anesthesiology	Courtesy	10/01/11-09/30/13	
• Steven Stanten, MD	General Surgery	Courtesy	09/01/11-08/31/13	
• Clifford Tschetter, MD	Pathology	Courtesy	09/01/11-08/31/13	
Request for New Privileges				
Name	Specialty	New Privilege		
• Diana D. Lee, MD	Neurology	Lumbar Puncture		
Resignations				
Name	Specialty			
• Cammille Harrison, MD	Ophthalmology			
• Belinda Lee, PA-C	Physician Assistant			
• Robert Luu, MD	Anesthesiology			
• Haroon Mojaddidi, MD	General Surgery			
• Geetha Pugashetti, MD	Anesthesiology			
• David Seidman, MD	Orthopedics			
• Delyse Williams, MD	Ophthalmology			
• Patricia Wilson, CRNA	Nurse Anesthetist			
VII. Regular Agenda				
A. Consent Agenda Director Battani asked if there were any items that the Board would like to pull form the consent calendar for additional discussion and/or clarification.				Director McCormick pulled Item #3. Director Gorelick pulled Items #2, 4 and 5.
1) Acceptance of July 11, 2011 Regular Meeting Minutes				Director Deutsch made a motion to approve consent items #1 and #6 as presented. Director McCormick seconded the motion. The motion carried.
2) Acceptance of June 2011 Unaudited Financial Statements Director Gorelick inquired about the fiscal year ending June 30, 2011 audit. Ms.				After no further discussion, Director McCormick made a motion to accept the June Unaudited Financial Statements.

Topic		Discussion	Action / Follow-Up
		Stebbins stated that the audit process will begin at the end August and anticipates a final audit report in October. Director Gorelick also inquired about the status IGT funds and how the funds are reflected in the financials. Ms. Stebbins stated that the original $700,000 that the hospital contributed has been returned to the hospital but have not received the matching funds, which is booked as a receivable on the financials. She anticipates that it will be resolved with the State and Federal government by the end of the month. If the matching funds as budgeted are not returned there would be an adjustment and note to the audited financial statements. Director Gorelick also asked if the property plant and equipment can be separated out from work in progress and depreciating assets on the balance sheet. Management will review and update the Finance and Management Committee at the end of the month.	Director Deutsch seconded the motion. The motion carried.
	3)	Approval of Revisions to District Policy 2008-0b – Signature Authority Director McCormick asked how this change in the policy came about. Ms. Stebbins stated that it was a simply a change to more accurately reflect the duties of the Treasurer.	After no further discussion, Director Chen made a motion to approve the revision to the District policy as presented. Director Deutsch seconded the motion. The motion carried.
	4)	Approval of Resolution 2011-4I – District Board Policy on Confidential Information Director Gorelick asked Legal Counsel Driscoll to comment on if the resolution and policy met the specific exclusions of types of information that can be disclosed that are provided for in the government code section. Mr. Driscoll stated that he would describe the policy as a safe harbor to provide Board members with clarity on what they can and cannot disclose. Director Gorelick asked how to get legal advice if there was a question regarding disclosure of information and it's a. Director Battani stated her position, based on prior conversations, as to whether legal counsel could review Director Gorelick's personal blog postings was not an appropriate use of District funds. The resolution and policy was intended to provide clarity for Board members to make the judgment call on their own based on the guidelines presented. Director Gorelick stated that he did not think that the policy provided clarity. Director Chen clarified his understanding of the policy. Director McCormick stated that he didn't think much was gained by adding this policy and had hoped for more but as presented he appreciated the effort. Director Deutsch stated that intent of the policy was clear to him.	After no further discussion, Director Deutsch made a motion to approve the District policy on Confidential Information as presented. Director McCormick seconded the motion. The motion carried with 4-1 (Gorelick).
	5)	Approval of Resolution 2011-5I – Use of Electronic Devices at Board Meetings Director Gorelick asked Director Battani how the Resolution and policy got on the agenda and thought that it was unnecessary. Director Battani stated it was follow-	Director Deutsch made a motion to approve the resolution on use of electronic devices at Board meetings. Director Chen abstained from the vote. Director

Topic	Discussion	Action / Follow-Up
	up to discussion in January to request that the Board engage in a new set of rules around use of electronic devices, including texting, phone calls, and use of the internet. She requested at the time that if there were important items to attend to that a Board member should ask to pause discussions and/or excuse themselves from the meeting to make phone calls on an as needed basis as to not detract from the discussion at hand. Director Battani stated that in recent meetings there has been the introduction of web enabled research and it is her concern that the introduction of such research is a distraction to the discussion and decision making process of the Board. There was further detailed discussion regarding the use of electronic devices and the potential benefits and negative impacts. Director Gorelick stated that the each of the Board members had the set studies in their possession in the Board packet. Director Battani and the District Clerk will verify if such material was distributed to the Board in the Board packet. Director Chen stated that he would like to have the opportunity to use a computer if need and abstained from the vote. Director McCormick stated that he was in agreement with Director Gorelick regarding the use of electronic devices. Director Deutsch was in agreement with Director Battani in that use of electronic devices to take notes or to view board packets would be acceptable. Director Battani requested staff clarify the process as to how Board members can add agenda items to Board meetings and present supporting documentation to the entire Board at the next meeting.	McCormick voted no. There was no second and the resolution was not approved. Director Battani sated that it would be deferred to another date
6)	Approval of Medical Staff Rules and Regulations, Article 35 – Conflict Management	*Approved with Item 1*

General Public Comment

The following persons made public comment regarding the quality of care at the Hospital: William S Lowery, M.D., Joseph Marzouk, M.D., Valerie Corpus, R.N., Carol Gerdes, M.D., and Ray Yeh, D.O.

Medical Staff Jim Yeh, D.O. read into the public record a letter from the CEP Emergency physicians, Suzanne F. Jonson, M.D., Yong Yong Tam, M.D., Lefi Johnson, M.D., Eric Otani, M.D., Thomas Sugarman, M.D., William Kammerer, M.D., Edward lee, M.D. and Joel Stettner, M.D. Copiesof the letter will be kept with the original Board packet in Administration.

B. Medical Staff President Report

Jim Yeh, DO noted that there was no continuing medical education (CME) for the month of August but Dr. Claudine Dutartet, Neurologist, would be presenting 2 educational programs related to stroke management in preparation for the Joint Commission Strike Certification Survey.

C. Action Items

Topic	Discussion	Action / Follow-Up
	1) Approval of Modifications to bank of Alameda Line of Credit and Wound Care Loan Covenants Ms. Stebbins presented the recommendation to approve the modifications to the Bank of Alameda Line of Credit and Wound Care Loan as outlined in the memorandum. Director Gorelick referred to the letter from legal counsel regarding using the parcel tax as collateral for long term debt and had questions regarding obligations to future boards. There was discussion about the parcel tax and the ability to levy that tax. Director Battani discussed the importance of being as transparent as possible when it relates to the parcel tax. Ms. Stebbins stated that management feels strongly about reducing the reliance of the parcel tax for operations and using it for capital improvements instead.	Director Gorelick made a motion to approve the modifications to the Bank of Alameda Line of Credit and Wound Care Loan covenants as presented. Director McCormick seconded the motion. The motion carried.
	2) Ratification of Authorization to access the Bank of Alameda Line of Credit Ms. Stebbins reviewed the recommendation to ratify the authorization to access the Bank of Alameda line of Credit as outlined in the memorandum. Director Gorelick asked about cash flow for July. Ms. Stebbins could not comment on the cash flow for July as it was too early in the month. There was discussion regarding the cash flow statement that was presented at the last board meeting. Ms. Stebbins as stated that the only material change from last month is that the IGT funds.	Director Chen made a motion to ratify the authorization to access the Line of Credit as presented. Director McCormick seconded the motion. The motion carried 3-1 (Gorelick) and with one abstention (Deutsch).
D.	President's Report Director Battani did not have a report.	No action taken.
E.	Chief Executive Officer's Report	
	1) Special Reports | Presentations | Updates	
	a) Meaningful Use Update Dan Dickenson, Director of Information Technology presented on Meaningful Use and the hospital's readiness to meet the HITECH Act. Presentation will be posted with the Board packet and copies kept with the original Board materials in Administration.	No action taken
	Ms. Stebbins introduced Diana Surber, Interim Controller who is a consultant from HFS Consultants and is filling the role of CFO while they hospital searches for a permanent CFO.	

Topic	Discussion	Action / Follow-Up

2) Monthly Volume and Quality Statistics

No action taken

Ms. Stebbins reported on the monthly statistics for July as indicated below.

	July Preliminary	July Budget	% Δ compared to Budget	% Δ compared to June	June Actual
Average Daily Census	82.0	86.1	-4.8%	3.8%	79.0
Acute	27.94	30.94	-9.7%	12.5%	24.8
Subacute	31.39	33.00	-4.9%	-1.3%	31.8
South Shore	22.70	22.19	2.3%	1.3%	22.4
Patient Days	2,545	2,670	-4.7%	7.3%	2,371
ER Visits	1,485	1,426	4.1%	9.0%	1,363
OP Registrations	1,775	2,011	-11.7%	-10.5%	1,983
Total Surgeries	197	174	13.2%	-9.2%	217
Inpatient Surgeries	33	45	-26.7%	0.0%	33
Outpatient Surgeries	164	129	27.1%	-10.9%	184

Ms. Stebbins introduced a new quality metric reporting feature, which she will plan to present a different quality metric each month. Copies She will be bringing back a tentative calendar of key quality metrics to be reported that Board meetings through the end of the FY 2012. Hospital acquired Pressure Ulcers (HAPU) was the quality metric for the month. A reference sheet for HAPU was distributed to the Board and will be included in the original Board packet. The reference sheet outlined key initiatives and performance metrics of incidents of HAPU in the acute facility.

3) Hospital Updates | Events

No action taken.

Ms. Stebbins updated the Board on the expansion of the SNF / Subacute licensed beds. The Hospital has met with architects to discuss alternate means of compliance to certain codes and regulations for the proposed changes. The next steps would be to meet with OSHPD regarding the alternate means of compliance and the State licensing and certification.

4) Stroke Certification Update

No action taken.

Ms. Stebbins reported that the Joint Commission Survey for Stroke Certification is anticipated to occur in September or October 2011. Once a date of survey is received from the Joint Commission, Alameda County EMS has indicated to the Hospital, that it will begin re-routing patients with stroke symptoms to Alameda Hospital.

F. Facilities Report

No action taken.

Kerry Easthope update the Board on the status of Wound Care Project. Preliminary

Topic	Discussion	Action / Follow-Up
	plans were submitted to the landlord and plans will be submitted to the City by the end of the week. Public notice for bidding the project and Pre-qualification was noticed in local newspapers and on the website. The implementation process has also begun and contact has been made with the physicians interested in participating in the program. Director McCormick inquired about the bid procedure and use of union contractors. Mr. Easthope stated that the bid process is regulated and the hospital must follow such procedures as a public entity. The bid process calls for contractors pay prevailing wages. Director Battani requested that a review of the bidding process be presented to the Finance and Management Committee. Radiology upgrade progress continue to progress toward completion. Completion is targeted to mid October by the time of the health fair.	
G.	Finance and Management Report	
	1) July 27, 2011 committee report Director McCormick provided a report of the finance and management committee meeting of July 27, 2011 noting the following. Kerry Easthope presented the June unaudited financial statements noting the following key points at the meeting. Contributing june performance issues included: June inpatient revenues were down from budget due to lower case mix index, but slightly higher than in May; Med/surg days were below budget, ICU and Telemetry near budget; Outpatient revenues were 13.9% below budgeted with 52.6% of variance from the delayed start of the wound care program; however, beat June projections by $258k with loss of $206k vs. projected loss of $464k. Average Daily Census of 79.0 versus 85.1 budgeted Inpatient programs were less than budget by $1.6.m or 11.5% and Outpatient Programs were less than budget by $1.1 m or 13.9% expenses were less than the fixed budget by $846,000 or 14.8% due primarily to favorable variances in non salary and benefit costs. Bottom line there was a net loss for June was $206k and $1,658k YTD. The committee reviewed the recommendation to approve the modifications and waivers to bank of alameda line of credit and wound care loan covenants as outlined earlier in the agenda Ms. Stebbins reviewed the reconciliation of FY 2011 actual to budget variances. Ms. Stebbins updated the Committee on AB97 noting that that the state had submitted the Summary Plan Amendment (SPA) to CMS on June 30th. She noted that the current year's budget took into account the rate reduction of AB97. Dan Dickenson, Director of Information Technology gave a brief overview of the	No action taken

Topic	Discussion	Action / Follow-Up
	hospital's 5010 readiness which has to do with new standards for HIPAA and electronic health transactions with CMS and the federal government. The hospital is well on its way to being compliant by January 1, 2012.	
2)	Reconciliation of FY 2011 Actual to Budget Variances Ms. Stebbins presented the reconciliation of FY 2011 actual to budget variances as detailed in the memorandum. 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. Ms. Stebbins noted that 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.	No action taken.
H.	Community Relations and Outreach Report Director Chen gave a brief update of recent community outreach activities. He also stated that the committee did not meet during the month of July. He noted that the Let's Move Alameda initiative continues throughout the summer. Children involved in various community organizations such as Boys and Girls Club and Alameda Parks and Recreation are participating. The Let's Move Alameda Celebration is scheduled for September 10 at the Webster Street Jam. An additional Stroke Risk Assessments has been scheduled for September 29. July 8, there was a Co-sponsored community blood drive with American Red Cross and on July 15, the Hospital attended the Healthy Living Festival at the Oakland Zoo and provided 3B's assessments to Alameda County Seniors. The event was sponsored by Alameda County Supervisor, Nate Miley, and the United Seniors of Oakland and Alameda County. On July 30 and 31, the Hospital participated in the Park Street Art and Wine Faire and provided 3B's assessments and Let's Move Alameda incentives for the kids.	No action taken
VIII.	General Public Comments	
IX.	Board Comments Director Chen thanked the Medical Staff for coming out to express their viewpoint of the hospital and the quality of care. Director Gorelick made remarks about the comments made by the Medical Staff and his viewpoint on the matters discussed.	

Topic		Discussion	Action / Follow-Up
	Dr. Yeh commented on the viewpoints of Director Gorelick and the affect they have on the Medical Staff and the Hospital.		
X.	Adjournment	Being no further business, the meeting was adjourned at 10:17 p.m.	

Attest:

Jordan Battani
President

Elliott Gorelick
Secretary

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 2011

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

From: Deborah E. Stebbins, Chief Executive Officer

Subject: Approval of Administrative Policies and Procedures

Recommendation:

Management requests approval of the Administrative Policies and Procedures listed below.

Background:

The following Administrative Policies and Procedures are either a new policy and procedure or a policy and procedure that has been revised to reflect current practices, regulatory language and/or other pertinent information. Each policy and procedure has been reviewed by the appropriate Medical Staff Committees, Hospital Committees, Management Team, and Administration. Policies and Procedures are available for review upon request.

Policy #	Type of Change	Policy Title & Purpose Statement
No. 30	Revision	**GUIDELINES FOR DETERMINATION AND FAMILY ACCOMMODATION OF BRAIN DEATH** **PURPOSE:** To ensure that a determination of brain death is made in accordance with Acceptable medical standards and that Alameda Hospital is in compliance with Health and Safety Code Section 1254.4(b);(c)(1) (2) which refer to family accommodation efforts. *Note: Policy and Procedure was revised to include language in the H&SC referring to family accommodation efforts.*
No. 52	New Policy	**END OF LIFE CARE POLICY AND PROCEDURE** **PURPOSE:** To ensure patients and their families are assessed for end of life issues that may encompass counseling, support and referrals to available resources and other appropriate referrals in compliance with AB2747 and HSC442. *Note: Policy and Procedure was created to meet requirement of the of the Patient Safety Licensing Survey by the California Department of Public Health.*

No. 61 Revision

RESPONDING TO VICTIMS NEEDING MEDICAL ASSISTANCE ON HOSPITAL AND ADJACENT GROUNDS AND AT OFF-SITE HOSPITAL FACILITIES AND CLINICS

PURPOSE: To give all hospital personnel guidance on the management of victims discovered, or reported to be needing medical assistance, on hospital and adjacent grounds or at off-site facilities and/or clinics managed by Alameda Hospital.

Note: Policy and Procedure was revised to meet Joint Commission standards.

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: September 12, 2011

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

FROM: Deborah E. Stebbins, CEO

SUBJECT: Approval of Departmental Policies and Procedures

Recommendation:

Management recommends that the Board of Directors approve the policy and procedure manuals for the following Hospital Departments or Services:

1. Clinical Laboratory – Body Fluids
2. Nursing Services Manual - Structure Standards and Addenda

Background:

Title 22 of the California Code of Regulations, and in some cases the Joint Commission, requires some hospital departments or services to have their department specific policies approved by the governing body. In order to comply with this regulation, and assist with the review process, we have attached the table of contents from each department's policy and procedure manual.

In April 2010 the Clinical Laboratory Manual and a majority of its subsections was approved by the Board. The Body Fluid Subsection has been added to the Departmental Manual.

Discussion:

Each manual is available for your review at any time through Administration.

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

BODY FLUID MANUAL CONTENTS

PROCEDURE	NUMBER
Cerebral Fluid Manual Cell Count & Differential	10.001
Body Fluid Manual Cell Count & Differential (Pleural, Pericardial, peritoneal, Synovial)	10.002
Crystal Identification in Synovial Fluid	10.003
Cytospin 2 Centrifuge	10.004
Pneumocystis Pneumonia (PCP)	10.005

ALAMEDA HOSPITAL
DEPARTMENT OF NURSING

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ALAMEDA HOSPITAL
DEPARTMENT OF NURSING

STRUCTURE STANDARDS
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CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 2011

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

From: James Yeh, DO, Medical Staff President

Subject: Approval of Amendment to Article X, Medical Staff Bylaws

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RECOMMENDATION:

It is recommended that the Board of Director approve the proposed amendment to Article X of the Medical Staff Bylaws as submitted in the enclosed 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. Specifically, Element of Performance 9 states that the Medical Staff members must have a process for recommending new or proposed amendments to the Medical Staff Rules and Regulations and policies.

To satisfy EP 9 of the Joint Commission standards, Gregory Cochran, Attorney at Law, prepared the attached proposed Article X for inclusion in the Medical Staff Bylaws. The Medical Executive Committee approved Article X on July 29th and, subject to an affirmative vote by the Active Staff members, recommended the same be approved by the Board of Directors. The proposed amendment to Article X was submitted to the Active Staff members for vote. All returned ballots voted in favor of adopting the amendment.

The Medical Executive Committee respectfully requests your consideration in approving the proposed amendment to Article X of the Medical Staff Bylaws.

>><<

PROPOSED REVISION TO ARTICLE X
MEDICAL STAFF BYLAWS

10.1 GENERAL MEDICAL STAFF RULES AND REGULATIONS

The Medical Staff shall recommend to the Board for its approval, such rules and regulations as may be necessary to implement more specifically the general principles of conduct found in these Bylaws. Rules and Regulations shall set standards of practice that are to be required of each physician, dentist and podiatrist in the hospital, and shall act as an aid to evaluating performance under, and compliance with, these standards. Rules and Regulations shall have the same force and effect as the Bylaws. The general process for adopting a new Rule or making an amendment to the Rules and Regulations of the Medical Staff (Proposed Rules) is as follows: A proposed Rule may be initiated by any responsible_committee or medical staff officer, or by written petition signed by not less than thirty percent (30%) of the members of the Medical Staff entitled to vote. To the extent that proposed rules may impact on hospital operations, hospital administration should be consulted. Amendments to the Rules and Regulations of the Medical Staff shall be approved by (2/3) vote of the members of the Medical Executive Committee. Such amendments shall become effective when adopted by the Board of Directions. Additionally hospital administration may develop and recommend proposed Rules . Proposed Rules shall be submitted to the Medical Executive Committee and Board of Directors for review and action, pursuant to the procedures set forth in Article 35 of the Rules.

10.2 MEDICAL STAFF POLICIES

Policies shall be developed as necessary to implement more specifically the general principles found within these Bylaws and the Medical Staff Rules. New or revised policies (proposed policies) may emanate from any responsible committee, department, medical staff officer, or by petition signed by at least 30% of the voting members of the Medical Staff. Proposed policies shall not be inconsistent with the Medical Staff or hospital Bylaws, Rules or other policies, and upon adoption shall have the force and effect of Medical Staff Bylaws. Policies shall be submitted to the Medical Executive Committee and Governing Body for review and action, pursuant to the procedures set forth in Article 35 of the Rules.

DATE: September 12, 2011

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

FROM: Deborah E. Stebbins, CEO
Phyllis Weiss, Director of Human Resources

SUBJECT: Approval of Resolution 2011-6I – ALPHA Fund

Recommendation:

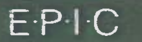
Management requests that the Board of Directors approve Resolution 2011-6I which authorizes the application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self Insure Worker's Compensation Liabilities. It is also requested that the Board authorize the Chief Executive Officer to sign such application.

Background:

Alpha Fund offered considerable cost savings in addition to very favorable payment terms along with the possibility of a group dividend if the Alpha Fund group as a whole performs well. Our broker, EPIC (Edgewood Partners Insurance Center) performed an extensive renewal marketing of the entire insurance marketplace and Alpha Fund was not only the lowest priced option, but also had the strongest Hospital Client base. A detailed list of program options that were reviewed is attached for reference. We called many of the referrals that were given and Alpha Fund got glowing reports in regards to their low insurance rates and customer service. The district is also required to be a member of the Association of California Health Care Districts (ACHD) in order to participate in ALPHA Fund.

The Board of Directors is required to execute the Board Resolution addendum for the Application for a Public Entity, Certificate of Consent to Self Insure. The executed Application and Resolution are submitted by ALPHA Fund to the State of California Director of Industrial Relations-Self Insurance Plans (DIR). Once the documents are approved by the DIR, ALPHA Fund will receive an Affiliate Certificate of Consent to Self-Insure on behalf of City of Alameda Health Care District. With the issuance of the Certificate, this means that the District has agreed to self-insure for Workers' Compensation liabilities as part of the ALPHA Fund Joint Powers Agency (JPA).

ALPHA Fund JPA was created in 1976 by a group of health care districts as local government entities, (non-profit entities were approved for later inclusion) for the purpose of operating a program of jointly pooling Workers' Compensation liabilities. ALPHA fund is a pooled, self insured fund. ALPHA Fund provides claims management, and loss prevention services, as well as provides a myriad of educational opportunities for our Participants. There are 43 healthcare districts that participate in the Fund that range from major urban medical centers to rural facilities. Total covered payroll of all 54 Participants exceeds $850 million encompassing over 20,000 lives.



Alameda Hospital, Inc.

Workers Compensation Fixed Cost Program Options

Program Details	Liberty Expiring	Liberty Renewal	Alpha Fund	Seabright
	Quote	Quote	Quote	Quote
Estimated Payroll	33,281,000	35,000,000	35,000,000	35,000,000
Estimated Premium	660,520	692,167	608,020	625,456
Estimated Assessments	31,070	38,290	-	34,598
Total Premium & Assessments & Fee	691,590	730,457	608,020	660,054
Payment Terms	25 Deposit + 8 monthly installments. 100% of assessments	25 Deposit + 9 monthly installments. 100% of assessments	12 equal monthly installments Direct Billed by Alpha	10% Deposit then monthly payroll reporting

Notes & Comments:

EPIC

In 2010 EPIC charged a $15,000 Maintenance fee for servicing the 2004-2007 Zurich Deductible Programs. For 2011 this fee will be reduced to $12,000.

Liberty

Liberty's payment plan this year contemplates payment will be made through a debit automated clearing house (ACH). This is an automatic pull from your banking account on preset dates each month.

Alpha Fund

The Alpha Fund program uses a 1.00 modification the first year and will calculate next years modification internally. Since it is a self insured program the WCIRB will not issue an experience modification while you are in the Alpha Fund Program. They require you report actual payroll every 6 months at which time it is trued up and the next 6 months installments are amended to reflect the true up of the last 6 months.

State of California
Department of Industrial Relations
Self Insurance Plans
2265 Watt Avenue, Suite 1
Sacramento, CA 95825
Phone (916) 574-0300
FAX (916) 483-1535

Our File: ____________

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):
City of Alameda Health Care District

Street Address of Main Headquarters:
2070 Clinton Avenue

Mailing Address (if different from above):

Federal Tax ID No.: 94-0272776

City: Alameda State: CA Zip + 4: 94501

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: David E. McGhee

Title: Chief Executive Officer

Company Name: ALPHA Fund Joint Powers Authority

Mailing Address: P.O. Box 419068

City: Rancho Cordova State: CA Zip + 4: 95741-9068

Type of Public Entity (check one):

☐ City and/or County ☐ School District ☐ Police and/or Fire District ☒ Hospital District ☐ Joint Powers Authority

☐ Other (describe): ____________

Type of Application (check one):

☒ New Application ☐ Reapplication due to Merger or Unification ☐ Reapplication due to Name Change Only

☐ Other (specify): ____________

Date Self Insurance Program will begin: July 1, 2011

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

☐ Currently Insured with State Compensation Insurance Fund, Policy Number: ______

Policy Expiration Date: ______ Yearly Premium: $ ______

Current Yearly Incurred (paid & unpaid) Losses: $ ______ (FY or CY)

☐ Currently Self Insured, Certificate Number: ______

Name of Current Certificate Holder: Liberty Mutual

☒ Other (describe): Liberty Mutual

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

☒ Yes ☐ No If yes, then complete the following:

Effective date of JPA Membership: July 1, 2011 JPA Certificate No.: 5803

Name and Title of JPA Executive Officer:

David E. McGhee, Chief Executive Officer

Name of Joint Powers Authority Agency:

ALPHA Fund Joint Powers Authority

Mailing Address of JPA:

P.O. Box 419068

City: Rancho Cordova State: CA Zip + 4: 95670-9068

Telephone Number: (916) 266-6100

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

☒ JPA will administer, JPA Certificate No.: 5803

☐ Third party agency will administer, TPA Certificate No.: ______

☐ Public entity will self administer ☐ Insurance carrier will administer

Name of Individual Claims Administrator:

Pam Marcum

Name of Administrative Agency:

ALPHA Fund Joint Powers Authority

Mailing Address:

P.O. Box 419068

City: Rancho Cordova State: CA Zip + 4: 95741-9068

Telephone Number: (916) 266-6100 FAX Number: (916) 266-0314

Number of claims reporting locations to be used to handle the agency's claims: One

Will all agency claims be handled by the administrator listed on previous page? ☒ Yes ☐ No

AGENCY EMPLOYMENT

Current Number of Agency Employees: 665

Number of Public Safety Officers (law enforcement, police or fire): ______

If a school district, number of certificated employees: ______

Will all agency employees be included in this self insurance program? ☒ Yes ☐ No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

______

______

______

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? ☒ Yes ☐ No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

Phyllis Weiss, Director of Human Resources

Company or Agency Name:

City of Alameda Health Care District

Mailing Address:

2070 Clinton Avenue

City:	State:	Zip + 4:
Alameda	CA	94501

Telephone Number: (510) 814-4026

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? ☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: n/a

Policy Number: n/a

Effective Date of Coverage: n/a

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy? ☒ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: Star Insurance Company

Policy Number: WCE-0705643-11

Effective Date of Coverage: July 1, 2011

Retention Limits: $1,000,000

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy? ☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: ______

Policy Number: ______

Effective Date of Coverage: ______

Retention Limits: ______

RESOLUTION OF GOVERNING BOARD

See Attached Resolution—Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official: ______

Date: September 12, 2011

Typed Name: Deborah E. Stebbins

Title: Chief Executive Officer

Agency Name: City of Alameda Health Care District

Seal

(Emboss seal above or Notarize signature)

RESOLUTION NO.: 2011-6I **DATED:** September 12, 2011

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF INSURE
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the Board of Directors
(enter title)

of the City of Alameda Health Care District,
(enter name of public agency, district)

a health care district organized and existing under the laws of the State of California,
(enter type of agency)

held on the 12th day of September, 2011, the following resolution was adopted:

RESOLVED, that the Chief Executive Officer and Director of Human Resources
(enter position titles)
be and they are hereby severally authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the

City of Alameda Health Care District
(enter name of district)

and to execute any and all documents required for such application.

I, Elliott Gorelick, the undersigned Secretary
(enter name) (enter title)

of the Board of the said City of Alameda Health Care District,
(enter name of agency)

a health care district, hereby certify that I am the Secretary
(enter type of agency) (enter title)

of said health care district, that the foregoing is a full, true and correct copy of the
(enter type of agency)
resolution duly passed by the Board at the meeting of said Board held on the day and at the place therein specified and that said resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

IN WITNESS WHEREOF: I HAVE SIGNED MY NAME AND AFFIXED THE SEAL OF THIS

Seal

health care district,
(enter type of agency)

THIS 12th DAY OF September, 2011.

(Signature)

ALPHA Fund Loss Prevention

ALPHA Fund Participants have access to comprehensive loss prevention services aimed at minimizing injuries, controlling costs, and protecting human capital within the healthcare environment. Our team consists of knowledgeable, degreed and certificated career professionals. We maintain frequent contact with our Participants keeping them informed of existing and emerging trends specific to their organization and then provide the expertise to implement programs that effectively reduce the frequency and severity of injuries. The following briefly describes our major service areas:

LOSS IDENTIFICATION & TRENDING

Frequent loss reports are provided to each Participant. These reports provide valuable information that identifies potential problems on a proactive basis allowing early intervention before experiencing a serious loss.

- Internal Injury Frequency Trending
- Peer-to-Peer Comparisons
- Loss History Dashboard Reports

HAZARD AND RISK EVALUATIONS

On-site evaluations are available to Participants in an attempt to identify potential loss exposures and to assist with regulatory compliance. An evaluation includes a review of the following areas:

- Identification of Loss Drivers
- Written Program Requirements
- Physical Hazards Identification
- Training Needs Assessment

POLICY AND PROGRAM DEVELOPMENT

A variety of written safety & loss prevention programs are available to meet the needs of our Participants. Whether you require a basic program to comply with a specific regulation, or a complete Injury & Illness Prevention Program (IIPP), ALPHA Fund Loss Prevention Services can help.

- Individual Regulatory Programs
- Injury & Illness Prevention Programs
- Safe Patient Handling
- Ergonomics

TRAINING & EDUCATION

ALPHA Fund believes that training and education are the most effective methods in reducing workplace accidents and losses. Our Loss Prevention Services include training support at the supervisory and manager level.

- Regional Seminars - *ALPHA University*
- On-Site Customized Training
- Video Lending Library
- Manager Meeting Participation

TECHNICAL ASSISTANCE

ALPHA Fund offers a wide variety of specialty services. We can discuss your individual concerns and provide results-oriented solutions that meet your needs.

- Job Hazard Analysis
- Regulatory Interpretations
- Ergonomic Evaluations
- Safety Committee Set-up & Participation
- Compliance Assistance

FINANCIAL INCENTIVES

As your “Partners in Employee Safety”, ALPHA Fund supports and recognizes the efforts of our Participants to maximize a safe and healthful work environment for its employees through providing financial assistance.

- Annual Stipends through the *ALPHA Safety in Action Program* (ASAP)
- Special Project Mini-Grant Program
- Annual Champions Award

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING JULY 31, 2011

CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
JULY 31, 2011

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ALAMEDA HOSPITAL
MANAGEMENT DISCUSSION AND ANALYSIS
JULY, 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 July 31, 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 July, 2011

- July 2011 is the first month of FY 2012; therefore all monthly figures are year-to-date (YTD) as well.

- For the month of July 2011, combined expense over revenues (loss) is $135,000 versus a budgeted excess of revenues over expense of $103,000. This loss was driven by a continued lower than previously experienced inpatient case mix index, which is an indication of lower acuity level patients and lower estimated reimbursement for the month.

- Gross patient revenue for July was less than budget by $1,235,000 or 5.4%. Inpatient programs were unfavorable to budget by $1,370,000, partially offset by a favorable variance of $135,000 in outpatient programs. While the gross patient revenue per adjusted patient day (PAPD) was 4.3% less than the budget of $5,822, July's $5,570 PAPD represents an 8.8% increase from June results of $5,118.

- Total patient days for the month were 2,545, or 4.7% below budget, compared to the prior month's total patient days of 2,371 and the prior year's 2,486 total patient days. The volume variances, however, were less dramatic than in the final months of FY 2011.

- The average daily acute care census was 27.94, unfavorable to a budget of 30.94 but an improvement from 24.8 in the prior month; the average daily Sub-Acute census was 31.4 versus a budget of 33.0 and 31.8 in the prior month and the Skilled Nursing program had an average daily census of 22.8 versus a budget of 22.2 and prior month census of 22.4.

- Emergency Care Center (ECC) visits were 1,485 or 4.1% greater than the budgeted 1,426 visits and were 70 visits or 4.9% greater than the prior year's visits of 1,415.

- Total surgery cases were greater than budgeted expectations for the month at 197 cases versus the budgeted 174 cases. The current month's surgical volume was 13.2% greater than the same month prior year's 181 cases.

- Outpatient registrations were 1,775, 11.7% below budget and 10.5% below prior month. The average of 57.3 visits per day was 13.3% less than the prior month's 66.1 visits per day.

Total assets increased by $491,000 from the prior month, nearly all of which was in current assets. The following items make up the increase in current assets:

- ➢ Total unrestricted cash and cash equivalents for July decreased by $1,110,000 and days cash on hand including restricted use funds decreased to 7.0 days on hand in July from 12.6 days on hand in June. The decrease in cash was the result of below expected cash collections, offset in part by a draw on the line of credit of $250,000.

- ➢ Net patient accounts receivable increased in July by $1,348,000 compared to a decrease of $1,082,000 in June. Days in outstanding receivables were 62.0 at July 31, 2011, an increase from 55.0 days at June 30, 2011. Collections in July totaled $3.3 million compared to $5.2 million in June. While lower collections

were expected as a result of the low census and patient revenue in the previous several months, the actual cash collected fell short of projections. An analysis is in progress to determine the reasons for the unexpectedly low level of collections.

- Prepaid and other deposits increased by $106,000 as a result of the payment of fees and association dues which are due at the beginning of the fiscal year, offset by the monthly amortization of prepaid insurance and service contracts.

Total liabilities increased by $431,000 compared to an increase of $4,995,000 in the prior month. This decrease in the current month was the result of the following:

- Accounts payable and accrued expenses increased by $361,000 as a result of delaying vendor payments due to low cash collections.

- Payroll related accruals increased by $306,000 as a result of more days of required accrued payroll liabilities at the end of July due to the timing of unpaid payrolls at month-end.

- Deferred revenues decreased by $477,000 due to the recognition of one-twelfth of the 2011/2012 parcel tax revenues of $5.7 million.

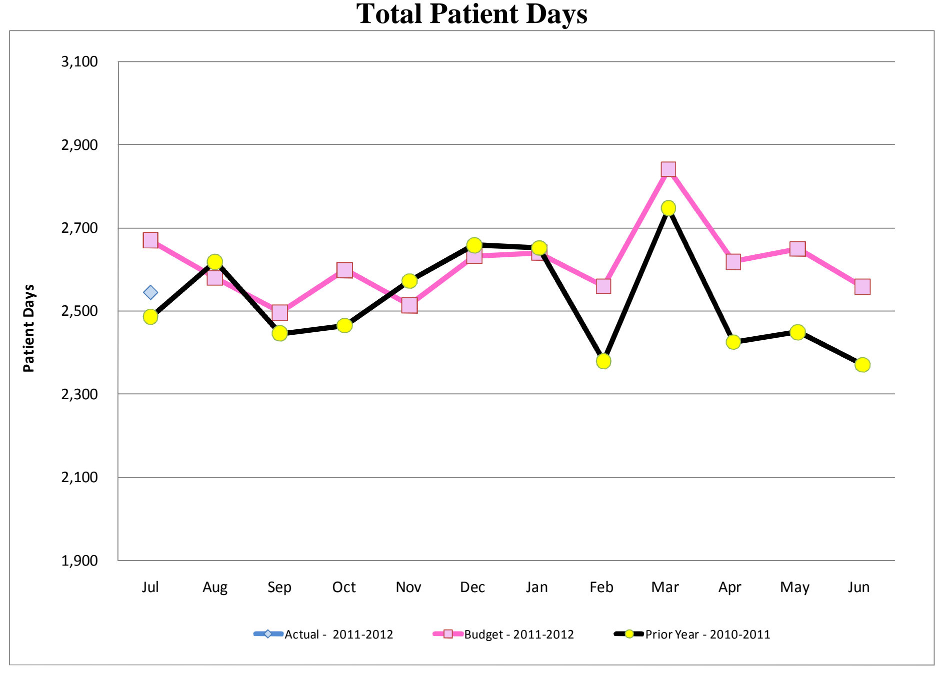
- The current portion of long term debt increased by $250,000 as a result of the partial use of the authorized $750,000 draw on the line of credit.

Volumes

The combined actual daily census was 82.1 versus a budget of 86.1 or an unfavorable variance of 4.2%. The current month's overall unfavorable variance was the result of average daily census that was unfavorable to budget in the acute care areas by 3.1 patients per day or 10.0%. The Sub-Acute program was also unfavorable to budget with a shortfall in the average daily census of 1.7 while the Skilled Nursing program had a positive variance to budget of 0.6. While unfavorable to budget, July's total census represents a 7.3% improvement from June levels, continuing the positive trend.

The graph below shows the total patient days by month for fiscal year 2012 compared to the operating budget and fiscal year 2011 actual.

Total Patient Days

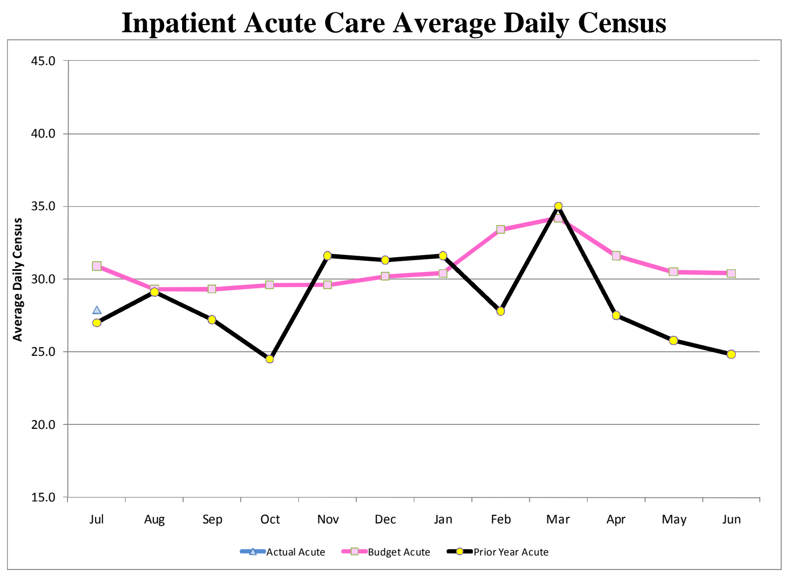


The various components of our inpatient volumes for the month of July are discussed in the following sections.

Acute Care

The acute care patient days were 9.7% (93 days) less than budgeted but were 3.6% greater than the prior year's average daily census of 26.97 for July. The acute care program is comprised of the Critical Care Unit (4.5 ADC, 2.8% unfavorable to budget), Definitive Observation Unit (9.9 ADC, 16.1% below budget) and Med/Surg Units (13.5 ADC, 6.7% 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.

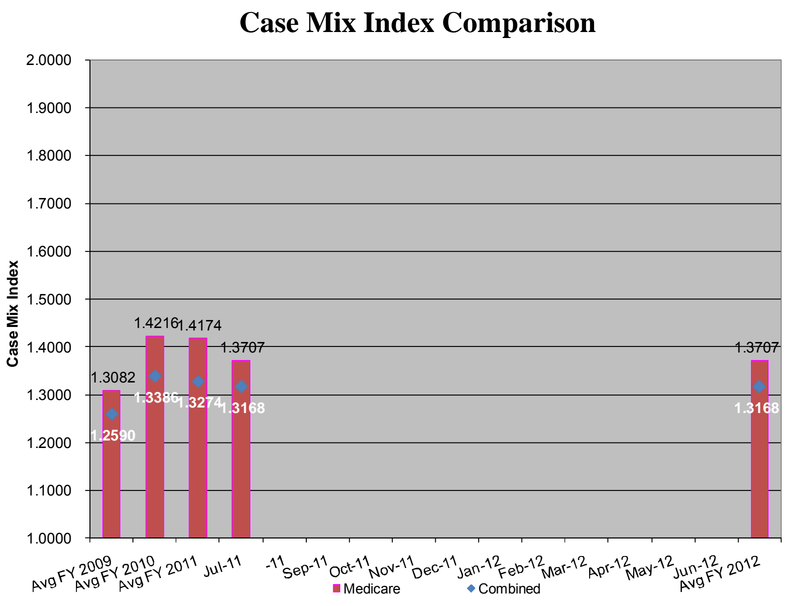
Inpatient Acute Care Average Daily Census



Case Mix Index

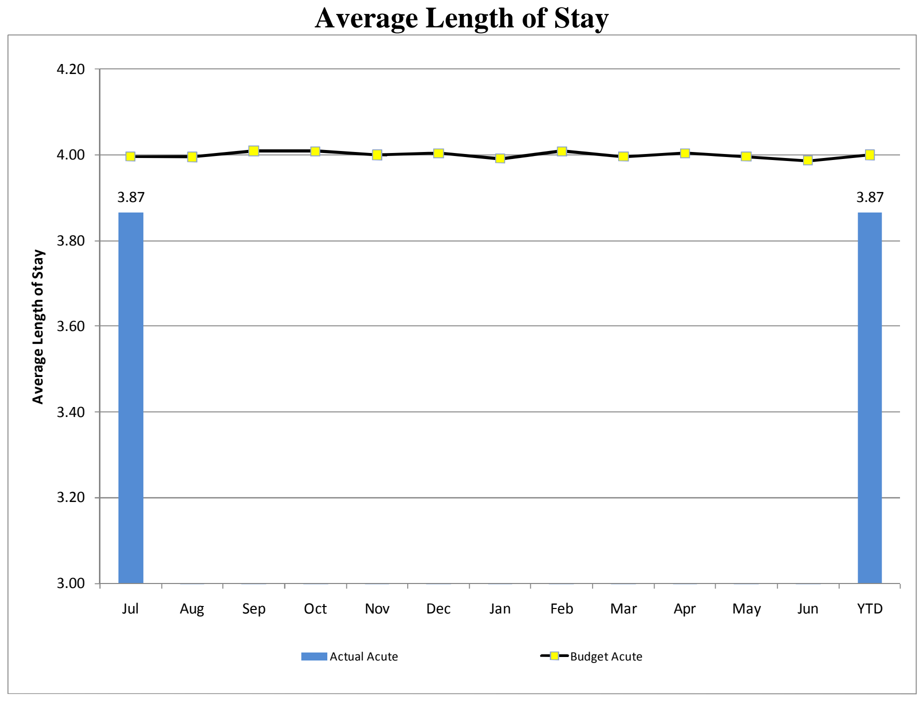
The hospital's overall Case Mix Index (CMI) increased again, from 1.2392 in the prior month to 1.3168, which is close to the prior fiscal year average of 1.3274. The Medicare CMI increased over the prior month from 1.2747 in June to 1.3707 in July. The graph below shows the CMI for the hospital during the current fiscal year as compared to the prior three fiscal years.

Case Mix Index Comparison



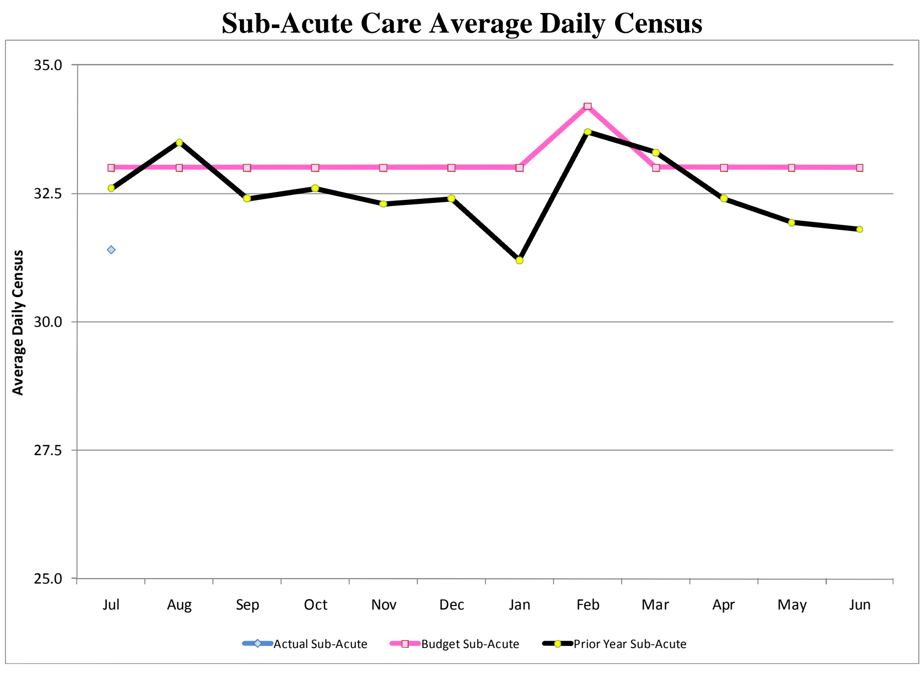
Average Length of Stay

The acute average length of stay (ALOS) increased from June's 3.51 to 3.87 in July, which is a slight decrease from July in the prior year of 3.98. Budgeted acute ALOS is 4.0. The average acute ALOS for FY 2011 was 4.13. The graph below shows the ALOS by month and the budgeted ALOS for fiscal year 2012.



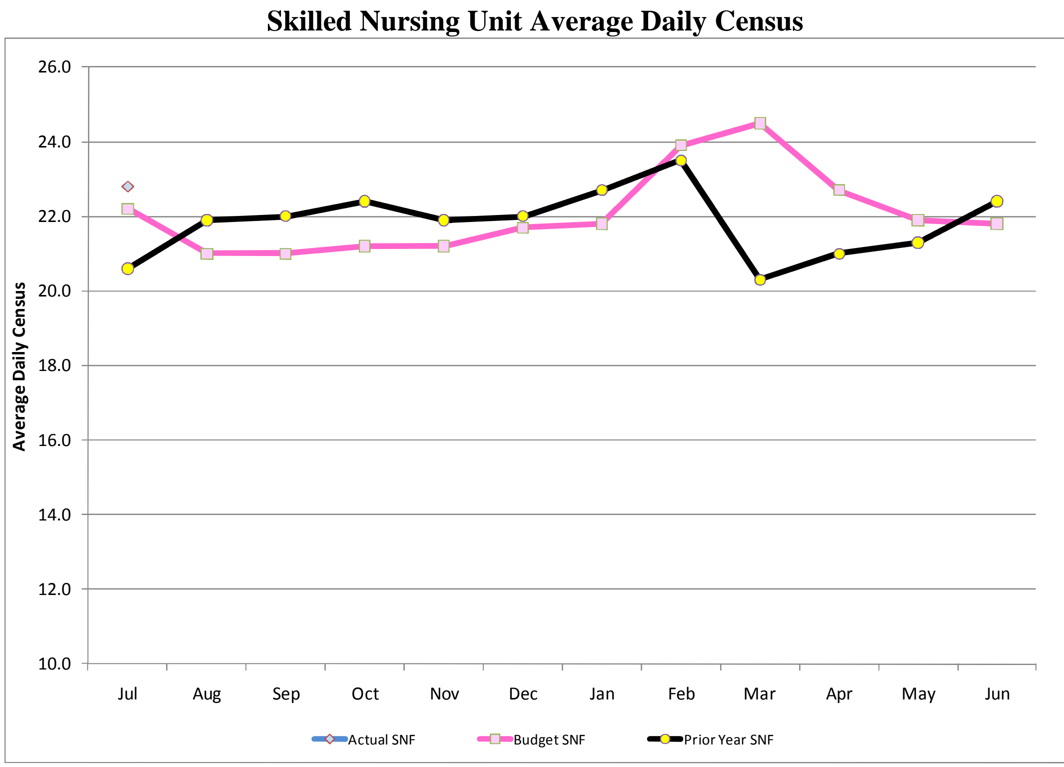
Sub-Acute Care

The Sub-Acute program average daily census of 31.4 in July was less than budgeted projections of 33.0. 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 greater than budgeted for the month of July, up 5% from June. Comparing performance to the prior year, this program's volume remains slightly greater than the prior year's performance for the month, with an average daily census of 22.8 versus 21.8 in fiscal year 2011. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.



Emergency Care Center (ECC)

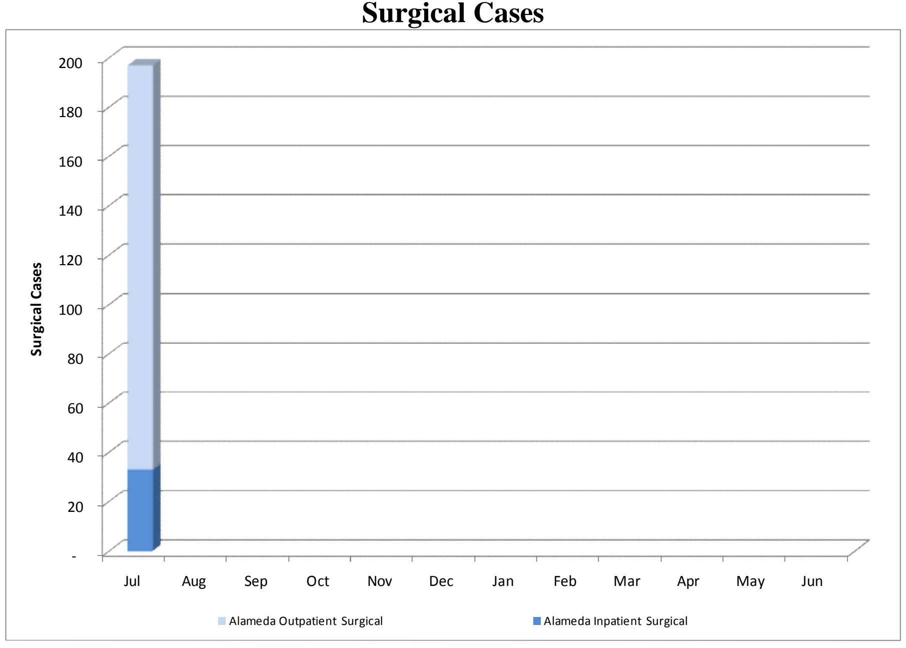
Emergency Care Center visits in July totaled 1,485 and were 4.1% or 59 visits greater than budgeted for the month with 16.4% of these visits resulting in inpatient admissions versus 15.9% in June. In July, there were 320 ambulance arrivals versus 305 in the prior month, on a per day basis this represents an increase of 1.6% over the prior month daily average. Of the 320 ambulance arrivals in the current month, 190 or 59.4% were from Alameda Fire Department (AFD) ambulances.

Surgery

In July, surgery cases were 197 versus 174 budgeted cases and 181 cases in the prior year. Surgery volume was roughly unchanged from June. (The cases reported in June were overstated by 22 outpatient cases due to a data input error.) Inpatient and outpatient cases totaled 33 and 164 versus 33 and 162 in July and June, respectively.

The graph below shows the number of inpatient and outpatient surgical cases by month for fiscal year 2012.

Surgical Cases

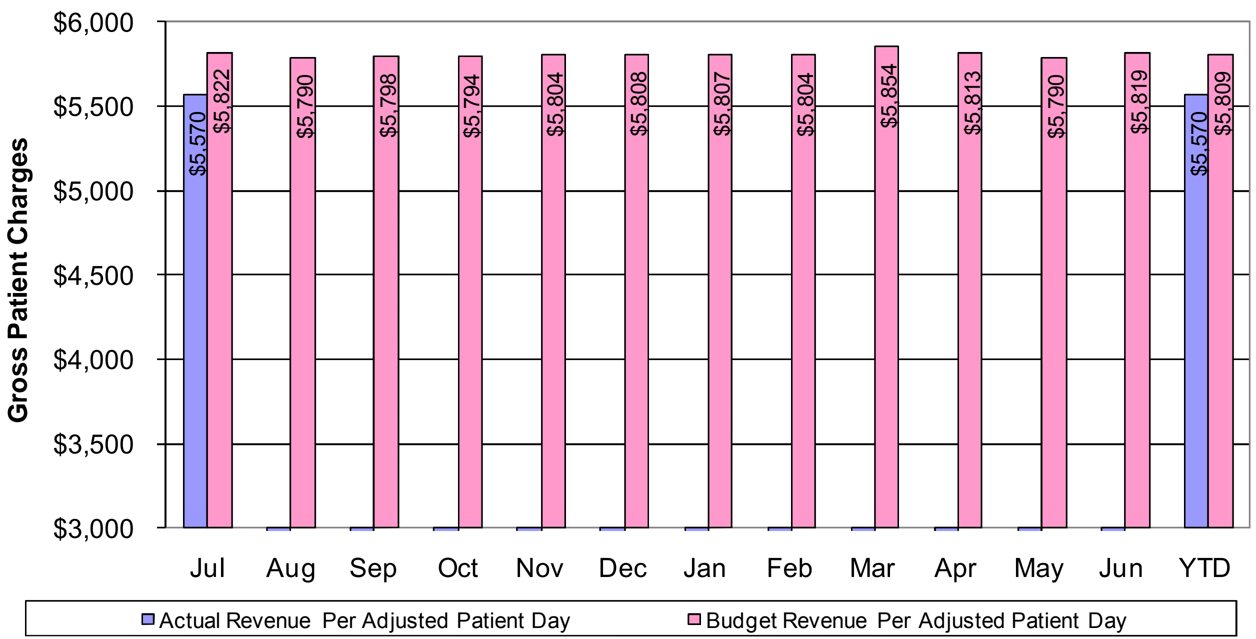


Income Statement

Gross Patient Charges

Gross patient charges in July were less than budgeted by $1,235,000. This unfavorable variance was comprised of an unfavorable variance of $1,370,000 and favorable variance $135,000 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 higher than budgeted as a result of higher than expected emergency room visits and outpatient surgeries offset by below budget other outpatient visits. On an adjusted patient day basis total patient revenue was $5,570, below the budget of $5,822 for the month of July but increased from June at $5,118. The following table shows the hospital's monthly gross revenue per adjusted patient day by month and year-to-date for fiscal year 2012 compared to budget.

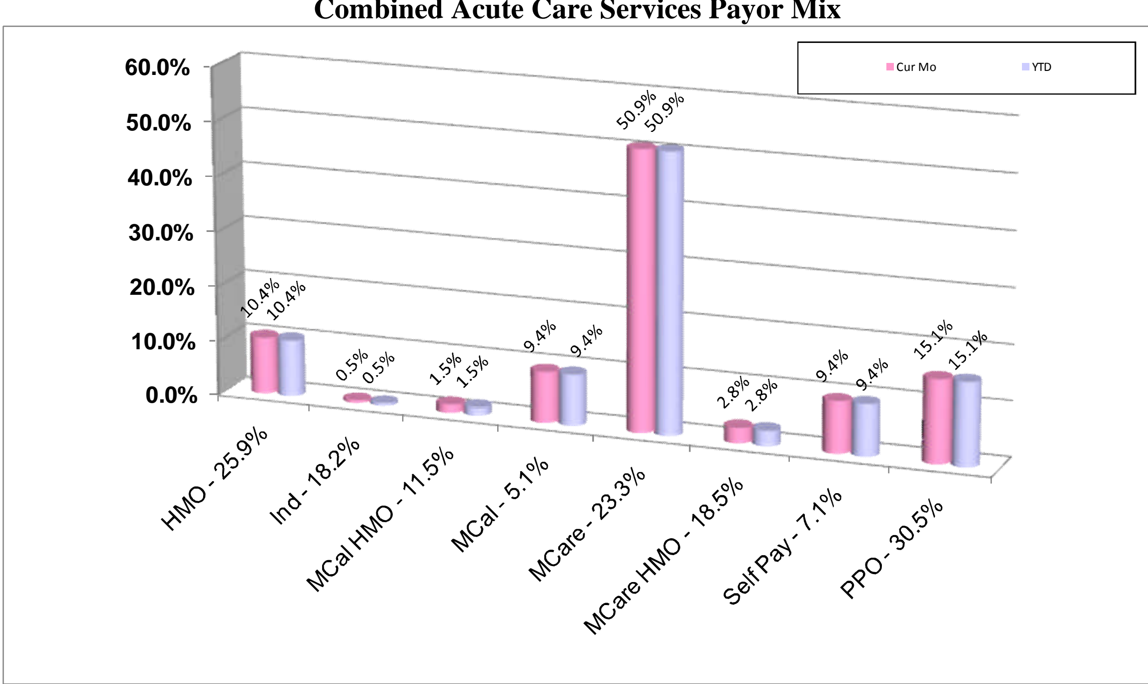
Gross Charges per Adjusted Patient Day



Payor Mix

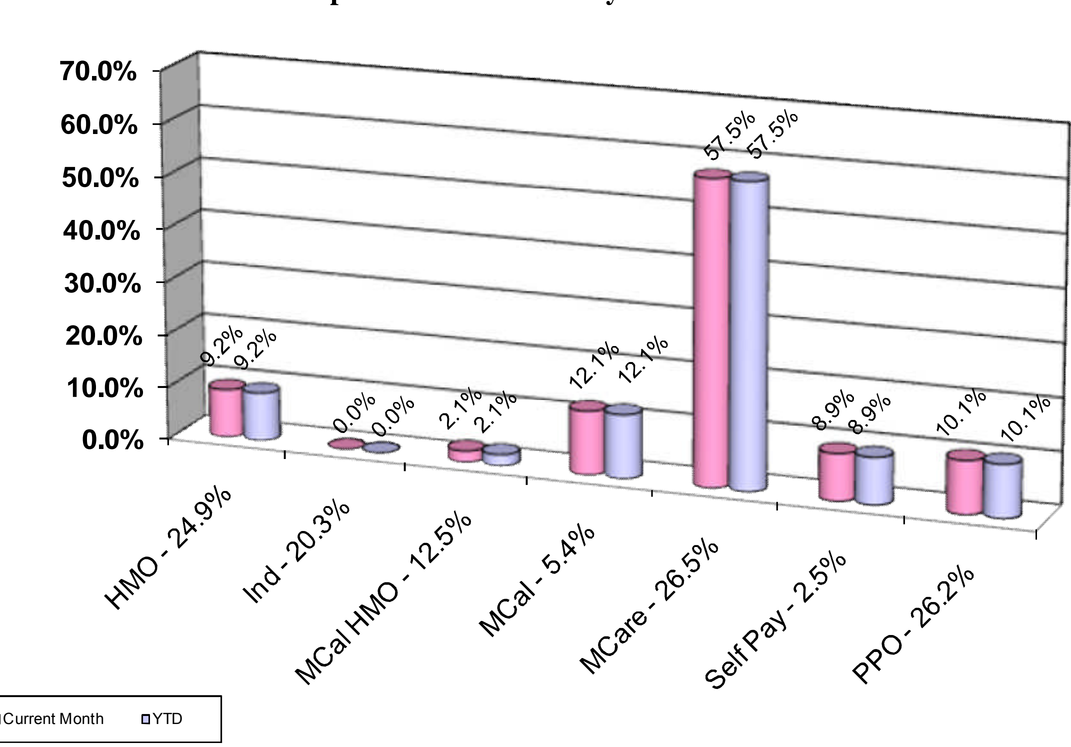
Combined acute care services, inpatient and outpatient, Medicare and Medicare Advantage total gross revenue in July made up 50.9% of the month's total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 25.5%, Medi-Cal Traditional and Medi-Cal HMO utilization at 10.9% and self pay at 9.4%. 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 57.5% of our total inpatient acute care gross revenues followed by HMO/PPO at 19.3%, Medi-Cal and Medi-Cal HMO at 14.2% and Self Pay at 8.9% 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 2012.

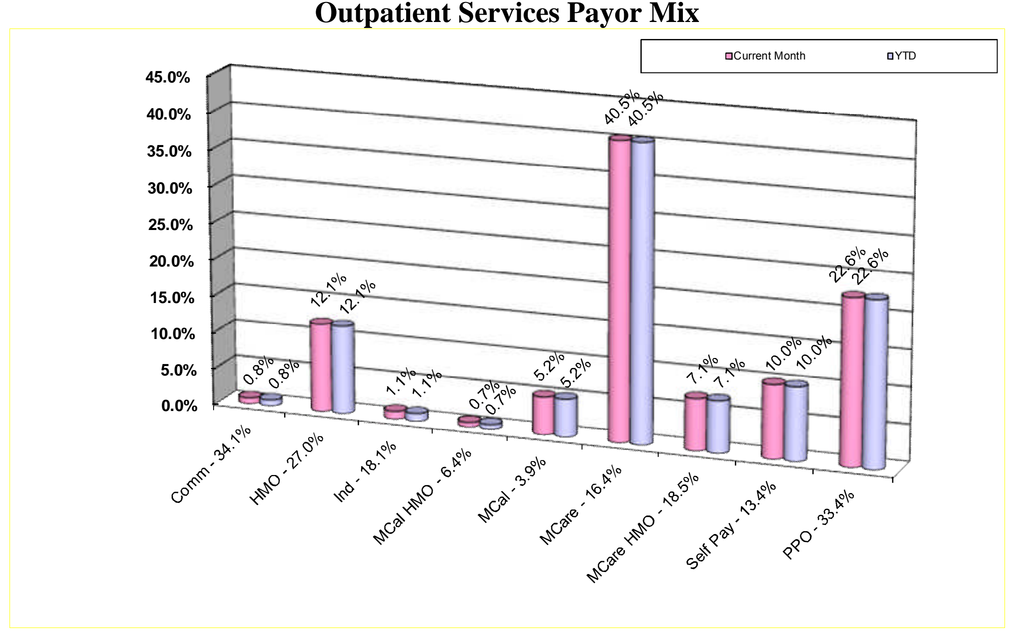
Inpatient Acute Care Payor Mix



The outpatient gross revenue payor mix for July was comprised of 40.5% Medicare and Medicare Advantage,

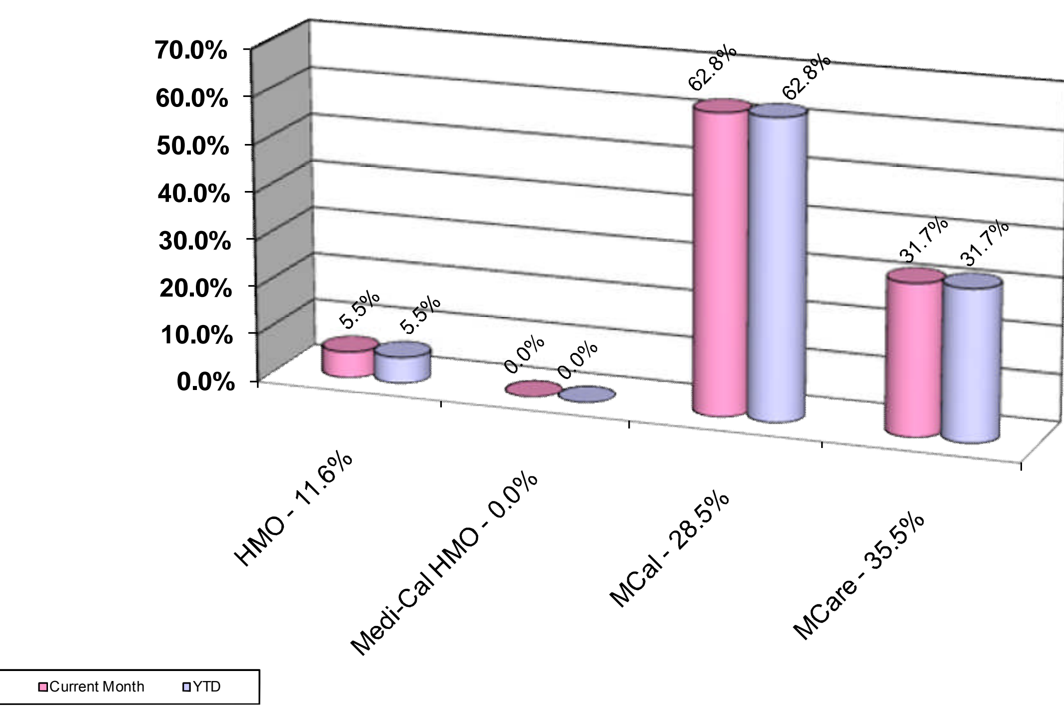
34.6% HMO/PPO, 5.9% Medi-Cal and Medi-Cal HMO, and 10.0% self pay. The graph below shows the current month and fiscal year to date outpatient payor mix and the current months estimated level of reimbursement for each payor.

Outpatient Services Payor Mix



In July, the Sub-Acute care program again was dominated by Medi-Cal utilization of 62.8%, up from 56.9% in June. 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 July, the Skilled Nursing program gross revenues were comprised primarily of Medicare at 43.2% and Medi-Cal at 56.9%. 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 July contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 78.4% versus the budgeted 77.6%.

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. 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 July 31, 2011.

Total Operating Expenses

Total operating expenses were less than the fixed budget by $185,000 or 3.4%. On an adjusted patient day basis, our cost per adjusted patient day was $1,377 which was $32 per adjusted patient day favorable to budget but $47 higher than the prior month. This variance in expenses per adjusted patient day was primarily the result of favorable variances in temporary agency, benefits and supplies offset by unfavorable variances in salaries and professional fees. The graph on the following page shows the actual hospital operating expenses on an adjusted patient day basis for the 2012 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.

Expenses per Adjusted Patient Day

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Actual Expenses Per Adjusted Patient Day	$1,377												$1,377
Budgeted Expense Per Adjusted Patient Day	$1,408	$1,393	$1,462	$1,398	$1,456	$1,446	$1,483	$1,435	$1,356	$1,391	$1,411	$1,402	$1,419

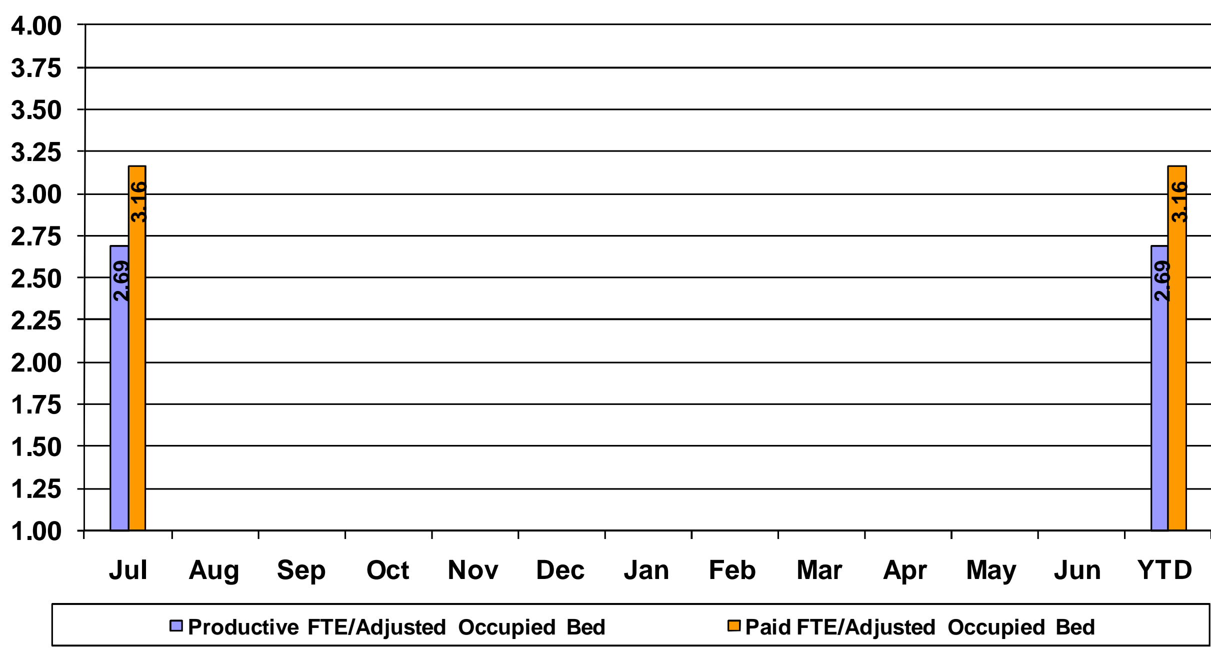
Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were favorable to the fixed budget by $21,000 but were unfavorable to budgeted levels on a per adjusted patient day (PAPD) basis by $4 or 0.5%; however, the unfavorable variance was improved from June's 4.8%. On an adjusted occupied bed basis, productive FTE's were right at budget of 2.7 FTE's and paid FTE's were 2.2% below budget.

The unfavorable variance in productive FTE's PAPD was primarily in the nursing units. In addition to core staffing issues, the nursing staff was required to attend mandatory stroke training in July, which increased the unfavorable variance.

Nursing administration is implementing initiatives to address the core staffing issues to bring productive staffing in line with budgeted hours per patient day. These levels include reconfiguring the staffing matrices to reduce RN relief coverage from 1 FTE to .5 FTE and modifying the RN – LVN skill mix on the sub acute unit to lower the average hourly cost

The graph on the following page shows the productive and paid FTE's per adjusted occupied bed for FY 2012 by month.



Benefits

Benefits were favorable to the fixed budget by $39,000 or 26.9%. There was a favorable vacation accrual entry of $34,000 due to the increased use of vacation and PTO for furloughs.

Professional Fees

Professional fees were unfavorable to budget by $27,000 in July due to the fees related to interim controller services ($13,000) and consulting fees related to ongoing strategic initiatives. The interim controller fees were offset by a favorable variance in general accounting productive salaries.

Supplies

Supplies were favorable to budget by $132,000 or $32 per adjusted patient day in July. This favorable variance was the result of lower than budgeted patient related supplies such as medical supplies expense, pharmacy supplies, and prosthetics due to low patient volume and below budget inpatient surgeries.

Purchased Services

Purchased services were favorable to budget by $43,000 or $10 per adjusted patient day for the month.

Rents and Leases

Rents and leases were $9,000 over the fixed budget and $2 per adjusted patient day unfavorable to budget for the month of July.

The following pages include the detailed financial statements for the twelve (12) months ended July 31, 2011, of fiscal year 2012.

ALAMEDA HOSPITAL
KEY STATISTICS
JULY 2011

	ACTUAL JULY 2011	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	JULY 2010	YTD JULY 2011	YTD FIXED BUDGET	VARIANCE	%	YTD JULY 2010
Discharges:										
Total Acute	224	240	(16)	-6.7%	210	224	240	(16)	-6.7%	210
Total Sub-Acute	2	2	-	0.0%	1	2	2	-	0.0%	1
Total Skilled Nursing	7	9	(2)	-22.2%	11	7	9	(2)	-22.2%	11
	233	251	(18)	-7.2%	222	233	251	(18)	-7.2%	222
Patient Days:										
Total Acute	866	959	(93)	-9.7%	836	866	959	(93)	-9.7%	836
Total Sub-Acute	973	1,023	(50)	-4.9%	1,012	973	1,023	(50)	-4.9%	1,012
Total Skilled Nursing	706	688	18	2.6%	638	706	688	18	2.6%	638
	2,545	2,670	(125)	-4.7%	2,486	2,545	2,670	(125)	-4.7%	2,486
Average Length of Stay										
Total Acute	3.87	4.00	(0.13)	-3.2%	3.98	3.87	4.00	(0.13)	-3.2%	3.98
Average Daily Census										
Total Acute	27.94	30.94	(3.10)	-10.0%	26.97	27.94	30.94	(3.00)	-9.7%	26.97
Total Sub-Acute	31.39	33.00	(1.67)	-5.1%	32.65	31.39	33.00	(1.61)	-4.9%	32.65
Total Skilled Nursing	22.77	22.19	0.60	2.7%	20.58	22.77	22.19	0.58	2.6%	20.58
	82.10	86.13	(4.17)	-4.8%	80.19	82.10	86.13	(4.61)	-5.4%	80.19
Emergency Room Visits	1,485	1,426	59	4.1%	1,415	1,485	1,426	59	4.1%	1,415
Outpatient Registrations	1,775	2,011	(236)	-11.7%	1,991	1,775	2,011	(236)	-11.7%	1,991
Surgery Cases:										
Inpatient	33	45	(12)	-26.7%	52	33	45	(12)	-26.7%	52
Outpatient	164	129	35	27.1%	129	164	129	35	27.1%	129
	197	174	23	13.2%	181	197	174	23	13.2%	181
Kaiser Inpatient Cases	-	-	-	-	-	-	-	-	-	-
Kaiser Eye Cases	-	-	-	-	-	-	-	-	-	-
Kaiser Outpatient Cases	-	-	-	-	-	-	-	-	-	-
Total Kaiser Cases	-	-	-	-	-	-	-	-	-	-
% Kaiser Cases	0.0%	0.0%			0.0%	0.0%	0.0%			0.0%
Adjusted Occupied Bed	124.19	126.35	(2.16)	-1.7%	118.45	124.19	126.35	(2.16)	-1.7%	118.45
Productive FTE	335.55	341.14	(5.59)	-1.6%	352.47	335.55	341.14	(5.59)	-1.6%	352.47
Total FTE	394.19	410.08	(15.89)	-3.9%	417.09	394.19	410.08	(15.89)	-3.9%	417.09
Productive FTE/Adj. Occ. Bed	2.70	2.70	0.00	0.1%	2.98	2.70	2.70	0.00	0.1%	2.98
Total FTE/ Adj. Occ. Bed	3.17	3.25	(0.07)	-2.2%	3.52	3.17	3.25	(0.07)	-2.2%	3.52

City of Alameda Health Care District
Statements of Financial Position
July 31, 2011

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 692,243	$ 1,802,225	$ 1,802,225
Patient Accounts Receivable, net	8,597,131	7,249,185	7,249,185
Other Receivables	8,316,672	8,216,998	8,216,998
Third-Party Payer Settlement Receivables	301,795	278,580	278,580
Inventories	1,188,185	1,238,762	1,238,762
Prepaids and Other	367,538	262,359	262,359
Total Current Assets	19,463,564	19,048,109	19,048,109
Assets Limited as to Use, net	494,917	483,716	483,716
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	43,429,274	43,385,071	43,385,071
Construction in progress	3,017,346	2,921,048	2,921,048
Depreciation	(38,939,152)	(38,862,494)	(38,862,494)
Property, Plant and Equipment, net	8,385,413	8,321,570	8,321,570
Total Assets	**$ 28,343,894**	**$ 27,853,395**	**$ 27,853,395**
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	$ 961,784	$ 711,784	$ 711,784
Accounts Payable and Accrued Expenses	7,386,098	7,025,089	7,025,089
Payroll Related Accruals	4,310,043	4,003,695	4,003,695
Deferred Revenue	5,248,887	5,725,900	5,725,900
Employee Health Related Accruals	360,000	343,382	343,382
Third-Party Payer Settlement Payable	267,474	267,474	267,474
Total Current Liabilities	18,534,286	18,077,324	18,077,324
Long Term Debt, net	1,115,474	1,142,109	1,142,109
Total Liabilities	19,649,760	19,219,433	19,219,433
Net Assets:			
Unrestricted	7,971,640	8,022,670	8,022,670
Temporarily Restricted	722,494	611,292	611,292
Total Net Assets	8,694,134	8,633,962	8,633,962
Total Liabilities and Net Assets	**$ 28,343,894**	**$ 27,853,395**	**$ 27,853,395**

City of Alameda Health Care District
Statements of Operations
July 31, 2011

$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Patient Days	2,545	2,670	(125)	-4.7%	2,486	2,545	2,670	(125)	-4.7%	2,486
Discharges	233	251	(18)	-7.2%	222	233	251	(18)	-7.2%	222
ALOS (Average Length of Stay)	10.92	10.64	0.29	2.7%	11.20	10.92	10.64	0.29	2.7%	11.20
ADC (Average Daily Census)	82.1	86.1	(4.03)	-4.7%	80.2	82	86.1	(4.03)	-4.7%	80.2
CMI (Case Mix Index)	1.3168				1.4619	1.3168				1.4619
Revenues										
Gross Inpatient Revenues	$ 14,176	$ 15,546	$ (1,370)	-8.8%	$ 14,121	$ 14,176	$ 15,546	$ (1,370)	-8.8%	$ 14,121
Gross Outpatient Revenues	7,343	7,208	135	1.9%	6,695	7,343	7,208	135	1.9%	6,695
Total Gross Revenues	21,518	22,754	(1,235)	-5.4%	20,816	21,518	22,754	(1,235)	-5.4%	20,816
Contractual Deductions	16,266	16,764	497	3.0%	14,880	16,266	16,764	497	3.0%	14,880
Bad Debts	337	725	388	53.5%	719	337	725	388	53.5%	719
Charity and Other Adjustments	265	175	(90)	-51.3%	212	265	175	(90)	-51.3%	212
Net Patient Revenues	4,650	5,090	(440)	-8.6%	5,005	4,650	5,090	(440)	-8.6%	5,005
Net Patient Revenue %	21.6%	22.4%			24.0%	21.6%	22.4%			24.0%
Net Clinic Revenue	35	17	18	110.6%	42	35	17	18	110.6%	42
Other Operating Revenue	6	10	(4)	-37.2%	9	6	10	(4)	-37.2%	9
Total Revenues	**4,692**	**5,116**	**(425)**	-8.3%	**5,056**	**4,692**	**5,116**	**(425)**	-8.3%	**5,056**
Expenses										
Salaries	2,877	2,858	(20)	-0.7%	3,031	2,877	2,858	(20)	-0.7%	3,031
Temporary Agency	111	151	41	26.9%	170	111	151	41	26.9%	170
Benefits	760	799	39	4.9%	896	760	799	39	4.9%	896
Professional Fees	314	286	(27)	-9.5%	307	314	286	(27)	-9.5%	307
Supplies	613	745	132	17.7%	668	613	745	132	17.7%	668
Purchased Services	321	364	43	11.8%	381	321	364	43	11.8%	381
Rents and Leases	87	79	(9)	-10.9%	52	87	79	(9)	-10.9%	52
Utilities and Telephone	68	65	(3)	-5.1%	44	68	65	(3)	-5.1%	44
Insurance	25	17	(8)	-47.6%	36	25	17	(8)	-47.6%	36
Depreciation and amortization	77	68	(9)	-13.5%	83	77	68	(9)	-13.5%	83
Other Opertaing Expenses	66	72	6	8.7%	73	66	72	6	8.7%	73
Total Expenses	**5,318**	**5,503**	**185**	3.4%	**5,740**	**5,318**	**5,503**	**185**	3.4%	**5,740**
Operating gain (loss)	**(627)**	**(387)**	**(240)**	-62.0%	**(684)**	**(627)**	**(387)**	**(240)**	62.0%	**(684)**
Non-Operating Income / (Expense)										
Parcel Taxes	478	478	(1)	-0.2%	478	478	478	(1)	-0.2%	478
Investment Income	0	(12)	12	-104.0%	3	0	(12)	12	-104.0%	3
Interest Expense	(10)	-	(10)	0.0%	(7)	(10)	-	(10)	0.0%	(7)
Other Income / (Expense)	23	23	(0)	-0.8%	23	23	23	(0)	-0.8%	23
Net Non-Operating Income / (Expense)	**491**	**490**	**1**	**0.3%**	**497**	**491**	**490**	**1**	**0.3%**	**497**
Excess of Revenues Over Expenses	**$ (135)**	**$ 103**	**$ (239)**	**-231.1%**	**$ (187)**	**$ (135)**	**$ 103**	**$ (239)**	**-231.1%**	**$ (187)**

City of Alameda Health Care District

Statements of Operations - Per Adjusted Patient Day

July 31, 2011

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	$ 3,669	$ 3,978	$ (309)	-7.8%	$ 3,853	$ 3,669	$ 3,978	$ (309)	-7.8%	$ 3,853
Gross Outpatient Revenues	1,901	1,844	56	3.1%	1,827	1,901	1,844	56	3.1%	1,827
Total Gross Revenues	5,570	5,822	(252)	-4.3%	5,680	5,570	5,822	(252)	-4.3%	5,680
Contractual Deductions	4,210	4,290	79	1.8%	4,060	4,210	4,290	79	1.8%	4,060
Bad Debts	87	186	98	53.0%	196	87	186	98	53.0%	196
Charity and Other Adjustments	69	45	(24)	-53.0%	58	69	45	(24)	-53.0%	58
Net Patient Revenues	1,204	1,302	(99)	-7.6%	1,366	1,204	1,302	(99)	-7.6%	1,366
Net Patient Revenue %	21.6%	22.4%			24.0%	21.6%	22.4%			24.0%
Net Clinic Revenue	9	4	5	113.0%	11	9	4	5	113.0%	11
Other Operating Revenue	2	3	(1)	-36.5%	2	2	3	(1)	-36.5%	2
Total Revenues	**1,214**	**1,309**	**(95)**	-7.2%	**1,380**	**1,214**	**1,309**	**(95)**	-7.2%	**1,380**
Expenses										
Salaries	745	731	(14)	-1.9%	827	745	731	(14)	-1.9%	827
Temporary Agency	29	39	10	26.0%	46	29	39	10	26.0%	46
Benefits	197	205	8	3.8%	245	197	205	8	3.8%	245
Professional Fees	81	73	(8)	-10.7%	84	81	73	(8)	-10.7%	84
Supplies	159	191	32	16.8%	182	159	191	32	16.8%	182
Purchased Services	83	93	10	10.8%	104	83	93	10	10.8%	104
Rents and Leases	23	20	(2)	-12.2%	14	23	20	(2)	-12.2%	14
Utilities and Telephone	18	17	(1)	-6.3%	12	18	17	(1)	-6.3%	12
Insurance	6	4	(2)	-49.3%	10	6	4	(2)	-49.3%	10
Depreciation and Amortization	20	17	(3)	-14.8%	23	20	17	(3)	-14.8%	23
Other Operating Expenses	17	18	1	7.6%	20	17	18	1	7.6%	20
Total Expenses	**1,377**	**1,408**	**32**	2.2%	**1,566**	**1,377**	**1,408**	**32**	2.2%	**1,566**
Operating Gain / (Loss)	**(162)**	**(99)**	**(63)**	-63.9%	**(187)**	**(162)**	**(99)**	**(63)**	63.9%	**(186)**
Non-Operating Income / (Expense)										
Parcel Taxes	124	122	1	1.0%	130	124	122	1	1.0%	130
Investment Income	0	(3)	3	-104.0%	1	0	(3)	3	-104.0%	1
Interest Expense	(3)	-	(3)	0.0%	(2)	(3)	-	(3)	0.0%	(2)
Other Income / (Expense)	6	6	0	0.4%	6	6	6	0	0.4%	6
Net Non-Operating Income / (Expense)	**127**	**125**	**2**	**1.4%**	**136**	**127**	**125**	**2**	1.4%	**136**
Excess of Revenues Over Expenses	**$ (35)**	**$ 26**	**$ (61)**	-232.6%	**$ (51)**	**$ (35)**	**$ 26**	**$ (61)**	-232.6%	**$ (51)**

City of Alameda Health Care District
Statement of Cash Flows
For the One Month Ended July 31, 2011

	Current Month	Year-to-Date
Cash flows from operating activities		
Net Income / (Loss)	$ (135,933)	$ (135,933)
Items not requiring the use of cash:		
Depreciation and amortization	76,658	$ 76,658
Write-off of Kaiser liability	-	$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(1,347,946)	(1,347,946)
Other Receivables	(99,674)	(99,674)
Third-Party Payer Settlements Receivable	(23,215)	(23,215)
Inventories	50,577	50,577
Prepaids and Other	(105,179)	(105,179)
Accounts payable and accrued liabilities	361,009	361,009
Payroll Related Accruals	306,348	306,348
Employee Health Plan Accruals	16,618	16,618
Deferred Revenues	(477,013)	(477,013)
Cash provided by (used in) operating activities	(1,377,750)	(1,377,750)
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(11,201)	(11,201)
Additions to Property, Plant and Equipment	(140,501)	(140,501)
Other	84,903	84,903
Cash provided by (used in) investing activities	(66,799)	(66,799)
Cash flows from financing activities		
Net Change in Long-Term Debt	223,365	223,365
Net Change in Restricted Funds	111,202	111,202
Cash provided by (used in) financing and fundraising activities	334,567	334,567
Net increase (decrease) in cash and cash equivalents	(1,109,982)	(1,109,982)
Cash and cash equivalents at beginning of period	1,802,225	1,802,225
Cash and cash equivalents at end of period	$ 692,243	$ 692,243

City of Alameda Health Care District
Ratio's Comparison

Financial Ratios	Audited Results			Unaudited Results	
	FY 2008	FY 2009	FY 2010	FY 2011	YTD 7/31/2011
Profitability Ratios					
Net Patient Revenue (%)	22.48%	22.69%	24.16%	23.58%	21.61%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	-0.72%	3.62%	4.82%	-1.01%	-1.05%
EBIDAP[Note 5]	-10.91%	-5.49%	-3.66%	-13.41%	-11.23%
Operating Margin	-3.75%	1.03%	2.74%	-2.61%	-2.62%
Liquidity Ratios					
Current Ratio	0.98	1.15	1.23	1.05	1.05
Days in accounts receivable ,net	51.70	57.26	51.83	46.03	57.31
Days cash on hand (with restricted)	30.61	13.56	21.60	14.14	8.66
Debt Ratios					
Cash to Debt	187.3%	115.3%	249.0%	123.3%	57.15%
Average pay period	58.93	58.03	57.11	62.68	71.16
Debt service coverage	(0.14)	3.87	5.98	(0.70)	(0.05)
Long-term debt to fund balance	0.26	0.20	0.14	0.18	0.19
Return on fund balance	-29.59%	8.42%	18.87%	-19.21%	-1.56%
Debt to number of beds	20,932	13,481	10,482	11,515	12,902

City of Alameda Health Care District
Ratio's Comparison

Financial Ratios	FY 2008	FY 2009	FY 2010	FY 2011	YTD 7/31/2011
	Audited Results			Unaudited Results	
Patient Care Information					
Bed Capacity	135	161	161	161	161
Patient days(all services)	22,687	30,463	30,607	30,270	2,545
Patient days (acute only)	11,276	11,787	10,579	10,443	866
Discharges(acute only)	2,885	2,812	2,802	2,527	224
Average length of stay (acute only)	3.91	4.19	3.78	4.13	3.87
Average daily patients (all sources)	61.99	83.46	83.85	82.93	82.10
Occupancy rate (all sources)	45.92%	52.94%	52.08%	51.51%	50.99%
Average length of stay	3.91	4.19	3.78	4.13	3.87
Emergency Visits	17,922	17,337	17,624	16,816	1,485
Emergency visits per day	48.97	47.50	48.28	46.07	47.90
Outpatient registrations per day[Note 1]	84.54	82.05	79.67	65.19	57.26
Surgeries per day[Note 1]	14.78	16.12	13.46	6.12	6.35

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.

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 2011

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

From: Deborah E. Stebbins, CEO
Tony Corica, Director of Physician Relations

Subject: Approval of Physician Recruitment Agreement – Bhoomika Kamath, MD

Recommendation:

Management recommends that the Board of Directors approve the Physician Recruitment Agreement between Alameda Hospital and Alameda Family Physicians (AFP). This Agreement allows the Hospital to provide financial assistance to AFP in order for them to employ a physician in their practice, Bhoomika Kamath, M.D. That assistance shall not exceed $124,500 over a one year period extending from November 1, 2011 to October 30, 2012.

Background:

AFP approached Alameda Hospital and asked for assistance in order to employ a physician in their practice. The Hospital has determined that it is necessary to provide financial assistance to the practice so it may employ an additional Family Medicine physician. The 2009-2013 Strategic Plan of the Hospital determined that a shortage of Family Medicine physicians exists in the Hospital service area. AFP has agreed to the Hospital partially funding the first year's compensation of a new Family Practitioner, Bhoomika Kamath, M.D., who would begin practicing in Alameda on November 1, 2011.

Discussion:

Alameda Hospital, like many East Bay hospitals offers incentives to practices and physicians to locate needed specialties within its service area. The income guarantee the Hospital is willing to fund is a loan to AFP not to exceed $124,500 during Dr. Kamath's first year with AFP. This loan will be forgiven provided Dr. Kamath works in Alameda for the next 3 years.

This type of incentive has been used a number of times over the years to recruit physicians to Alameda including the following physicians, their specialties and the term of their recruitment agreements.

- OB\GYN
  - 1999-2004 (Gerdes)
- General Surgeons
  - 2003-2006 (McBride)
  - 2008-(Celada)
- Internists
  - 2001-2004 (Belk)
  - 2002-2005 (Kliman)
- Family Practice Physicians
  - 2001-2004 (Chandron)
  - 2002-2005 (Saluuma)
  - 2009 -2012 (Chan)

The 2009 agreement, also with AFP, resulted in just over 70% of the maximum guarantee being funded by the Hospital.

AFP is the largest provider of primary care medicine in Alameda. They currently have 6 Family Practice Physicians and 4 Physician Assistants. Dr. John Carper, the senior partner of the group, has told the Hospital that AFP is filling all appointment availability, is booked out in the future, and needs to recruit another physician to their practice. The establishment of a new physician to this practice increases the availability of private practice physicians to residents and expands the Hospital Medical Staff to meet patient and community needs.

PHYSICIAN RECRUITMENT AGREEMENT

This Physician Recruitment Agreement ("Agreement"), dated for reference purposes only November 1, 2011, is made and entered into by and among City of Alameda Health Care District d/b/a Alameda Hospital (hereinafter referred to as "Hospital") Alameda Family Physicians Medical Group, Inc., a California professional corporation (hereinafter referred to as the "Practice") and Bhoomika Kamath, M.D. (hereinafter referred to as "Physician").

R E C I T A L S

A. Hospital owns and operates a licensed acute care hospital and provides inpatient and outpatient health care services to residents in Hospital's service area; and

B. Based upon an objective assessment of need covering the physician to population ratio in Hospital's primary service area, which is the City of Alameda, Hospital has determined that a shortage of Family Medicine physicians exists; and

C. Physician has not yet established practice in the Hospital's primary service area, but plans to join the Practice as hereinafter set forth; and

D. Physician received a Doctor of Medicine degree from Maharastra University in India in 2004 and completed the Stanislaus County / UC Davis Family Medicine Program. Physician is Board Certified in Family Medicine, and is licensed to practice medicine in California. Physician has expertise and qualifications to obtain medical staff membership and serve residents of hospital's primary service area; and

E. Due to the high cost of establishing a medical practice, Practice requires financial assistance from Hospital in order to employ Physician in the Practice. Hospital has considered incentives to assist Physician and the Practice and has selected an approach which addresses the concerns of both at minimal cost to Hospital; and

F. Hospital has determined (a) that it is necessary to provide financial assistance to obtain the agreement of Physician and Practice to relocate to the Hospital's primary service area and to provide needed Family Medicine services (the "Services"), and (b) that Physician's and Practice's establishment of a Family Medicine practice in Hospital's primary service area has direct and indirect value to residents in Hospital's primary service area, and to Hospital, based upon the following factors: (1) the Services to be provided by Physician will be Family Medicine, a practice specialty in which Hospital has determined a shortage exists; (2) the potential expansion of Hospital's medical staff membership to encompass additional services to meet patient needs; (3) the increased availability of private practice physicians to residents including Medi-Cal and indigent patients in Hospital's primary service area; (4) Private practice as well as other alternatives available to Physician; and (5) other community benefits derived from the presence of Physician and Practice in Hospital's primary service area; and

G. Hospital is willing to extend a Credit Line to the Practice in order to allow for the establishment of a full time Family Medicine practice in Hospital's primary service area. The amount of the Credit Line has been based on information provided regarding projected income and expenses related to Physician's practice. The Credit Line is fair and reasonable and also takes into account the average income and expense data of physicians in the San Francisco Bay Area, as reflected in MGMA survey data for the Western Region of the United States. The income and expense data provided and the terms of this Agreement prevent any undue enrichment for Physician or the Practice. Also, the benefits provided do not exceed the value of Physician's presence in Hospital's primary service area; and

H. Hospital is willing to provide assistance to the Physician and to the Practice on the terms and conditions herein, including delivery by the Practice of the Promissory Note and Security Agreement evidencing certain financial obligations under this Agreement; and

I. Hospital and the Practice have negotiated the terms of this Agreement at arm's length; and

J. Hospital, the Practice and Physician desire to enter into this Agreement to provide a full statement of their arrangements for having a newly recruited Physician provide Services in an office setting in Hospital's primary service area.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I
DEFINITIONS

A. "**Loan Amount**" or **"Credit Line"** shall mean a line of credit up to one hundred twenty-four thousand five hundred dollars ($124,500.00) which Hospital will make available to loan to Physician and to the Practice over a one-year period, commencing on the Effective Date of this Agreement, to assist Practice and Physician in establishing an 80% Family Medicine practice. Advances shall be made monthly or on any other basis agreed upon by all parties after review and approval of the Practice's income and expenses related to Physician. This Credit Line or Loan Amount shall be treated as a loan owed by Physician and the Practice. Further, this Credit Line is advanced to induce the Practice to expand its Family Medicine practice in Hospital's primary service area and to provide the services of Physician as described herein. The Credit Line shall be evidenced by a Promissory Note (Exhibit A) backed by a Security Agreement (Exhibit B). Exhibits A and B, attached hereto, are part of and incorporated into this Agreement.

B. **"80% Practice"** means a minimum of thirty-two (32) office and other Family Medicine hours per week or a minimum of one hundred and twenty-eight (128) office and other Family Medicine hours per month.

C. "**Loan Balance**" means the amount of the Credit Line advanced by Hospital which has not been repaid by Physician and the Practice or forgiven.

D. "**Disability**" or **"Permanent Disability"** means the permanent inability of Physician to practice medicine and to provide Family Medicine services on a three quarter-time basis.

E. **"Effective Date of this Agreement"** shall mean the date as of which both the Practice and Physician have executed this Agreement, as signified by their respective signatures and hand-written dates set forth on the last page of this Agreement; **"Practice Start Date"** shall mean the date that Physician commences an 80% Practice in Hospital's primary service area, anticipated by the parties to be on or around November 1, 2011.

F. **"Interest"** shall mean interest at the prime rate as published in *The Wall Street Journal* as of the date of each advance, plus 2%; interest shall accrue as of the first day of the month following the month in which the Credit Line is drawn.

G. **"Continuing Medical Education Reimbursement"** shall mean reimbursement from Hospital to practice for physician's actual costs (not to exceed $2,500) of continuing medical education during the first year of practice upon presentation of related expenses.

H. **"Signing Bonus"** shall mean a one-time payment from Hospital to Practice, which Practice shall pay to Physician, in the amount of $20,000. Payment to Physician will be made within forty-five (45) days following the Practice Start Date.

ARTICLE II
PHYSICIAN'S AND PRACTICE'S AGREEMENTS AND OBLIGATIONS

During the term of this Agreement, and as long as any Loan Balance exists, and as a condition for Physician's and the Practice's receipt of the Credit Line, Physician agrees to comply with the following terms for the benefit of and in furtherance of the purposes of this Agreement:

A. **License.** Physician shall be and remain throughout the term of this Agreement duly licensed to practice medicine in the State of California, shall be a member in good standing of the Medical Staff of Hospital, shall comply with the Bylaws, rules, regulations, and policies of Hospital and its Medical Staff, and shall serve on such Medical Staff Committees as assigned. Physician shall also comply with all applicable federal and state regulations.

B. **Practice in Service Area.** The Hospital's primary service area is the City of Alameda. Physician, with facilities and support provided for by the Practice, shall establish and maintain an 80% practice in Family Medicine in Hospital's primary service area during the term of this Agreement. Nothing in this Agreement shall prevent

Physician from providing medical services outside Hospital's primary service area or require Physician to refer or admit patients to Hospital. See also Article VI, Sections A and I. Until such time as any Loan Balance hereunder has either been paid in full, and/or forgiven, Practice shall not impose any form of non-competition covenant on Physician that restricts Physician's ability to practice in Hospital's primary service area.

C. **Assist in Community Service, Community Relations and Marketing.** Physician acknowledges that Hospital maintains an active community relations and marketing program designed to enhance the reputation and visibility of Hospital within its service area. Hospital also sponsors and participates in community service programs. Physician agrees (a) to cooperate and assist Hospital as reasonably requested in promoting and participating in Hospital's health care services and programs and (b) to share the goodwill associated with Physician's medical practice in an effort to promote the reputation of Hospital within its service area. Physician will provide time on a reasonable basis to give educational lectures on topics of general health and disease prevention to the general public during the term of this Agreement.

D. **Staff Privileges.** Physician agrees to maintain Medical Staff privileges at Hospital throughout the term of this Agreement.

E. **Third Party Insured Patients.** Physician (directly or through Practice) agrees to accept those health plan contracts that Hospital accepts, including Medi-Cal and Medicare.

F. **Billing Practice.** Physician agrees to bill for all professional medical services furnished at reasonable, usual and customary rates.

G. **Referrals.** Physician agrees to accept referrals through Hospital's referral service. However, Physician acknowledges that no payment or other consideration hereunder is being offered or made for the referral of patients to the Hospital.

H. **Billing and Documentation.** Physician and Practice shall promptly bill and collect from patients and payors for professional services rendered by Physician. Physician shall also document time spent in providing Family Medicine services within Hospital's primary service area during the term of this Agreement.

I. **Confidentiality.** Physician and Practice agree to keep this Agreement confidential and shall not disclose its existence or terms, for the term of this Agreement and thereafter, to any third party except as required by law, or to Physician's and Practice's advisors.

J. **Consulting, Medical and Administrative Services.** Physician agrees to provide, without additional compensation, reasonable consulting, medical and administrative services to Hospital. Said services may include, but shall not be limited to assistance with Hospital-Medical Staff relations, Hospital program development, and Hospital administration and operations.

ARTICLE III
GUARANTEES AND FINANCIAL OBLIGATIONS

A. **Reports and Accounts**.

1. **Advances.** As of the Practice Start Date of this Agreement, and throughout the first year, referred to as the "Assistance Period," of this Agreement, Practice shall be permitted to draw on the Credit Line an amount for Physician's compensation and operating expenses directly related to Physician's practice, subject to Practice providing to Hospital adequate documentation supporting such expenses. "Operating Expenses" shall only cover ordinary and necessary items used to operate Physician's 80% Family Medicine practice consistent with reasonable standards in Hospital's primary service area. Operating Expenses may include, but may not be limited to, office rent, employee labor costs, supplies, equipment rental, professional liability insurance, advertising and promotion, billing, postage and telephone. Operating expenses must be approved by the Hospital.

Practice may draw on the Credit Line up to an amount that will represent a contribution to monthly compensation of no more than $8,500 ("monthly income guarantee") plus operating expenses minus actual cash collections (which shall include any on call compensation Physician receives from any source) attributable to physician's services. If, for any month during the Assistance Period, Physician's actual cash collections exceed the total of the monthly income guarantee and practice expenses, any excess shall be credited to the outstanding loan balance. Including the Signing Bonus, at no time during the Assistance Period will the Hospital advance Practice more than one hundred twenty four thousand five hundred dollars ($124,500.00). During the first 3 months of the Assistance Period, Practice may request advances in advance of the month to which it applies; thereafter, such requests shall be made in arrears.

At the end of the 12 month Assistance Period, the outstanding balance of all such monthly draws on the Credit Line from Hospital, plus the Signing Bonus and the Moving Expense Reimbursement, will be converted into a loan with a fair market interest rate as specified above.

If Physician continues her Family Medicine practice within Hospital's primary service area on an 80% basis for 24 months from the last day of the Assistance Period, the loan to the Practice will be forgiven. 1/24 of the outstanding loan balance will be forgiven for each and every month Physician maintains her80% Family Medicine practice within Hospital's primary service area.

Should Physician discontinue her practice prior to the completion of the 24 month forgiveness period, Physician and Practice will be required to repay the outstanding loan balance in accordance with the terms of the Promissory Note.

2. **Request for Advances.** At least ten (10) working days prior to an

advance of funds, Practice shall execute and deliver to Hospital a request (the "Request"), in a form that Hospital shall provide, which shall be the supporting documentation specified in Subparagraph 3 below. The amount duly requested shall be delivered by Hospital to Practice in immediately available funds within ten (10) working days after receipt of the Request and supporting documentation in a format approved by Hospital, or within any other time period agreed to by the parties, and upon fulfillment of the applicable conditions set forth in this Agreement. Advances shall be made no more frequently than once every thirty (30) days.

3. **Billing/Records.** Practice shall provide to Hospital, in conjunction with the Request, as a condition precedent to Practice's receiving funds pursuant to the Credit Line, an income report, a statement of all Physician services provided, time worked, amounts billed, collectible amounts billed, and amounts collected for services rendered. As a condition precedent to receiving funds pursuant to Subparagraph 1 above, Practice shall attach to the Request invoices or other documentation supporting amounts to be advanced for Physician's compensation and Operating Expenses. Such report and statement shall be for the period for which financial assistance is sought or any earlier period if not yet reported to Hospital. Practice agrees to provide such documentation or any other documentation as is required by Hospital to support such advances. Failure to provide this information in a form acceptable to Hospital may result in a delay in Practice's receipt of advances.

4. **Access to Records.** Upon reasonable notice, Hospital (at its cost, except as provided below in this subparagraph 4) shall have access during normal business hours to Practice's documents, books and records as are necessary to verify the nature and extent of the Practice's billings, collections and expenses related to the services provided by Physician, and to verify reports, statements, and supporting documentation. These records shall be available for seven years after Physician's services are completed. Practice shall indemnify Hospital for any expenses it may incur in the event that any amount of reimbursement to Practice is denied or disallowed because of the failure of Practice to comply with this obligation. Such indemnity shall include the amount of reimbursements denied, plus any interest, penalties, reasonable accounting and legal costs. Such right to access shall extend for twenty-four (24) months from the Effective Date of this Agreement or as required for a seven-year period for Hospital to provide information to any regulatory agencies. Practice agrees to keep Hospital informed of Practice's addresses during this seven-year period.

5. **Excess Receipts.** Without limiting Article III.A.1 (Advances and Conversion to Loan), Article III.B. (Repayment Obligation), Article III.C. (Forgiveness) or Article III.D (Temporary Disability), the Parties acknowledge and agree that Practice shall make certain payments to Hospital against the advances made under the Credit Line, as follows:

(a) On the 15th day of each calendar month, commencing on December 15, 2011 and continuing up to and including January 31, 2013 (the "Excess Receipts Measurement Period"), Practice shall submit to Hospital the following information for the period beginning on November 1, 2011 and ending on the close of

the calendar month immediately preceding the date of the report (collectively, the "Income Reports"): the income report and the statement of all Physician services provided, time worked, amounts billed, collectible amounts billed and amounts collected for Physician services rendered (as described in Article III.A.3 above).

(b) Within fifteen days after Hospital's receipt of the Income Report, Hospital shall calculate the amount of "Excess Receipts" as of the close of the prior calendar month and notify Practice of such amount. For purposes of this Subparagraph 5(b), the term "Excess Receipts", for any given measurement period, means the sum of (i) the aggregate gross income collected by Practice for Physician's services performed during the period commencing on November 1, 2011 and ending on October 31, 2012 (the "First Year Services Period"), minus (ii) the total gross compensation and benefits paid to Physician as of the close of such measurement period (including, but not, limited to the signing bonus), minus (iii) Operating Expenses directly related to Physician's practice (as identified on the form attached to this Agreement Exhibit C), minus (iv) the aggregate Loan Balance then outstanding under the Credit Line as of the earlier of such measurement date and the final day of the Assistance Period.

(c) Within ten days after the parties agree on the Hospital's calculation of the Excess Receipts under Subparagraph 5(b) above, Practice shall repay to Hospital an amount equal to the lesser of (i) such amount of Excess Receipts, or (ii) the aggregate Loan Balance then outstanding under the Credit Line as of the relevant measurement date. Payments made under this Subparagraph 5(c) shall be applied first to interest, and then to repayment of principal.

(d) The ongoing repayment obligations under this Subparagraph 5 shall commence on November 1, 2011 and continue until the Practice makes any final payment due pursuant to its final reconciliation (mutually acceptable to Hospital) of aggregate Excess Receipts for the Excess Receipts Reporting Period (the "Final Reconciliation")). The Final Reconciliation provided by Practice shall include (i) the information required for the Excess Reports and the definition of "Excess Receipts", including start-up costs up to a maximum of one hundred twenty four thousand five hundred dollars ($124,500.00), and (ii) net accounts receivable for all services performed by Physician during the First Year Services Period, calculated based on a methodology mutually agreed to by Practice and Hospital.

(e) Within ninety (90) days after the end of the first year of this Agreement, Hospital shall provide to Practice an itemized statement of all sums disbursed by Hospital to Practice, and all sums reimbursed by Practice to Hospital. Such statement shall indicate any sums still owed Hospital by Practice.

B. **Physician's and Practice's Repayment Obligation.** Physician and Practice shall repay all amounts of the Credit Line plus interest to Hospital unless the loan is forgiven according to section C below. Practice's repayment obligation is as follows:

1. Within two (2) years from the end of the Assistance Period of this Agreement, Physician and Practice shall repay to Hospital any remaining, unforgiven Loan Balance, plus accrued interest.

2. If Physician and Practice fail to make any payment within fourteen (14) days of the date such payment is due, Physician and Practice shall be assessed a finance charge of five percent (5%) of the amount of the installment payment owing. In addition, Hospital may, in its discretion, require the immediate payment of the entire Loan Balance, plus accrued interest owed by Physician and Practice to Hospital.

3. In the case of Physician's death or Permanent Disability, no repayment shall be required for any amount of the Loan Balance so long as there is no default on this Agreement, prior to Physician's death or Permanent Disability. Nor will any further advances be made by Hospital. The terms of Article III, Section A.5, however, shall nevertheless apply.

C. **Forgiveness of Physician and Practice's Repayment Obligation**. If Physician fully complies with the conditions and obligations in Articles II and III, Hospital shall forgive Practice's repayment obligation, except for the repayment provisions of Article III, Section A.5, as follows:

1. On the last day of each month following the end of the Assistance Period that Physician maintains her Family Medicine practice in Hospital's primary service area, one-twenty-fourth of the total then-outstanding Loan Balance plus interest shall be forgiven.

On the second anniversary of the end of the Assistance Period, the remaining Loan Balance plus interest shall be forgiven.

2. In the event of Physician's death or Permanent Disability, all amounts advanced shall thereupon be forgiven so long as there is no default on this Agreement. However, the repayment terms of Article III, Section A.5 shall nonetheless apply.

3. Under no circumstances shall Hospital's forgiveness of Practice's repayment obligations hereunder be interpreted as requiring Hospital to make any payments to Physician other than as set forth in this Agreement.

4. Notwithstanding the requirements of paragraphs 1 through 3 immediately above, if Physician ceases for any reason (other than temporary disability, including maternity leave) to maintain a Family Medicine practice during the term of this Agreement, Physician and Practice may avoid a default by arranging for a "Replacement Physician" to begin a Family Medicine practice within one hundred and eighty (180) days after Physician ceases to maintain a Family Medicine practice; provided that Physician, the Replacement Physician and Hospital mutually agree upon such modifications to this Agreement, the Promissory Note and the Security Agreement

as may be appropriate to reflect the substitution of the Replacement Physician (but in no event shall Hospital be obligated to provide financial assistance to Physician and Replacement Physician, in the aggregate, beyond the limits set forth in Section III A.(1). If Physician, the Replacement Physician, Practice and Hospital are not able to reach mutual agreement on modifications to this Agreement, the Promissory Note and the Security Agreement within such one hundred and eighty (180)-day period, then a default by Physician shall be deemed to have occurred and the repayment provisions of Section III B. shall apply.

a. Replacement Physician Requirements. A Replacement Physician shall:

i. be similarly qualified as Physician to practice in Family Medicine;

ii. relocate his/her residence and professional medical practice from outside the Geographic Service Area to a location inside the Geographic Service Area;

iii. establish and maintain a Family Medicine practice;

iv. join Hospital's medical staff;

v. agree to provide patient care and other community services on the terms and conditions set forth in this Agreement; and

vi. be approved in advance by Hospital in its reasonable discretion.

b. No Fees or Additional Expenses. Hospital shall not be obligated to pay any fees, costs or expenses incurred by Physician or Practice in connection with the recruitment of the Replacement Physician or the modifications to this Agreement, the Promissory Note and the Security Agreement.

c. Search Period. During the period when Physician and Practice are searching for a Replacement Physician, this Agreement shall not terminate but the parties shall be excused from performance during such period, interest on prior advances shall not accrue during such period, and the Forgiveness Period (or Assistance Period, if applicable) shall be extended for the number of days during which neither Physician nor a Replacement Physician is maintaining a Family Medicine practice. However, if no Replacement Physician begins a Family Medicine practice within the one hundred and eighty (180) day-period prescribed in this section, the interest which would have accrued during such one hundred and eighty (180)-day period shall be accrued retroactively for such period and remain a joint and several obligation of Physician and Practice. In the event a Replacement Physician establishes a Family Medicine practice within such one hundred and eighty (180)-day period but subsequently ceases to maintain a Community Practice or otherwise defaults in the performance of this Agreement before the end of the Forgiveness Period, Physician and Practice shall be deemed to be in default under this Agreement at that time, and shall be liable for repayment of any unforgiven amounts pursuant to Section III B, except to the extent Physician's obligation is expressly modified in writing at the time the Replacement Physician begins a Family Medicine practice.

D. **Physician's Temporary Disability.** In the event that Physician takes a leave of absence or has a temporary disability up to a period not to exceed six months, Practice's repayment obligation and the forgiveness of this repayment obligation shall be extended for a like period, and the period of Physician's temporary disability or leave of absence shall not be included in the calculation of full-time practice.

ARTICLE IV
TAX AND FINANCIAL PROVISIONS

A. **Income Tax Ramifications.** The parties acknowledge that Physician and Practice will incur federal and state income tax ramifications from certain of the transactions provided for herein, and that Hospital is required to report items of income under relevant federal and state income tax laws and regulations. It is the responsibility of Physician and Practice to consult with his or her income tax advisors with respect to the filing of income tax returns and the tax treatment of items provided for herein.

B. **Security Interest**. To secure any amounts that may be owed to Hospital pursuant to the terms of this Agreement, Practice agrees to execute a Security Agreement in the form attached as Exhibit B, and a Form UCC-1 and any other documents requested by Hospital.

ARTICLE V
TERM AND TERMINATION OF AGREEMENT

A. **Term.** The term shall begin on the Effective Date of this Agreement and continue until two (2) years following the Assistance Period, unless extended further as provided herein.

B. **Termination.** This Agreement may be terminated as follows:

1. Without cause by mutual agreement of all parties, or

2. For cause involving a material breach of this Agreement by any party. "For cause" includes the actions described in Articles II and III of this Agreement. In the event of a material breach, any non-breaching party shall give the breaching party written notice of said breach, providing the breaching party with 10 days in which to cure said breach. If the breach is cured, this Agreement shall not be terminated. In the event of termination due to a material breach by Physician or Practice during the term of this Agreement, Practice and Physician shall be required to repay in full, within twelve (12) months following termination, all funds advanced or contributed by Hospital pursuant to this Agreement, or

3. By any party if either party's legal counsel provides a written opinion that the Agreement violates any material law or regulation, or

4. If Hospital closes or no longer provides acute care services.

C. **Termination Remedies.**

1. Except as otherwise stated herein, if Hospital or Practice and Physician terminates this Agreement due to reasons other than: closure, violation of law, a material breach which is not cured, or death or disability of Physician, Practice must repay the Loan Balance with accrued interest over a period of twelve (12) months.

2. If either party terminates upon written legal opinion that the Agreement violates material law, Practice and Physician shall repay the Loan Balance plus accrued interest within twelve (12) months of such termination. Any amounts which have been forgiven prior to the date of termination shall remain forgiven, subject, however, to the provisions of Article III, Section A.5.

3. If termination occurs due to Physician's death or Permanent Disability, the amounts forgiven shall be as set forth under Article III, Section B.4 of this Agreement subject to the provisions of Article III, Section A.5.

4. If termination occurs due to an uncured breach by Physician or Practice, all amounts advanced hereunder, plus accrued interest, shall become immediately due and payable.

ARTICLE VI
MISCELLANEOUS

A. **Independent Contractor.** It is expressly acknowledged by the parties that nothing in this Agreement is intended, nor shall be construed, to create an employer/employee relationship or a joint venture relationship between Hospital and Practice and/or Physician. In providing rights and duties of this Agreement, the parties are acting as independent contractors. Hospital shall have no control over the decision of which hospital Physician's patients are to be admitted nor the manner in which Physician provides professional services to patients, provided that such services are to be provided in a manner consistent with the standards governing such services and the provisions of this Agreement. In addition, neither Physician nor Practice shall, for the term of this Agreement and thereafter, utilize the name, logos, service marks or trademarks of Hospital or any of Hospital's affiliated entities without Hospital's prior written consent.

B. **Assignment.** This Agreement may not be assigned by any party without the prior written consent of the other party, provided, however, Physician and Practice agree to and hereby consent to an assignment by Hospital to an affiliate (any bona fide organization which is controlled by the Hospital or which is controlled by an organization

which controls the Hospital) as long as such assignment does not impair in any way the fulfillment of the obligations under this Agreement. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns, heirs and legal representatives, including any entity with which the Hospital may merge or consolidate or to which it may transfer all or substantially all of its assets.

C. **Notices.** Any notice demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered or 3 days after mailed by prepaid certified mail, return receipt requested, addressed as follows or such other address, and to the attention of such other persons or officers, as any party may designate by written notice:

To Physician prior to Practice Start Date:

Bhoomika Kamath, M.D.
5502 Corte Sonora
Pleasanton, CA 94566

To Practice (and to Physician after the Practice Start Date):

Alameda Family Physicians Medical Group, Inc.,
a Professional Corporation
2433 Central Ave., Suite A
Alameda, CA 94501

To Hospital:

City of Alameda Health Care District
Deborah E. Stebbins, CEO
2070 Clinton Avenue
Alameda, CA 94501

D. **Governing Law.** This Agreement has been executed and delivered in and shall be interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of California.

E. **Waiver of Breach.** The waiver by either party of a breach or violation of any provision or term of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach or term by Hospital, Practice or Physician. To be effective, a waiver must be in writing, signed, and dated by the parties.

F. **Attorney's Fees.** In the event of litigation or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to reasonable attorneys fees, as set by the court or arbitrator.

G. **Entire Agreement.** This Agreement supersedes all previous contracts,

agreements, and understandings, both oral and written, and constitutes the entire Agreement between the parties.

H. **Condition Precedent**. As a condition precedent to the operative effect of this Agreement, Physician must be licensed in California and admitted to Hospital's Medical Staff within six months from the date this Agreement is signed by both parties.

I. **Referrals**. This Agreement does not prohibit Physician from establishing staff privileges at or referring any service to, or otherwise generating business for, any other entity of Physician's choosing. There is no requirement that Physician make referrals to or otherwise generate business for Hospital as a condition of receiving the benefits conferred. Referrals, admissions and transfers by Physician shall be made only consistent with appropriate patient care and in conformance with all applicable laws.

J. **Changes in or Violations of Law**. The parties agree that if any provision of this Agreement shall, in the opinion of legal counsel for Hospital be contrary to Fraud and Abuse Statutes, Stark law, or any other law, the provision of this Agreement so violating the Fraud and Abuse Statutes, Stark Law, or any other law, shall be of no force or effect, and the parties shall exercise their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible consistent with the requirements of federal and/or state law.

In the event that a change in the Agreement is requested based upon Hospital's legal counsel's opinion, and Physician or Practice disagrees with Hospital's legal counsel’s opinion, the parties shall jointly select independent counsel to render an additional opinion, which opinion shall be given due consideration by both parties. After a 10-day review of the independent counsel’s legal opinion, the parties may continue, amend, or terminate this Agreement. In no event, however, shall Hospital be prevented from terminating this Agreement and recovering the amounts in question if the continuation of this Agreement, as written or modified, will violate the Fraud and Abuse Statutes, Stark Law or any other law. Except as otherwise required by applicable law, any amounts owing to either party pursuant to this Agreement shall be paid on a pro rata basis up to the date of such termination, and any obligation pursuant to this Agreement that is to continue beyond termination shall so continue pursuant to its terms. All opinions of counsel provided pursuant to this notice procedure shall be deemed confidential and given solely for purposes of renegotiation and resolution of a potential dispute and are not intended and shall not be deemed to be disclosed so as to waive any privileges otherwise applicable to such opinions.

K. **Interpretation**. All parties have had the opportunity to be represented by counsel in the preparation and negotiation of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement.

L. **Force Majeure**. If either party is unable to perform its duties under this

Agreement due to strikes, labor disputes, governmental restrictions, fire or other casualty, emergency, or any other cause beyond the reasonable control of the party, such non-performing party shall be excused the non-performance by the other party and shall not be in breach of this Agreement for a period equal to such prevention, delay, or stoppage.

"Physician"	**“Hospital”** City of Alameda Health Care District
_________________________ Bhoomika Kamath, M.D.	_________________________ Deborah E. Stebbins Chief Executive Officer
_________________________ Date	_________________________ Date

“Practice”
Alameda Family Physicians Medical Group, Inc..
a Professional Corporation

____
John Carper, M.D.

____
Date

EXHIBIT A

PROMISSORY NOTE

$124,500.00 Date: ________________
Alameda, California

FOR VALUE RECEIVED, the undersigned, Alameda Family Physicians Medical Group, Inc., a Professional Corporation and Bhoomika Kamath, M.D. (collectively, "Maker"), hereby promise, and are hereby jointly and severally obligated, to pay to the order of the City of Alameda Health Care District (the "Note Holder"), located at 2070 Clinton Avenue, Alameda, California 94501, or to such other party at such other place as the Note Holder may from time to time designate in writing, in lawful money of the United States the principal sum equal to the lesser of (a) $124,500.00, or (b) the aggregate unpaid principal amount of the Loan Balance [as defined in that certain Physician Recruitment Agreement, dated for reference purposes November 1, 2011(the "Agreement") executed by the parties in connection herewith] advanced to Note Holder under the terms of the Agreement, together with any accrued and unpaid interest thereon. Capitalized terms used in this Note and not otherwise defined herein shall have the meaning provided in the Agreement. Maker further promises to pay interest on the outstanding principal amount of the Loan Balance from the first day of the month following the month in which the Loan Balance is drawn until payment in full of the Loan Balance, which interest shall be payable at a per annum rate equal to the prime rate as published in The Wall Street Journal as of the date of each advance, plus 2%.

A. If Maker complies with the terms and conditions of the Agreement throughout the term of the Agreement, the amount of the Loan Balance advanced under the Agreement plus interest shall be forgiven and Maker's indebtedness to Note Holder reduced pursuant to and in accordance with Article III, Section C of the Agreement as follows:

On the last day of each month following the end of the Assistance Period that Physician maintains her Family Medicine practice in Hospital's service area, one-twenty-fourth of the total then-outstanding Loan Balance plus interest shall be forgiven.

On the second anniversary of the end of the Assistance Period, the remaining Loan Balance plus interest shall be forgiven.

Amounts advanced under the Agreement shall be forgiven entirely in the event of Physician's death or permanent disability, except as set forth in Article III, Section A.5 of the Agreement.

B. Default. Each of the following events shall constitute an event of Default hereunder:

(a) Maker fails to pay timely any of the principal amount due under this Note or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;

(b) Maker files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against Maker (unless such petition is dismissed or discharged within ninety (90) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Maker.

Upon the occurrence of an event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of Note Holder, and, in the case of an event of Default pursuant to (b) or (c) above, automatically, be immediately due, payable and collectible by Note Holder pursuant to applicable law.

C. All or any portion of the principal and interest due under this Note may be prepaid without penalty prior to the dates on which payments are due. Any prepayment (however designated) first shall be credited against interest then accrued and unpaid, and the remainder of such payment shall reduce the amount of principal then outstanding.

D. In the event of Marker's default of the provisions set forth in Article V, Section B of the Agreement, any amounts previously forgiven under the Agreement shall be applied against advances on a first-in-first-out basis, and interest at the rate provided in Article I of the Agreement, compounded monthly, shall accrue on the unforgiven portion of advances as of the dates of such advances, in addition to the other rights reserved to Note Holder hereunder and under law.

E. Maker waives any right to be released by reason of any extension of time or change in terms of payment and agrees to pay all costs and expenses incurred, including reasonable attorneys' fees, if, after Default hereunder, any attorney is retained to secure collection thereof, whether or not suit is brought. Demand, presentation, protest, notice of dishonor, and notice of default are hereby waived by Maker.

F. If Default is made in the performance of any provision or condition contained in this Note or the Agreement, or in the event the undersigned defaults in the payments or performance of any other loan, note or other obligation due Note Holder, the whole sum of the principal Loan Balance and interest then owing shall become due and payable pursuant to the terms of Article V, Section B of the Agreement.

G. This Note is governed by the laws of the State of California.

H. This Note is secured pursuant to a Security Agreement of even date herewith.

Maker:

By: ______________________________________

Bhoomika Kamath, M.D.

Alameda Family Physicians Medical Group, Inc., a Professional Corporation

By: ______________________________________

John Carper, M.D.

EXHIBIT B

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made and entered into by and between the City of Alameda Health Care District ("Secured Party"), and Alameda Family Physicians Medical Group, Inc., a Professional Corporation ("Debtor"), and is effective as of November 1, 2011.

R E C I T A L S

1. The parties have entered into a Physician Recruitment Agreement dated for reference purposes as of the date hereof (the "Agreement") which created certain obligations to the Secured Party by Debtor. Debtor desires to start a medical practice in Secured Party's hospital service area, as described in more detail in the Agreement.

2. Secured Party operates an acute care hospital located in Alameda, California.

3. Secured Party has agreed to advance certain funds to Debtor, on the terms, and for the reasons, set forth in the Agreement. In turn, Debtor has agreed to repay Secured Party upon the terms set forth in that certain Promissory Note dated November 1, 2011, as such may be amended, extended, modified or renewed from time to time (the "Note") and to grant to Secured Party, on the terms stated herein, a security interest in certain assets of Debtor for the loan of such funds. Capitalized terms used in this Security Agreement, and not otherwise defined herein, shall have the meaning provided in the Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the covenants and agreements herein set forth, IT IS AGREED:

1. **Grant of Security.** To secure the prompt payment and performance when due of all the Obligations (as defined below) and for other good and valuable consideration, including but not limited to Secured Party's making of advances evidenced by the Note, Debtor hereby assigns, grants and pledges to Secured Party a continuing security interest in, and a right of set-off against, all of Debtor's right, title and interest, whether now owned or hereafter acquired, in and to all of Debtor's Accounts; General Intangibles; Goods; Negotiable Collateral; any money, deposit accounts or other assets of Debtor; any and all proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing, and any and all Accounts, General Intangibles, Goods, Negotiable Collateral, money, deposit accounts or other tangible or intangible property resulting from the sale or other disposition of the foregoing, or any portion of it or interest in it, and the proceeds of it (collectively, the "Collateral").

a. For purposes of this Security Agreement, "Accounts" means

all presently existing and hereafter arising accounts receivable (including those generated by any health care related sales made or services rendered by Debtor), contract rights, and all other forms of obligations owing to Debtor arising out of the sale or lease of goods or the rendition of services by Debtor, whether or not earned by performance, all credit insurance, guaranties, and other security therefor, and Debtor's books and records relating to any of the foregoing.

b. For purposes of this Security Agreement, "General Intangibles" means all of Debtor's present and future general intangibles and other personal property (including contract rights, rights arising under common law, statutes or regulations, choses or things in action, goodwill, patents, trade names, trademarks, service marks, copyrights, customer lists, monies due or recoverable from pension funds, monies due under any royalty or licensing agreements, computer programs, computer discs, computer tapes, literature, reports, catalogs, deposit accounts, insurance premium rebates, proceeds of letters of credit, tax refunds and tax refund claims) other than goods and Accounts, and Debtor's books and records relating to any of the foregoing.

c. For purposes of this Security Agreement, "Goods" shall have the meaning ascribed to it in the California Commercial Code, and shall include without limitation, all equipment (as such term is defined in the California Commercial Code), whether now owned or hereafter acquired, including but not limited to all furniture, fixtures, computers, medical devices and equipment, office and record-keeping equipment, vehicles, parts, and supplies, including but not limited to all computers, computer parts, computer equipment, and all accessions, attachments, accessories, parts and equipment now or hereafter attached or affixed to, used or useful in connection with the foregoing.

d. For purposes of this Security Agreement, "Negotiable Collateral" means all of Debtor's present and future letters of credit, notes, drafts, instruments, investment property, securities accounts, financial assets, certificated and uncertificated securities, documents, leases and chattel paper, and Debtors books and records relating to any of the foregoing.

2. **Secured Obligations**. This Security Agreement and the Collateral secures the payment of (i) all obligations of Debtor, whether now or hereafter owing, to repay Secured Party pursuant to the Note; (ii) all fees and expenses, including attorneys' fees, incurred by Secured Party to enforce the Note or this Security Agreement; and (iii) all other obligations of Debtor now or hereafter existing under the Agreement, the Note or this Security Agreement. All of the foregoing obligations of Debtor shall be hereinafter referred to as the "Obligations."

3. **Representations and Warranties**. Debtor represents and warrants to Secured Party as follows, and shall be deemed to do so continually as long as this Security Agreement shall remain in effect:

a. Debtor is the legal and beneficial owner of the Collateral free

and clear of any lien, security interest, charge or encumbrance, except for the security interest created by this Security Agreement, which is subordinate to a credit line agreement Practice has with Bank of Alameda, and has the power, authority and legal right to grant the security interest in the Collateral purported to be granted hereby, and to execute, deliver and perform this Security Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party relating to this Security Agreement.

b. Debtor and its agents have exclusive possession and control of the Collateral.

c. Assuming a properly completed and correct financing statement is filed with the California Secretary of State and kept in full force and effect, this Security Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Obligations, and all other obligations necessary or desirable to perfect and protect such security interest have been duly taken, except those action listed in subsection e. below, which Debtor expressly covenants it shall assist Secured Party in obtaining and filing.

4. **Further Assurances**. Debtor shall from time to time, at the expense of Debtor, promptly execute and deliver all further instruments and documents, and take all further actions that may be necessary or desirable, or that Secured Party may request, to perfect and protect any security interest granted hereby, or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including without limitation the following:

a. Debtor shall execute and deliver to Secured Party all such financing or continuation statements, or amendments thereto, and such other notices or instruments as may be necessary or desirable in order to perfect and preserve the security interest granted hereby.

b. Debtor shall furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request.

c. Debtor shall not create or suffer to exist any superior or prior lien upon or with respect to any of the Collateral, except for the security interest created by this Security Agreement.

d. Debtor shall not sell or assign (by operation of law or otherwise) any of the Collateral without Secured Party's prior written consent.

e. Debtor shall arrange and maintain her practice in such a manner so that Debtor retains ownership of, and Secured Party retains a valid and enforceable security interest in, all accounts receivable generated from the medical

services provided by Debtor.

f. Debtor shall conduct its medical practice under, bill all services under a provider number assigned to, and own all practice assets and accounts receivable in the name of "Alameda Family Physicians Medical Group, Inc., a Professional Corporation."

5. **Secured Party Appointed Attorney-in-Fact**. Subject to the rights of Debtor provided for in this Security Agreement, Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact. So long as there is a default under this Security Agreement, Secured Party, as attorney-in-fact shall have full authority in the place and stead of Debtor and in the name of Debtor, Secured Party or otherwise, from time to time, in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement. Such instruments may include: (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for monies due and to become due under or in respect to any of the Collateral; (ii) to receive, endorse, and collect any checks, notes, drafts or other instruments, documents and chattel paper in connection clause (i) above (and Debtor waives note of presentment, protest and non-payment of any instrument, document or chattel paper so endorsed or assigned); (iii) to file any claims or take any action or institute any proceedings with Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Secured Party with respect to any of the Collateral; and (iv) to sell, transfer, assign or otherwise deal in or with the Collateral or the proceeds thereof, as fully and efficiently as if Secured Party were the absolute owner thereof.

6. **Secured Party May Perform**. If Debtor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement. The expenses of Secured Party incurred in connection with such performance shall be payable by Debtor under Section 10.b herein.

7. **Secured Party's Duties**. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights under prior parties or any other rights pertaining to any Collateral.

8. **Event of Default**. Debtor will be in default under this Security Agreement if:

a. An event of Default occurs under the terms of the Note;

b. Debtor fails to perform the obligations described in Sections 3, 4 or 5 above, and fails to cure such failure within fifteen days after it receives a notice

of such failure from Secured Party;

c. Debtor commits any breach of this Security Agreement or any present or future rider or supplement to this Security Agreement, the Note, the Agreement, or any other agreement between Debtor and Secured Party, and fails to cure such breach within fifteen days after it receives a notice of such breach from Secured Party;

d. Any warranty, representation, or statement made by or on behalf of Debtor in or with respect to this Security Agreement is false;

e. There is a seizure or attachment of a levy on the Collateral;

f. Debtor becomes insolvent or is unable to meet debts as they mature.

9. **Remedies**. Upon the occurrence of any default, all of the Obligations shall, at the option of Secured Party, become immediately due and payable. In addition, during the continuance of such default:

a. Secured Party may exercise in respect to the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the California Uniform Commercial Code (the "Code"), whether or not the Code applies to the affected Collateral. Secured Party may also require Debtor, at Debtor's expense and immediately upon Secured Party's request, to transfer all or part of the Collateral to Secured Party as directed by Secured Party.

b. All cash proceeds received by Secured Party in respect of any collection from or other realization upon all or any part of the Collateral may, in the discretion of Secured Party, be held by Secured Party as collateral for, and then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to Section 10 herein) in whole or in part by Secured Party against all or any part of the Obligations, in such order as Secured Party shall elect. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all the Obligations to Secured Party shall be paid over to Debtor or to the person lawfully entitled to receive such surplus.

c. Secured Party may, without notice to or demand upon Debtor, appoint a keeper or keepers, who may be officers or employees of Secured Party, who shall have the power to enter upon all business premises of Debtor existing at the time of such default and shall have the power to collect on behalf of Secured Party all revenues from the operation of Debtor's business. Such revenues shall include, without limitation, all cash receipts, checks and other income in any form whatsoever.

d. Secured Party may, upon written notice to Debtor of its

intention to do so, notify the account debtors or obligors of Debtor under any Collateral (the "Account Debtors") of the assignment of such Collateral to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to Debtor thereunder directly to Secured Party and, upon such notification and at the expense of Debtor, to enforce collection of any such Collateral, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Debtor might have done. After receipt by Debtor of the notice from Secured Party referred to in the immediately preceding sentence: (1) all amounts and proceeds (including instruments) received by Debtor in respect of the Collateral shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of Debtor and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary endorsement) to be held as Collateral, or be applied as provided by this Section, as determined by Secured Party, and (2) Debtor shall not adjust, settle or compromise the amount or payment by any such Account Debtor, or release wholly or partly any Account Debtor, or allow any credit or discount thereon, other than any discount allowed for prompt payment.

10. **Indemnity and Expenses.**

a. Debtor shall defend, indemnify and hold harmless Secured Party and each of its officers, directors, members, employees, agents (except Debtor), and representatives against all losses, liabilities, claims, costs, damages, expenses or judgments of any kind or nature whatsoever (including reasonable attorneys' fees, and other costs and expenses) arising out of or resulting from the acts or omissions of Debtor and/or its officers, directors, shareholders, employees, agents (except Debtor), and representatives under this Security Agreement (including, without limitation, enforcement of this Security Agreement) except claims, losses or liabilities resulting from Secured Party's gross negligence or willful misconduct.

b. Debtor shall pay upon demand to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which Secured Party may incur in connection with: (i) the administration of this Security Agreement; (ii) the custody, preservation, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of Secured Party's rights hereunder; or (iv) the failure by Debtor to perform or observe any of the provisions of this Security Agreement.

c. Secured Party shall defend, indemnify and hold harmless Debtor and each of its officers, directors, shareholders, employees, agents (except Secured Party, and representatives against all losses, liabilities, claims, costs, damages, expenses or judgments of any kind or nature whatsoever (including reasonable attorneys' fees and other costs and expenses) arising out of or resulting from the acts or omissions of Secured Party and/or its officers, directors, members, employees, agents (except Debtor), and representatives under this Security Agreement (including, without limitation, enforcement of this Security Agreement) except claims, losses or liabilities resulting from Debtor's gross negligence or willful misconduct.

11. **Continuing Security Interest, Transfer of Note**. This Security Agreement shall create a continuing security interest in the Collateral and shall remain in full force and effect until payment in full and performance of all the Obligations to Secured Party and the termination or cancellation of all credit facilities provided by Secured Party to Debtor; provided, however, that if thereafter Secured Party may pay such sums over to any other person for any reason whatsoever, including any bankruptcy of Debtor, the security interest shall automatically be reinstated. This Security Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their successors and assigns, except as otherwise provided in this Security Agreement. Neither party may assign rights or delegate duties identified in this Security Agreement without the prior express written consent of the other party, which approval shall not be unreasonably withheld; provided, however, that upon thirty (30) days written notice to the other party, Secured Party may assign its rights hereunder to an affiliated entity of Secured Party, as that term is defined in the California Corporations Code, without Debtor's approval. Should Secured Party assign or otherwise transfer the Note or any other note or document evidencing any Obligation held by Secured Party against Debtor to such a third party, the third party shall thereupon become vested with all the benefits granted to Secured Party herein. Upon the payment in full of the Obligations and the termination or cancellation of all credit facilities provided by Secured Party to Debtor, except as provided above, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination, Secured Party shall, at Debtor's expense, execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence such termination.

12. **Notice**. All notices to be given in connection with this Security Agreement shall be in writing, and shall be deemed effective when personally delivered, when sent by facsimile (together with proof of transmission and provided a hard copy is mailed within one business day), when mailed by certified or registered mail, return receipt requested, or when deposited with a comparably reliable postage delivery service (such as Federal Express), addressed to the party entitled to receive such notice at the address specified below by such party, or changed by written notice in accordance with this section.

Secured Party: City of Alameda Health Care District
Attention: Deborah E. Stebbins, CEO
2070 Clinton Avenue
Alameda, CA 94501

Debtor: Alameda Family Physicians Medical Group, Inc.
2433 Central Ave., Suite A
Alameda, CA 94501

The parties may change their respective addresses by giving each other prior written notice of the change.

13. **Right of Set-Off**. Upon the occurrence and during the continuance

of any default in payment of any Obligation to Secured Party, Secured Party is hereby authorized at any time and from time to time, without notice to Debtor (any such notice being expressly waived by Debtor), to set-off and apply any and all deposits or other monies held by Secured Party at any time and other indebtedness at any time owing to Secured Party to or for the credit or the account of Debtor against any and all such Obligations of Debtor to Secured Party.

14. **Insurance**. Unless otherwise agreed in writing by Secured Party, Debtor shall keep the Collateral and Secured Party's interest in it insured under policies with such provisions, for such amounts and by such insurers as shall be satisfactory to Secured Party from time to time, and shall furnish evidence of such insurance satisfactory to Secured Party. Debtor assigns (and directs any insurer to pay) to Secured Party the proceeds of all such insurance and any premium refund, and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Secured Party, to apply such proceeds and refunds to any unpaid balance of the Obligations whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Secured Party is authorized, in the name of Debtor or otherwise, to make, adjust, settle claims under and/or cancel any insurance on the Collateral.

15. **Governing Law**. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. **Headings**. The headings of sections in this Security Agreement are for reference only and are not to be construed in any way as part of this Security Agreement.

17. **Severability**. In the event any portion of this Security Agreement is declared invalid or void by a court or arbitrator, such portion shall be severed from this Security Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to alter substantially the Security Agreement or obligations of the Parties, in which case this Security Agreement may be immediately terminated.

18. **Waiver**. Any failure of a party to insist upon strict compliance with any term, undertaking or condition of this Security Agreement shall not be deemed to be a waiver of such term, undertaking or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

19. **Counterparts**. This Security Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same instrument.

20. **No Referrals**. The parties agree that the benefits to Debtor hereunder so not require, are not payment for, and are not any way contingent upon the admission, referral, purchase or any other arrangement for the provision of any item or service to or for any of Debtor's patients in or from any entity owned, operated,

controlled or managed by Secured Party. Nothing in this Security Agreement is intended to obligate and shall not obligate any party to this Security Agreement to refer clients to any other party.

21. **Entire Agreement/Modification**. This Security Agreement, the Note and the Agreement (including any exhibit incorporated herein or therein) contains the entire understanding and agreement of the parties relating to this subject matter (i.e., the credit line evidenced by the Note), and supersedes any and all prior or contemporaneous agreements, representations and understandings of the parties. This Security Agreement may only be modified in writing, signed by both parties, dated and attached hereto.

22. **Recitals and Exhibits**. Any recital and/or exhibit attached hereto is hereby incorporated into this Security Agreement by this reference.

23. **Ambiguities**. The parties have negotiated this Security Agreement at arms length and have participated fully in the review and revision of this Security Agreement. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities to be resolved against the drafting party shall not apply in interpreting this Security Agreement, and is hereby waived. The provisions of this Security Agreement shall be interpreted in a reasonable manner to affect the purpose of the parties.

24. **General Legal Compliance**. Debtor and Secured Party agree that each shall perform its respective obligations under this Security Agreement in compliance with the requirements of all applicable laws, and with the standards of the Joint Commission on Accreditation of Healthcare Organizations.

25. **Miscellaneous**. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and vice versa, and the masculine shall include the feminine and neuter, and vice versa. The word "person," as used herein, shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed by their authorized representatives on these respective dates.

Dated: ______________

SECURED PARTY:
City of Alameda Health Care District
2070 Clinton Avenue
Alameda, CA 94501

____
Deborah E. Stebbins, Chief Executive Officer

Dated: ______________

DEBTOR
Alameda Family Physicians Medical Group

2433 Central Ave., Suite A
Alameda, CA 94501

____
John Carper, M.D.

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 1011

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

From: Deborah E. Stebbins, CEO

Subject: Request to Reschedule October 2011 District Board Meeting

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Recommendation:

Hospital Administration is recommending that the Board of Directors move the October 3, 2011 District Board Meeting to Monday, October 10, 2011.

Background:

Administration is requesting that the October Board Meeting be rescheduled to allow more time for strategic planning and development in preparation for potential Board approval on key strategic initiatives at the October meeting.

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 2011

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

From: Deborah E. Stebbins, CEO

Subject: Approval of District Policy 2011-0c – District Board Referrals

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Recommendation:

Management is recommending that the Board of Directors adopt the District Policy 2011-0c – District Board Referrals as outlined.

Background:

As follow-up to the August 8, 2011 District Board Meeting, District Board President Jordan Battani requested that staff develop a process for District Board Members to discuss and potentially add agenda items for discussion and/or consideration at future meetings.

The attached policy is modeled after the City of Alameda's process for requests to agendise items on the City Council agenda from members of the Council.

City of Alameda Health Care District
Policy 2011-0c
DISTRICT BOARD REFERRALS

I. Purpose

To provide a process and protocol for any District Board Member to add an item to the Board's agenda related to the City of Alameda Health Care District and Alameda Hospital and its operations.

II. POLICY

a. Any Board Member may, prior to any regular District Board meeting and/or District Board designated committee, request that a matter be brought to the attention of the District Board and/or committee that is not otherwise scheduled on a District Board or Committee agenda. The matter may be placed on such agenda in the District Board Referral section.

III. PROCEDURE

a. District Board Referrals shall be submitted to the District Clerk before 5:00 p.m. on the Monday of the week prior to each regular monthly Monday District Board meeting and seven (7) days prior to each other District Board meeting and/or Board designated committee meeting.

i. The sponsoring Board Member shall give the District Clerk a brief written description of the subject, sufficient to inform the District Board or Committee and the public of the nature of the referral, if placed on an agenda.

ii. Submittal of District Board Referrals shall also include any pertinent supporting documentation related to the Referral, if appropriate.

iii. Attachment 1 is a form for District Board Members to use to make Referrals.

b. The District Clerk will promptly deliver the Referral documentation to the Board President prior to posting on a public agenda. The Board President will determine whether the matter should be agendized and, if so, whether it should be placed on the meeting agenda of the Board or of a Board Committee, and whether in open or closed session. The District Clerk will notify the referring Board member of the decision to place or not to place the Referral on the District Board Agenda or Committee agenda.

c. Approved District Board Referrals will be placed on the agenda prior to General Public Comments at the end of each agenda.

d. When the Referral is placed on the agenda of the District Board meeting or Board designated committee meeting, the District Board and/or committee, after considering the referral, may do any of the following:

    i. Take no action.

    ii. Refer the matter to staff to schedule as a future District Board agenda item for further discussion and/or action.

    iii. Take dispositive action if the Board finds that sufficient notice to the Board and the public has been provided by the published agenda, sufficient information has been received by the Board, and no formal published notice of a public hearing is required.

    iv. The District Board Member who requested the referral has the privilege of speaking first on the item.

DISTRICT BOARD REFERRAL FORM

(To Be Submitted to the District Clerk)

Name of District Board Member Requesting Referral: ______________________________

Date of Submission to District Clerk (must be submitted to the District Clerk before 5:00 p.m. on the Monday of the week prior to each regular monthly Monday District Board meeting and seven (7) days prior to each other District Board meeting and/or Board designated committee meeting: ____

Brief Description of the subject to be printed on the agenda, sufficient to inform the District Board and public of the nature of the District Board Referral:

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ALAMEDA COUNTY HEALTH CARE SERVICES AGENCY
PUBLIC HEALTH DEPARTMENT

EMERGENCY MEDICAL SERVICES AGENCY

1000 San Leandro Blvd., Suite 200 •
San Leandro, CA 94577

Alex Briscoe, Director
Anita Siegel, Director

N. Dale Fanning, Director
Joe Barger, M.D., Interim Medical Director

(510) 618-2050 • Fax: (510) 618-2099

Alameda Hospital
ADMINISTRATION
AUG 30 2011

August 25, 2011

To: EMS Transport Providers and First-Responder Agencies

From: Joseph Barger, MD, Interim Medical Director

Subject: Change in Approved Destinations for Stroke Patients

Effective next Monday, August 29 at 12:01 a.m., Alameda Hospital is being added to the list of approved destinations for stroke patients in the Alameda County EMS Stroke System. With this addition, the official Alameda County destinations for acute stroke patients include:

- Alameda Hospital, Alameda
- Alta Bates Medical Center, Berkeley
- Eden Medical Center, Castro Valley
- Kaiser Hospital, Fremont
- Kaiser Hospital, Oakland
- Summit Medical Center, Oakland
- Washington Hospital, Fremont

Additionally, out-of-county stroke centers that may be appropriate for transport include:

- John Muir Medical Center, Walnut Creek
- Kaiser Hospital, Richmond (new)
- Kaiser Hospital, Walnut Creek (new)
- Regional Medical Center, San Jose
- Stanford University Medical Center, Palo Alto

Please note the addition of the two out-of county centers as well.

Please do not hesitate to contact me if you have any questions.

cc: Deborah Stebbins, CEO, Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Date: September 12, 2011

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

From: Deborah E. Stebbins, CEO
Janet Dike, RN, Director of Quality Resource Management

Subject: Quality Metrics Reporting Calendar

Below is a tentative calendar of Quality Metrics to be reported at the Board of Directors meetings through July 2012.

August 2011	September 2011	October 2011	November 2011
HAPU (Hospital Acquired Pressure Ulcers)	Hospital Acquired Infections (i.e., VAP, Central Line Blood Stream Infections)	HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems)	Falls
December 2011	**January 2012**	**February 2012**	**March 2012**
TBD	SNF/SA Data and Findings of State Survey	Core Measures	Medication Errors
April 2012	**May 2012**	**June 2012**	**July 2012**
Stroke Program Data	Pain Management	Data to be determined around implementation of the PACS or new Radiology equipment	Wound Care Program PI Data

Alameda Hospital Foundation
requests the pleasure of your company at our
26th Annual Fall Gala

Ocean's 11

An Elegant Evening of Great Food,
Dancing, and Gaming

Saturday, October 1, 2011

Claremont Country Club
5295 Broadway Terrace
Oakland, CA

6:00—11:00 p.m.
Black Tie Optional

Special recognition of
Sharon Van Meter, M.D.
and
Stephen Van Meter, M.D.
2011 Recipients of the
Kate Creedon Award

$175 per person

www.ahfgift.org
510.814.4600

AHF
Alameda Hospital Foundation

HOSPITAL ACQUIRED INFECTIONS

There were no healthcare associated **surgical site infections** in the 101 inpatient surgical cases in Q2-11. Adherence to prophylactic antibiotic usage and sterilization technique has proven effective. Alameda Hospital has reported a less than 0.90% surgical site infection rate since 2002 (0.30% - 0.90%).

There were no **blood stream infections** in 2369 patient days in Q2-11 and none since Q1-08.

There were no **blood stream infections** in 2369 patient days in Q2-11 and none since Q1-08.

There were no **ventilator related pneumonias (VAP)** in 167 acute patient ventilator days in Q2-11. There have been only six (6) since 2002: one (1) in 2008, one (1) in 2005, and three (3) in 2002 when the VAP bundle for prevention was developed and implemented. There have been no VAP in the Sub-acute Unit since its inception.

There were no **central line associated blood stream infections (CLABSI)** in 131 central line days in Q2-11 and none in all of 2010, 2009 and 2008 when mandatory reporting began.

There were no **catheter associated urinary tract infections** in 422 catheter days in the acute hospital and none YTD since Q1-09.

Wound Care Project Update

PRESENTED 9/12/2011
CITY OF ALAMEDA HEALTH CARE DISTRICT
BOARD OF DIRECTOR MEETING

KERRY J. EASTHOPE
ASSOCIATE ADMINISTRATOR

Timeline & Milestones

- July 5th – Construction plan development began
- July 18th - Engaged Project / Construction management firm
  - Weekly planning meetings with: owner, architect, project manager, and Accelecare.
- August 15th – Contractor pre-qualification applications submitted. (12 submitted, 7 qualified)
- Week of August 15th – submitted preliminary plans to Landlord for review and comment

Timeline & Milestones cont.

- August 24th – Change in Mechanical, Electrical, Plumbing Engineering Firm
- Sept. 21st – Submit Plans for review to City and Landlord
- Sept. 21st – Begin Contractor bid process
- Sept. 27th – Physician & Staff orientation meetings with Accelecare.
- November 2nd – Begin construction
- March 6th – Complete construction
- March 7th – Licensing and Certification
- March 15th – Begin Wound Care operation

Project Construction Budget

- Build-out construction costs, including furniture fixtures and equipment - $900,000
- Funding: $225,000 Alameda Hospital Foundation, $675,000 and possibly up to $900,000 from Bank of Alameda.
- There will be some additional upgrades required of the existing building (MEP) that we did not anticipate with initial project estimate. A revised construction cost estimate will be prepared once plans are finalized and complete scope known.
- Operating budget for FY 2012 had Net Income of $50,000, with an anticipated start date of January 2012.