Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Finance and Management Committee Meeting Notice & Agenda

Wednesday, February 23, 2011
7:30 a.m. – 9:00 a.m.
Conference Room C

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.

I.	Call To Order	Michael McCormick
II.	Action Items	
A.	January 26, 2011 **ACTION ITEM [enclosure]**	Michael McCormick
B.	Recommendation to Accept January 2011 Financial Statements ACTION ITEM [enclosure]	David A. Neapolitan
C.	Recommendation of Approval of Wound Care Program Operating and Capital Budget ACTION ITEM [enclosure]	Kerry Easthope
D.	Recommendation of Approval of Wound Care Program Financing ACTION ITEM [enclosure]	Kerry Easthope
E.	Recommendation for Renewal of the Line of Credit with the Bank of Alameda ACTION ITEM [enclosure]	David A. Neapolitan
F.	Recommendation for Annual Use of Jaber Funds ACTION ITEM [enclosure]	David A. Neapolitan
G.	Recommendation for Purchase of Electronic Health Record (EHR) Mobile Equipment ACTION ITEM [enclosure]	Deborah E. Stebbins
III.	Chief Financial Officer's Report	David A. Neapolitan
A.	IGT Status Update	
B.	1206 (b) Clinic Performance Update	
C.	Update of the Banc of America Master Lease	
IV.	Chief Executive Officer's Report	Deborah E. Stebbins
V.	Board / Committee / Staff Comments	
VI.	Adjournment	

Next Meeting Scheduled for: Wednesday, March 30, 2011

This is being noticed as a Board Meeting as a quorum of Directors may be present. Ex-officio members and non-committee members cannot vote on any item, whether or not a quorum of the Board is present.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

Finance and Management Committee Minutes
January 26, 2011

Members Present:	Mike McCormick, Chair	Ed Kofman	William Sellman, MD
(Voting)	Robert Deutsch, MD	James Oddie	Jim Yeh, DO
Management Present:	Deborah E. Stebbins	Kerry J. Easthope	
	David A. Neapolitan	Mary Bond, RN	
Guests:			
Excused:	Ann Evans		
Submitted by:	Christina LaMar		

Topic	Discussion	Action / Follow-Up
I. Call to Order	Mike McCormick called the meeting to order at 7:43 a.m.	
II. Approval of Minutes	A. November 24, 2010	Dr. Deutsch made a motion to approve the minutes as presented. The motion was seconded. The motion carried.
III. Action Items	A. Approval of Revisions to Finance and Management Committee Structure and Purpose	Dr. Deutsch made a motion to approve the Revisions to Finance and Management Committee Structure and Purpose. Mr. Kofman seconded the motion. The motion carried.
	B. Recommendation to Accept November 2010 Financial Statements Mr. Neapolitan presented the November 2010 Financial Statements noting the following. The acute average daily census (ADC) was 85.73 compared to budget of 82.70. Sub-Acute ADC was 32.27 versus a budget of 33.5. Skilled Nursing program had an ADC of 21.9 versus a budget of 23. Surgery cases decreased in November with 178 cases versus a budgeted 182. ECC visits were 5% below budget for the month. Gross patient revenues were greater than budgeted by 9.8%. Inpatient and outpatient revenue was greater than budgeted by 16.9% and less than budget by 3.4% for the month, respectively. Combined excess revenue over expenses for November was $133,000 versus a budgeted profit of $61,000 bringing the year-to-date loss to $184,000 versus a budgeted profit of $332,000.	Mr. Kofman made a motion to recommend acceptance by the Board of Directors the November 2010 Financial Statements as presented. Dr. Deutsch seconded the motion. The motion carried.

	Day's cash on hand decreased to 2.7 days from 3.3 in the previous month. Contributing factors to the decrease were growth in net patient accounts receivable due to increased census and the increase in days in outstanding receivables as a result of the Thanksgiving holiday. Other assets increased primarily as a result of the accrual of $187,000 for the estimated amount of Inter-Governmental transfer funds that are anticipated to be received in FY 2011. C. Recommendation to Accept December 2010 Financial Statements Mr. Neapolitan presented the December 2010 Financial Statements noting the following. The acute average daily census (ADC) was 85.74 compared to budget of 85.06. Sub-Acute ADC was 32.42 versus a budget of 33.52. Skilled Nursing program had an ADC of 22.03 versus a budget of 23. Surgery cases decreased in December with 184 cases versus a budgeted 219. ECC visits were 9.9% below budget for the month. Gross patient revenues were greater than budgeted by 0.2%. Inpatient and outpatient revenue was greater than budgeted by 4.4% and less than budget by 8.2% for the month, respectively. Combined excess revenue over expenses for December was $134,000 versus a budgeted profit of $29,000 bringing the year-to-date loss to $49,000 versus a budgeted profit of $571,000. Days cash on hand increased to 7.5 days from 2.7 in the previous month.	Mr. Kofman made a motion to accept December 2010 Financial Statements. Dr. Deutsch seconded the motion. The motion carried.
IV. Chief Executive Officer's Report	Ms. Stebbins reviewed potential sources of revenue for Alameda Hospital. She updated the committee on the recent inclusion to the Blue & Gold contract with the University of California Employees. In addition, there were positive results from the meetings with Kaiser in reference to long-term care placement and a new cosmetic surgery contract. She briefly introduced that a new orthopedic program is in the development stages. Ms. Stebbins reported on the recent developments concerning the Alameda County EMS Stroke Protocol and the $37,000 grant funded by the county to finance the Stroke Community Education Initiative. Alameda Hospital has been working closely with the County and Joint Commission to become Certified in Stroke Care. Ms. Stebbins noted our continued dedication to training and introducing the Electronic Health Record.	
V. Chief Financial Officer's Report	Mr. Neapolitan updated the committee regarding financing options. Alameda Hospital is currently awaiting the outcome of the states review of statewide hospital compliance with the requirements of SB1953. Once this is finalized the hospital can determine the appropriate course of action in order to meet the required Seismic Compliance needs. It may be necessary to seek legislative assistance for an extension. Mr. Neapolitan updated the committee on changes to the IGT	

	program for the FY 2011. Mr. Corica reviewed the addition of physicians to the 1206 (b) Clinic. Addtiional information about the overall financial performance of the 1206 (b) clinic will be presented at the February meeting. Mr. Neapolitan discussed other metric comparisons such as percentage in bad debt and charity.	
VI. Adjournment		The meeting was adjourned at 9:02 a.m.

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING JANUARY 31, 2011

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

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ALAMEDA HOSPITAL
MANAGEMENT DISCUSSION AND ANALYSIS
JANUARY, 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 January 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 January, 2011

- Gross patient revenue for the month of January was less than budget by $573,000 or 2.7%. Both inpatient and outpatient revenues were less than budgeted 0.3% and 7.5% for the month, respectively. On adjusted patient day basis gross patient revenue was 0.1% greater than budgeted at $5,393 compared to a budgeted amount of $5,388 for the month of January.

- Total patient days for the month were 2,652 compared to the prior month's total patient days of 2,658 and the prior year's 2,532 total patient days. The average daily acute care census was 31.7 compared to a budget of 29.4 and an actual average daily census of 31.3 in the prior month; the average daily Sub-Acute census was 31.2 versus a budget of 33.5 and 32.4 in the prior month and the Skilled Nursing program had an average daily census of 22.7 versus a budget of 23.0 and prior month census of 22.0, respectively.

- Emergency Care Center (ECC) visits were 1,461 or 3.8% less than the budgeted 1,519 visits and were 1.9% less than the prior year's visits of 1,489.

- Total surgery cases were less than budgeted expectations for the month at 138 cases versus the budgeted 166 cases. The current month's surgical volume was 7.8% greater than the same month prior year's 128 cases.

- Outpatient registrations were 16.8% below budgeted targets at 2,008 but were 5.1% greater than the prior month's 1,911 outpatient visits.

- Combined excess revenue over expenses (profit) for January was $24,000 versus a budgeted excess of revenue over expenses (profit) of $28,000. This brings our year-to-date loss to $26,000 versus a budgeted profit of $599,000.

Total assets increased by $289,000 from the prior month as a result of an increase in current assets of $204,000, an increase in net fixed assets of $76,000 and an increase in restricted contributions of $9,000. The following items make up the decrease in current assets:

- Total unrestricted cash and cash equivalents for January decreased by $814,000 and days cash on hand including restricted use funds decreased to 4.6 days on hand in January from 7.5 days on hand in December.

- Net patient accounts receivable increased in January by $788,000 compared to an increase of $764,000 in December. Day's in outstanding receivables decreased slightly to 64.7 at January 31, 2011 from 64.9 at December 31, 2010. Collections in January totaled $4.6 million compared to $4.1 million in December.

- Third-Party Payer Settlements receivable increased by $181,000 as a result of an accrual of $160,000 for additional reimbursements to be received as a result of the update to the facilities long-term care Medi-Cal rates that are retroactive to August 1, 2010 for SNF and Sub-Acute services.

Total liabilities increased by $237,000 compared to a decrease of $1,020,000 in the prior month. This increase in the current month was the result of the following:

- Accounts payable and accrued expenses increased by $168,000 while payroll and accrued expenses increased by $548,000. As a result of this increase of $716,000 offset by a slight increase in average daily expenses as of January 31st, the average payment period increased in January to 66.0 from 62.8 as of December 31, 2010.

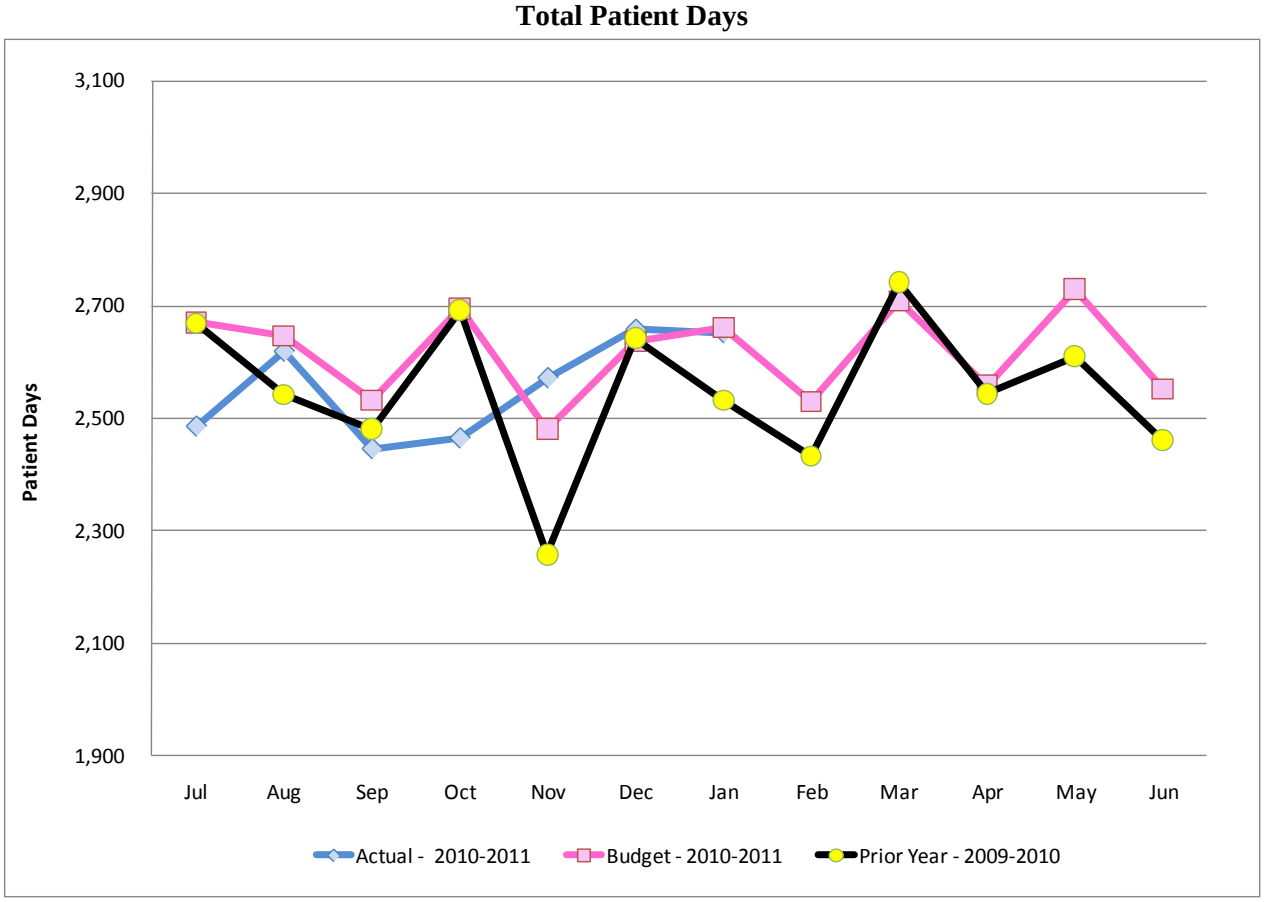
- Payroll and benefit related accruals increased by $548,000 from the prior month. This increase was primarily the result of an increase in accrued payroll and related payroll tax and benefit accruals of $433,000 and an increase in accrued time off of $99,000.

- Other liabilities decreased by $478,000 as a result of the amortization of one-twelfth of the annual parcel tax revenues for the 2011 fiscal year.

Volumes

The combined actual daily census was 85.6 versus a budget of 85.9 or 0.4% or 0.3 patients per day unfavorable variance. The current month's overall slightly unfavorable variance from the budgeted census was the result of an acute care services average daily census that exceeded budget in the acute care areas by 2.4 patients per day or 8.1%. The Sub-Acute and Skilled Nursing programs were below budgeted expectations with an average daily census of 31.2 versus the budgeted 33.5 and 22.7 versus the budgeted average daily census of 23.0, respectively.

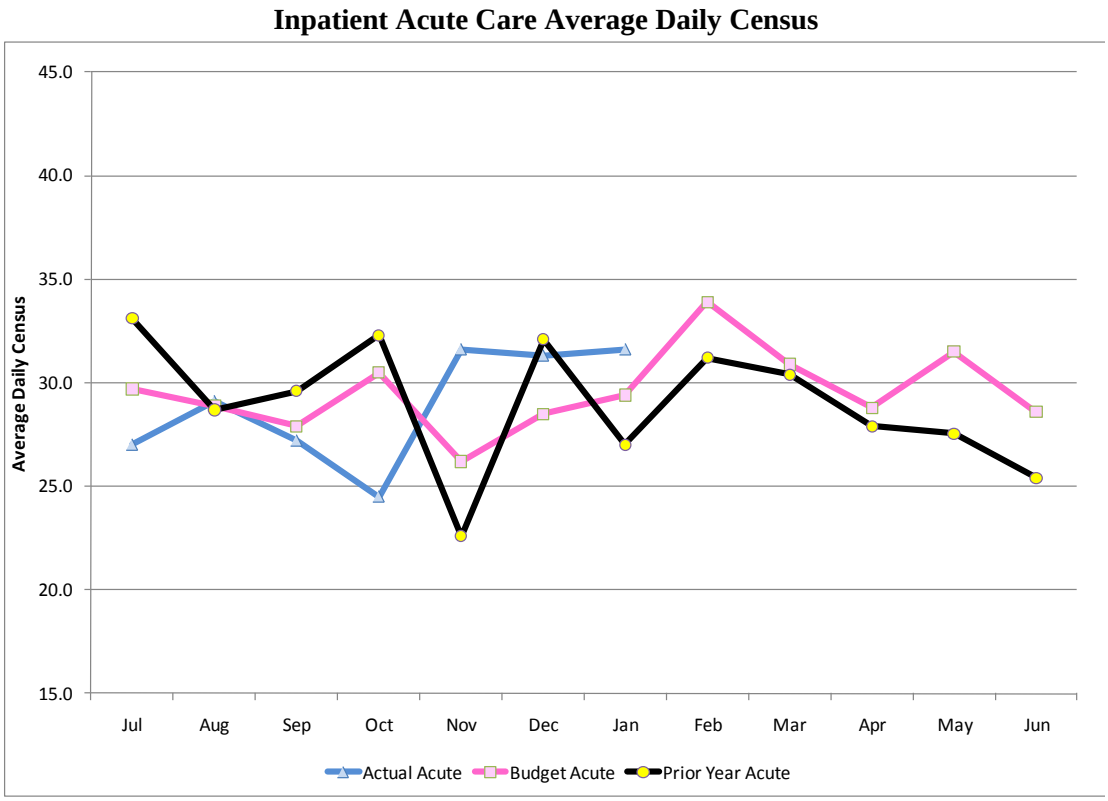
The graph below shows the total patient days by month for fiscal year 2011 compared to the operating budget and fiscal year 2010 actual.



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

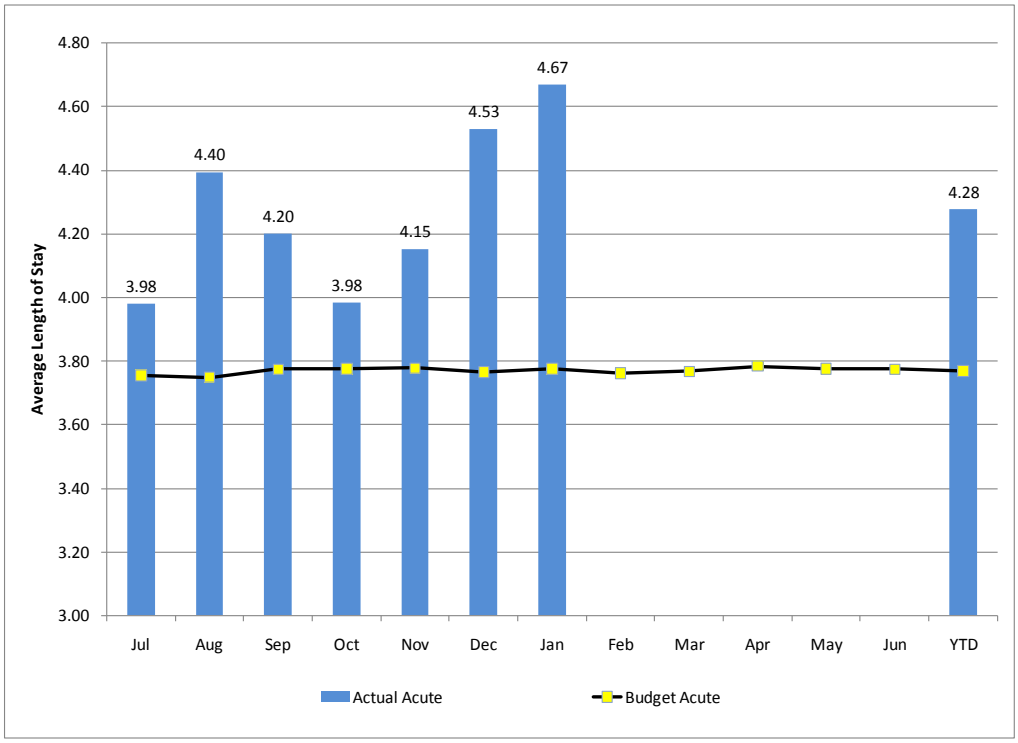
Acute Care

The acute care patient days were 8.1% (71 days) greater than budgeted and were on 17.2% greater than the prior year's average daily census of 27.00. The acute care program is comprised of the Critical Care Unit (5.1 ADC, 29.2% favorable to budget), Definitive Observation Unit (8.1 ADC, 31.5% unfavorable to budget) and Med/Surg Units (18.6 ADC, 37.2% favorable 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.



The average length of stay (ALOS) increased from that of the prior month to 4.67 days for the month of January bringing the year-to-date average to 4.28 versus the budgeted FY 2011 average of 3.77. The graph on the following page shows the ALOS by month and the budgeted ALOS for fiscal year 2011.

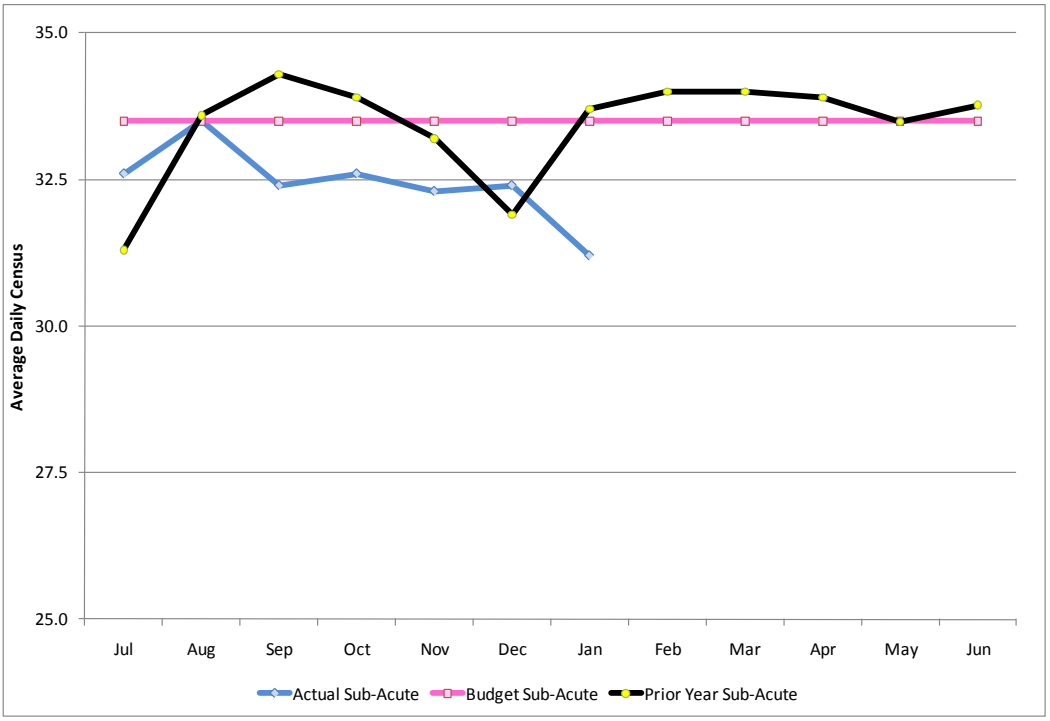
Average Length of Stay



Sub-Acute Care

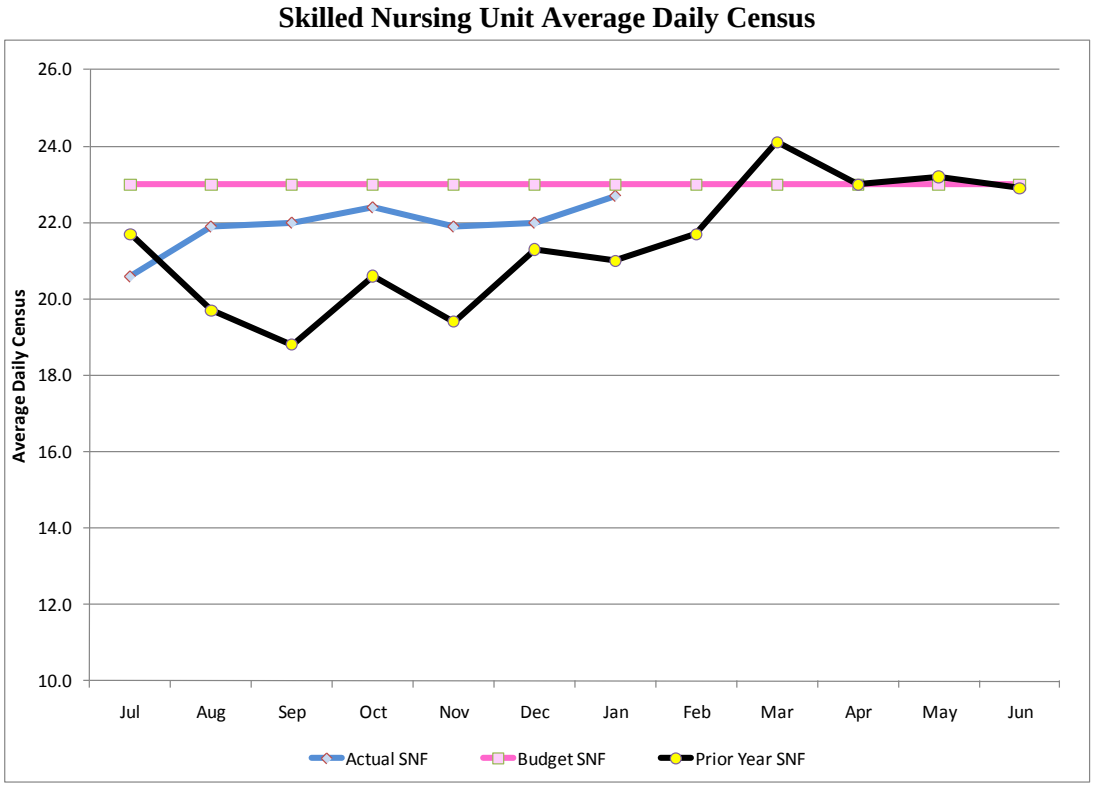
The Sub-Acute program patient days were below budgeted projections with an average daily census of 31.2 for the month of January which was budgeted for an average daily census of 33.5. The graph below shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.

Sub-Acute Care Average Daily Census



Skilled Nursing Care

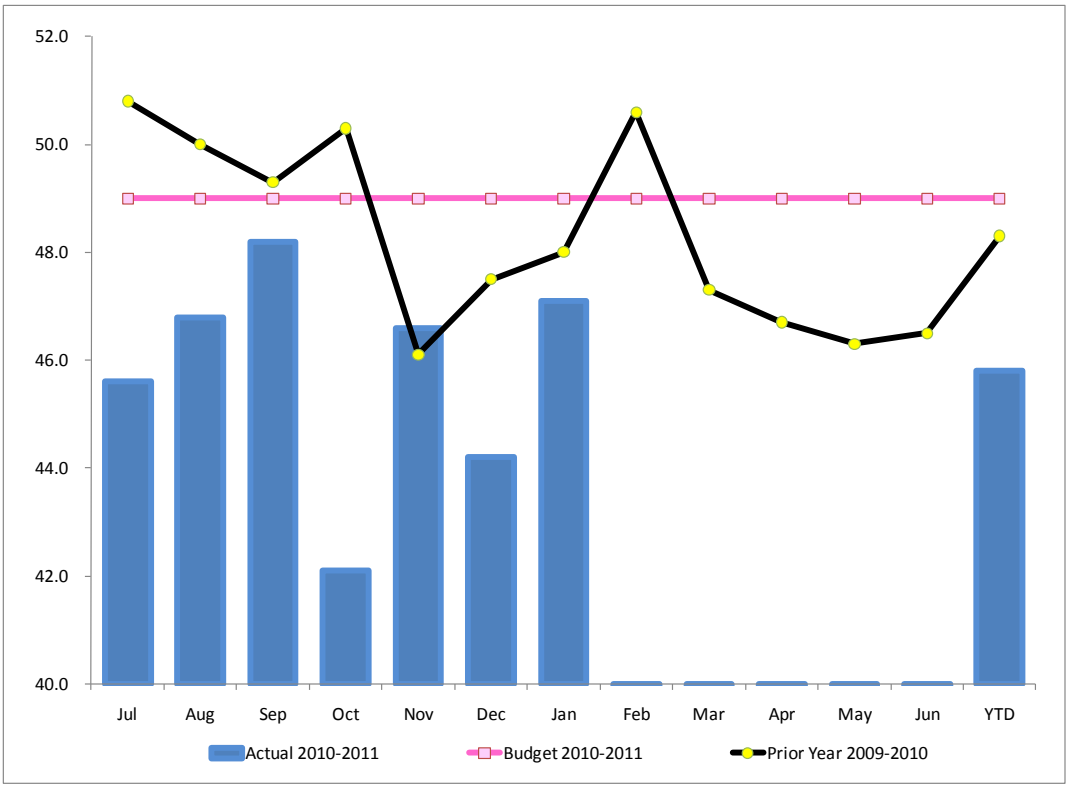
The Skilled Nursing Unit (South Shore) patient days were 1.3% or 9 patient days less than budgeted for the month of January. Comparing performance to the prior year this program remains slightly greater than the prior year's performance for the first seven months of fiscal year 2011 that has had an average daily census of 21.9 versus 20.4 in fiscal year 2010. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.



Emergency Care Center (ECC)

Emergency Care Center visits in January totaled 1,461 and were 3.8% or only 58 visits less than budgeted for the month with 16.5% of these visits resulting in inpatient admissions versus 16.0% in December. In January there were 262 ambulance arrivals versus 277 in the prior month, a decrease of 5.4%. Of the 262 ambulance arrivals in the current month 150 or 57.3% were from Alameda Fire Department (AFD) ambulances. The graph on the following page shows the Emergency Care Centers average visits per day for fiscal year 2011 as compared to budget and the prior year performance.

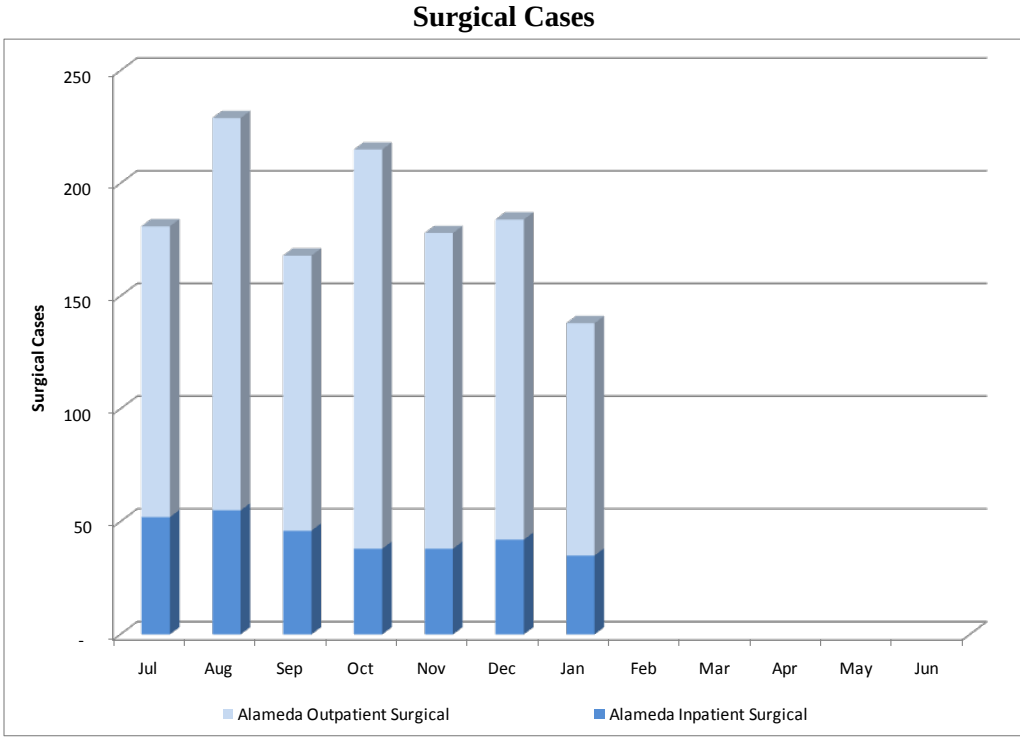
Emergency Care Center Visits per Day



Surgery

Surgery cases were 138 versus the 166 budgeted cases and 128 cases in the prior year. In January, surgery cases decreased over the prior month by 25.0%. The decrease of 46 cases over the prior month was the result of a decrease of 7 and 39 inpatient and outpatient cases, respectively. Inpatient and outpatient cases totaled 35 and 103 versus 42 and 142 in January and December, respectively. The decrease in cases from the prior month was driven by decreases in General Surgical (23), Ophthalmology (15), Gastro Intestinal (6) and Orthopedic (5) cases.

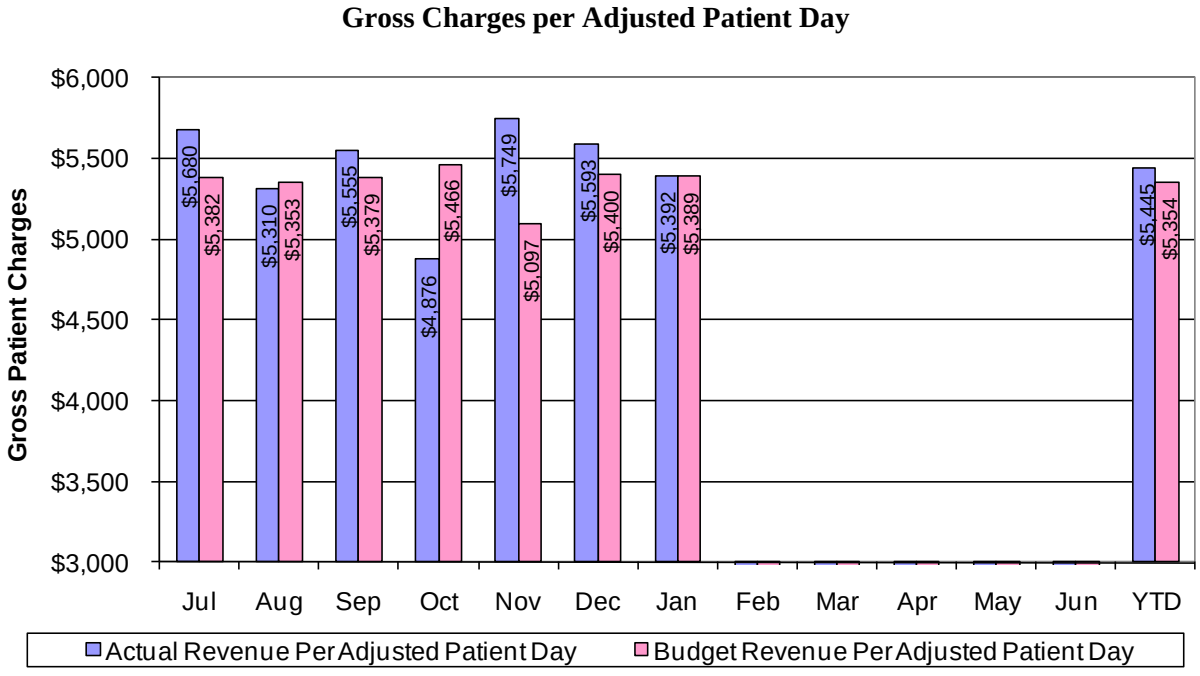
The graph on the following page shows the number of inpatient and outpatient surgical cases by month for fiscal year 2011.



Income Statement

Gross Patient Charges

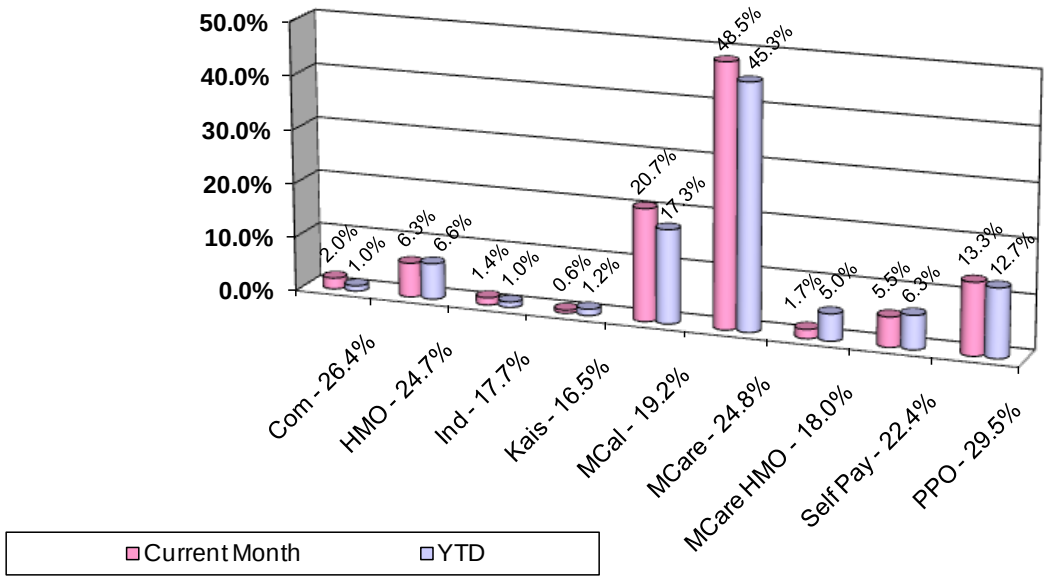
Gross patient charges in January were less than budgeted by $573,000. This unfavorable variance was comprised of an unfavorable variance of $42,000 and $530,000 in inpatient and outpatient revenues, respectively. On an adjusted patient day basis total patient revenue was $5,393 versus the budgeted $5,388 or a favorable variance of 0.1% from budget for the month of January. The following table shows the hospitals monthly gross revenue per adjusted patient day by month and year-to-date for fiscal year 2011 compared to budget.



Payor Mix

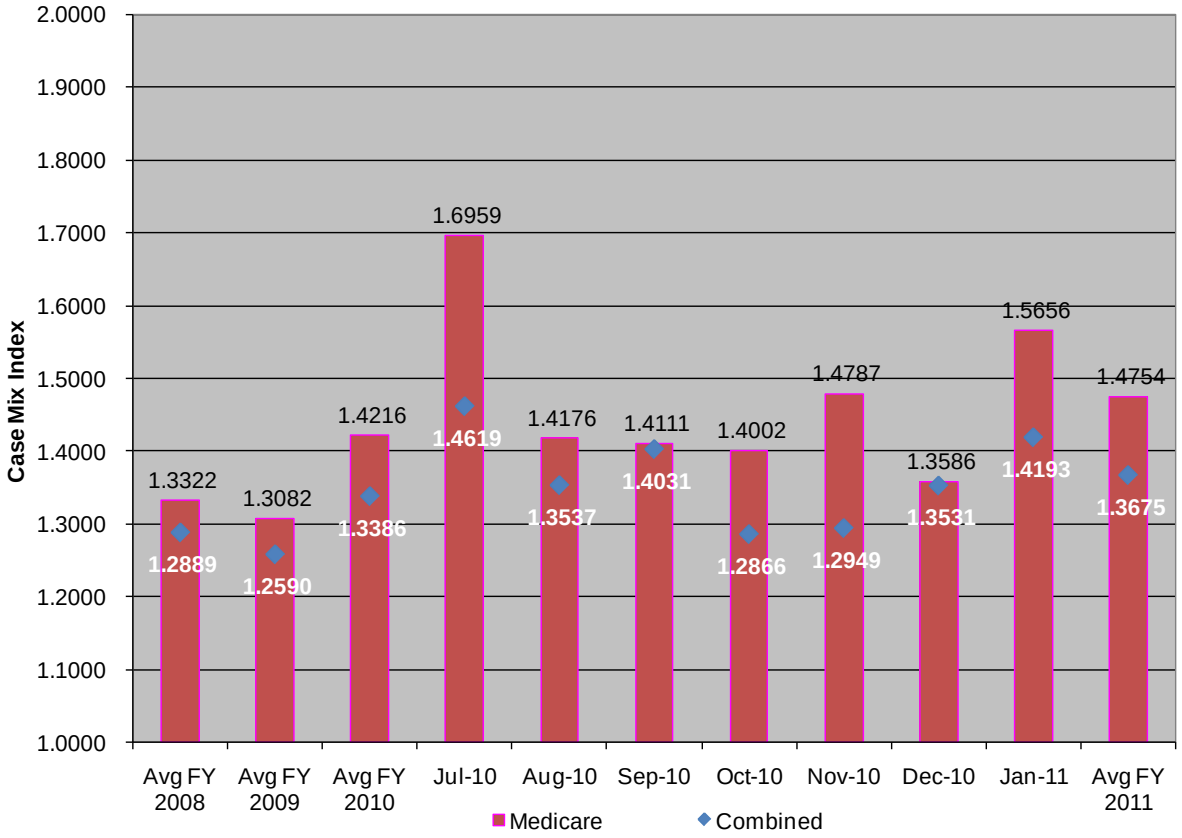
Combined inpatient and outpatient acute care Medicare and Medicare Advantage total gross revenue in January made up 50.2% of the months total gross patient revenue. Combined Medicare revenue was followed by Medi-Cal Traditional and Medi-Cal HMO utilization at 20.7%, HMO/PPO utilization at 19.6% and self pay at 5.5%. The graph below 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 months estimated reimbursement for each payor for the combined inpatient and outpatient acute care services.

Combined Acute Care Services Payor Mix



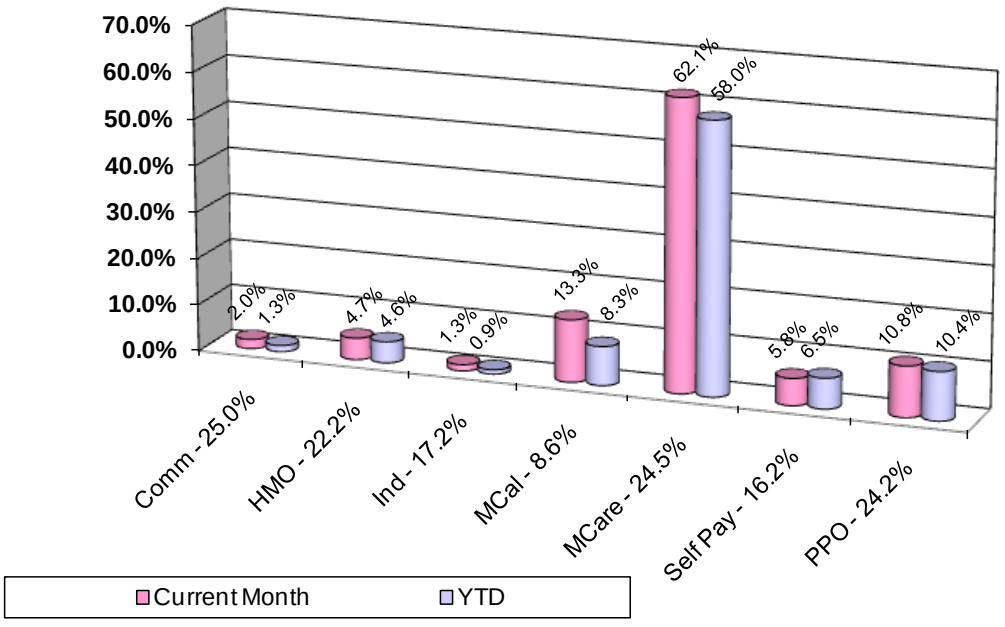
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 62.1% of our total inpatient acute care gross revenues followed by HMO/PPO at 15.5%, Medi-Cal and Medi-Cal HMO at 13.3% and Self Pay at 5.8% of the inpatient acute care revenue. The hospitals overall Case Mix Index (CMI) increased to 1.4193 from 1.3531 in the prior month and the Medicare CMI increased over the prior month from 1.3586 in December to 1.5656 in January. In January there was one (1) outlier case in the month. The estimated Medicare reimbursement increased to 24.6% in January versus 23.0% in December. The graph on the following page shows the CMI for the hospital during the current fiscal year as compared to the prior three fiscal years.

Case Mix Index Comparison



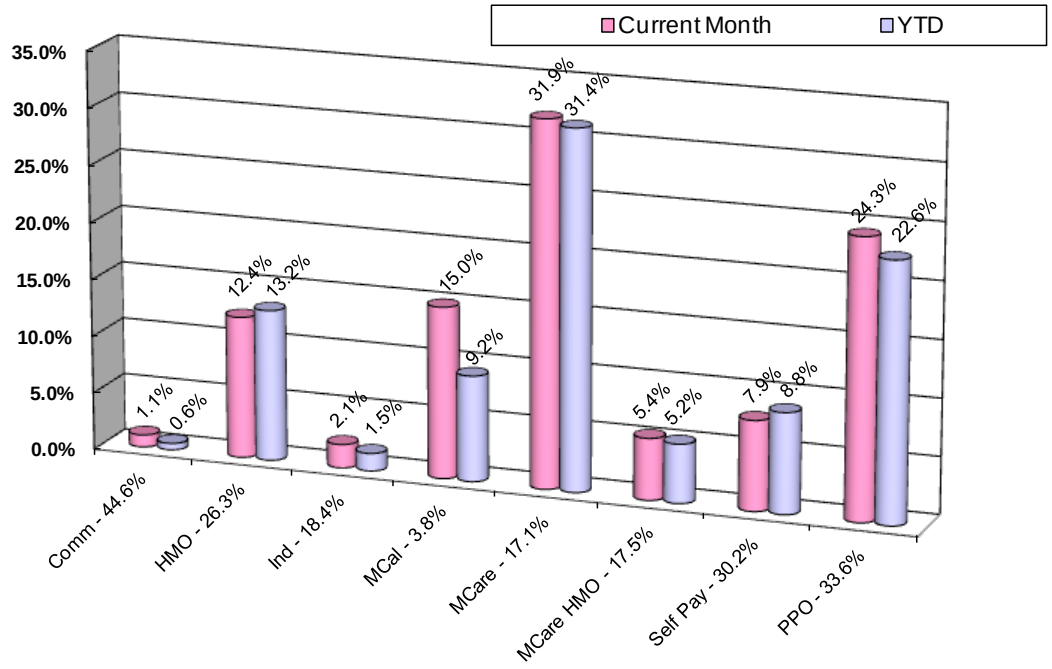
The overall net inpatient revenue percentage increased from the prior month to 24.9% in January versus 20.7% in December. The graph below shows inpatient acute care current month and year to date payor mix and current month estimated net revenue percentages for fiscal year 2011.

Inpatient Acute Care Payor Mix



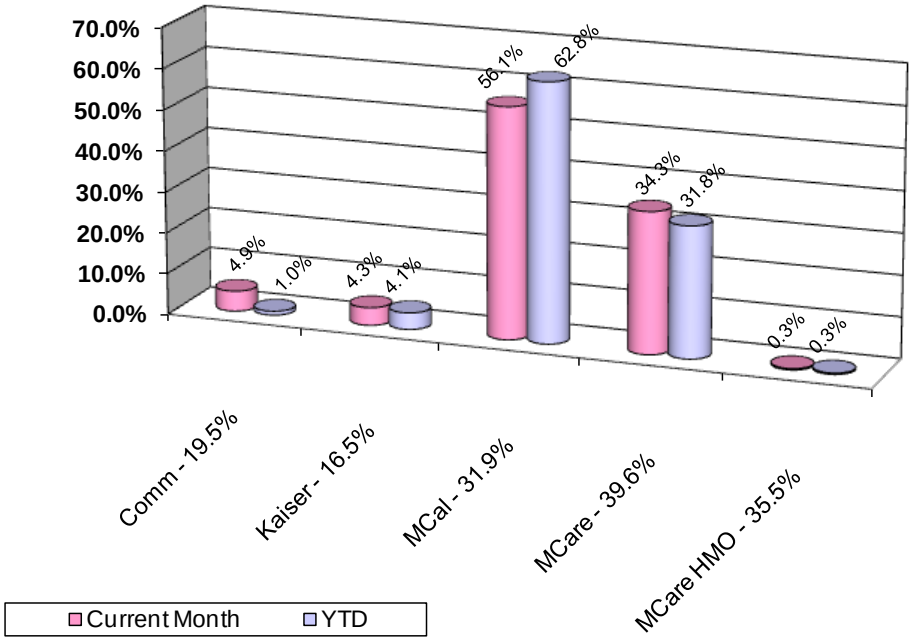
The outpatient gross revenue payor mix for January was comprised of 37.3% Medicare and Medicare Advantage, 36.7% HMO/PPO, 15.0% Medi-Cal and Medi-Cal HMO, and 7.9% self pay. The graph below shows the current month and fiscal year to date outpatient payor mix and the current months estimated level of reimbursement for each payor.

Outpatient Services Payor Mix



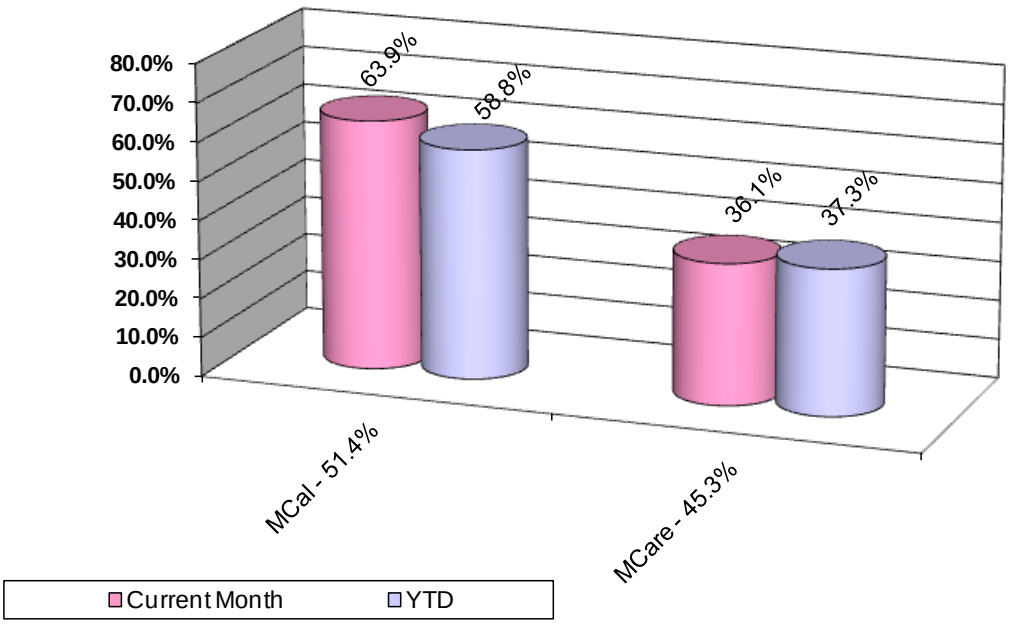
In January the Sub-Acute care program again was dominated by Medi-Cal utilization of 56.1% versus 54.1% in December. The graph below shows the payor mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payor.

Inpatient Sub-Acute Care Payor Mix



In January the Skilled Nursing program was again comprised primarily of Medi-Cal at 63.9% and Medicare at 36.1%. The graph below shows the current month and fiscal year to date skilled nursing payor mix and the current months estimated level of reimbursement for each payor.

Inpatient Skilled Nursing Payor Mix



Deductions from Revenue

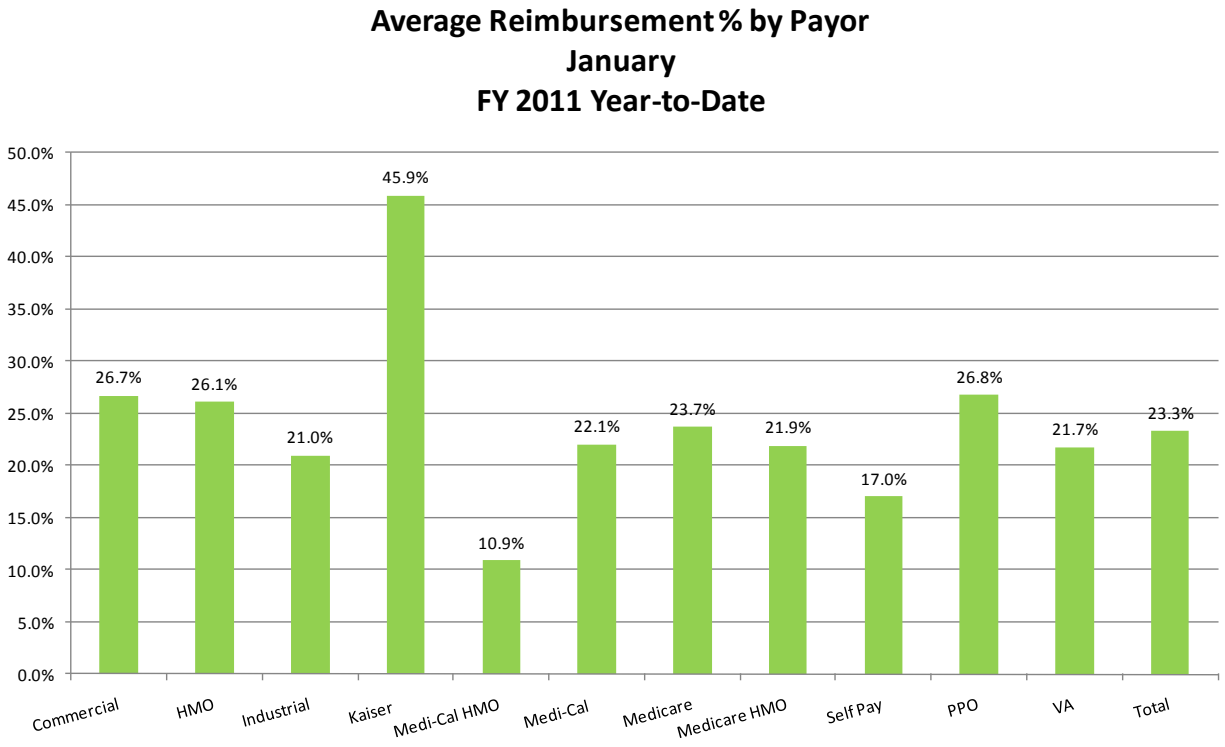
Contractual allowances are computed as deductions from gross patient revenues based on the difference between gross patient charges and the contractually agreed upon rates of reimbursement with third party government-based programs such as Medicare, Medi-Cal and other third party payors such as Blue Cross. In the month of January contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 72.6% versus the budgeted 75.4%.

Net Patient Service Revenue

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the anticipated cash payments the Hospital is expecting to receive for the services provided. In addition, included in year to date net patient service revenue are the estimated amounts to be received from participation in the State of California's Intergovernmental Transfer Program, $180,000 per month and $1,080,000 for the six month ended December 31, 2010. As a result of changes that are now anticipated to occur which includes the inclusion of all forty-six (46) California district hospitals in the fiscal year 2011 IGT program no additional accruals will be made for the remainder of FY 2011 as it is estimated that the amount accrued to date will approximate the ultimate amount to be received in fiscal year 2011.

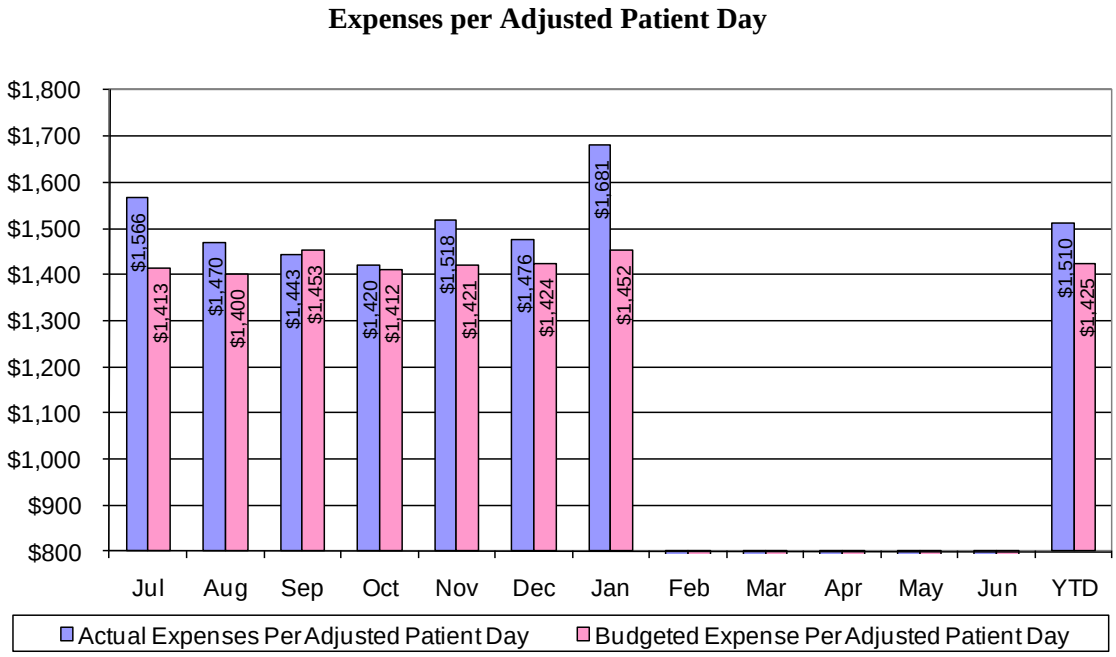
Also included in January, based upon the notification of the new long term care program Medi-Cal rates (Sub-Acute and SNF) for fiscal year 2011 an accrual of $160,000 was included in the month to reflect the estimated retroactive amounts to be received in the last half of fiscal year 2011 for services rendered to Medi-Cal beneficiaries in these long-term care programs on or after August 1, 2010.

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



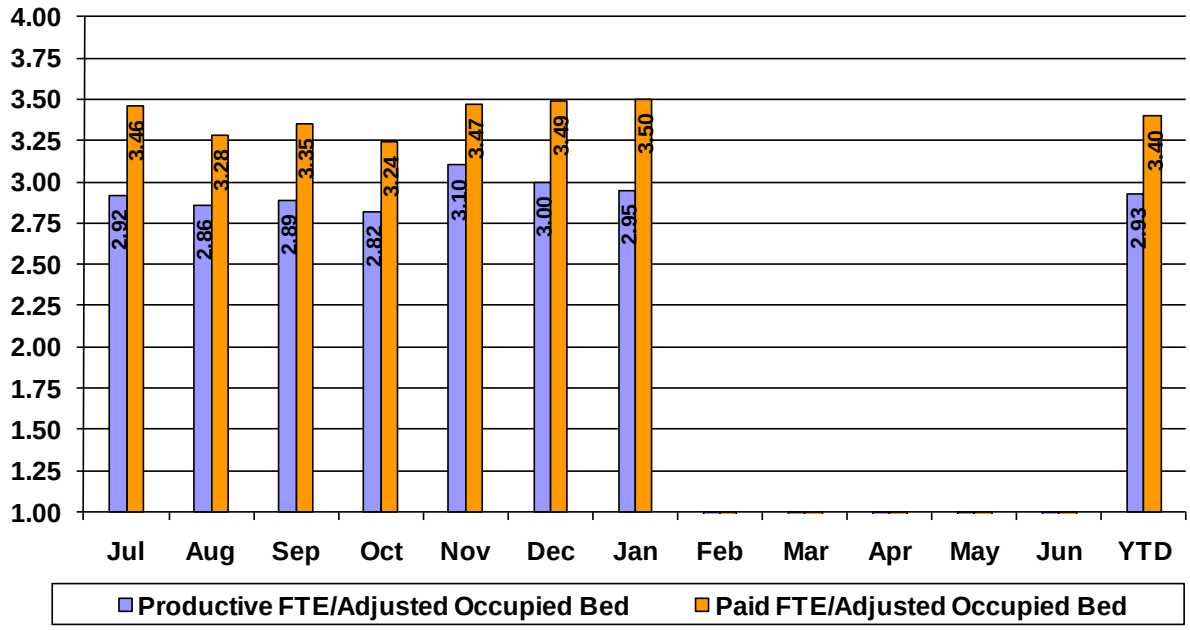
Total Operating Expenses

Total operating expenses were greater than the fixed budget by $458,000 or 7.9%. On an adjusted patient day basis, our cost per adjusted patient day was $1,612 which was $160 per adjusted patient day unfavorable to budget. This variance in expenses per adjusted patient day was primarily the result of an unfavorable variance in salaries and registry costs of $133 per adjusted patient day. The graph below shows the actual hospital operating expenses on an adjusted patient day basis for the 2011 fiscal year by month as compared to budget and is followed by explanations of the significant areas of variance that were experienced in the current month.



Salary and Registry Expenses
Salary and registry costs combined were unfavorable to the fixed budget by $429,000 and were unfavorable to budgeted levels on a per adjusted patient day basis by $133 or 17.3%. This unfavorable variance was the result of unfavorable variances in nursing staffing and greater than budgeted registry utilization in several hospital departments. On an adjusted occupied bed basis, productive FTE's were unfavorable to budget by 2.8% at 2.95 FTE's versus the budgeted 2.87 FTE's. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2011 by month.

FTE's per Adjusted Occupied Bed



Benefits
Benefits were unfavorable to the fixed budget by $37,000 or 4.1% and $16 or 7.0% on an adjusted patient day basis. This unfavorable variance was the result of greater than budgeted group health insurance claims ($62,000), differences in budgeted payroll taxes ($51,000) offset by lower than budgeted time off accruals ($45,000) and lower workers insurance expense ($25,000).

Professional Fees
Professional fees were lower than budgeted by $57,000 as a result of the delay in the estimated start-up of the Wound Care program that was budgeted to begin in January 2011 ($29,000) and lower than budgeted non-medical professional fees ($27,000).

Purchased Services
Purchased services were $25,000 favorable to the fixed budget and $4 per adjusted patient day favorable to budget in the month of January. This favorable variance was the result of favorable variances of $4,000 in medical purchased services expenses, $6,000 in non-medical purchased services expenses and $15,000 in repairs and maintenance expenses.

Rents and Leases
Rents and leases were $43,000 favorable to the fixed budget and $10 per adjusted patient day favorable to budget for the month of January. This favorable variance was primarily the result of lower than budgeted rental expense related to the PACS and Digital Radiology upgrade project ($31,000). This project will not be completed until the end of the fiscal year due to Office of Statewide Health Planning delays. Favorable

variances were also seen in the Respiratory Services department ($6,000) as a result of a new lease agreement that was negotiated with a new ventilator supplier.

Other Operating Expenses

Other operating expenses were $102,000 unfavorable to the fixed budget and $27 per adjusted patient day in the month of January. This unfavorable variance was primarily the result of the cost associated with the November elections ($42,000), the recruitment expense associated with the new nursing director of long-term care programs ($26,000) and lab staffing ($21,000).

The following pages include the detailed financial statements for the seven months ended January 31, 2011, of fiscal year 2011.

ALAMEDA HOSPITAL
KEY STATISTICS
JANUARY 2011

	ACTUAL JANUARY 2011	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	JANUARY 2010	YTD JANUARY 2011	YTD FIXED BUDGET	VARIANCE	%	YTD JANUARY 2010
Discharges:										
Total Acute	210	241	(31)	-12.9%	230	1,452	1,640	(188)	-11.5%	1,690
Total Sub-Acute	3	2	1	50.0%	1	15	11	4	36.4%	10
Total Skilled Nursing	7	12	(5)	-41.7%	9	50	87	(37)	-42.5%	81
	220	255	(35)	-13.7%	240	1,517	1,738	(221)	-12.7%	1,781
Patient Days:										
Total Acute	981	910	71	7.8%	837	6,211	6,179	32	0.5%	6,312
Total Sub-Acute	967	1,039	(72)	-6.9%	1,044	6,971	7,202	(231)	-3.2%	7,122
Total Skilled Nursing	704	713	(9)	-1.3%	651	4,716	4,945	(229)	-4.6%	4,383
	2,652	2,662	(10)	-0.4%	2,532	17,898	18,326	(428)	-2.3%	17,817
Average Length of Stay										
Total Acute	4.67	3.78	0.90	23.7%	3.64	4.28	3.77	0.51	13.5%	3.73
Average Daily Census										
Total Acute	31.65	29.35	2.37	8.1%	27.00	28.89	28.74	0.15	0.5%	29.36
Total Sub-Acute	31.19	33.52	(2.40)	-7.2%	33.68	32.42	33.50	(1.07)	-3.2%	33.13
Total Skilled Nursing	22.71	23.00	(0.30)	-1.3%	21.00	21.93	23.00	(1.07)	-4.6%	20.39
	85.55	85.87	(0.33)	-0.4%	81.68	83.25	85.24	(0.93)	-1.1%	82.87
Emergency Room Visits	1,461	1,519	(58)	-3.8%	1,489	9,842	10,538	(696)	-6.6%	10,507
Outpatient Registrations	2,008	2,414	(406)	-16.8%	2,847	13,818	15,254	(1,436)	-9.4%	17,904
Surgery Cases:										
Inpatient	35	50	(15)	-30.0%	60	306	349	(43)	-12.3%	418
Outpatient	103	116	(13)	-11.2%	372	987	1,003	(16)	-1.6%	2,969
	138	166	(28)	-16.9%	432	1,293	1,352	(59)	-4.4%	3,387
Kaiser Inpatient Cases	-	-	-	-	10	-	-	-	-	69
Kaiser Eye Cases	-	-	-	-	156	-	-	-	-	1,103
Kaiser Outpatient Cases	-	-	-	-	138	-	-	-	-	1,113
Total Kaiser Cases	-	-	-	-	304	-	-	-	-	2,285
% Kaiser Cases	0.0%	0.0%			70.4%	0.0%	0.0%			67.5%
Adjusted Occupied Bed	124.15	126.98	2.83	2.2%	139.10	123.55	128.47	(4.92)	-3.8%	144.94
Productive FTE	366.17	364.20	(1.97)	-0.5%	356.78	364.83	365.16	0.33	0.1%	391.89
Total FTE	434.54	415.15	(19.39)	-4.7%	434.53	422.18	415.75	(6.43)	-1.5%	448.42
Productive FTE/Adj. Occ. Bed	2.95	2.87	(0.08)	-2.8%	2.56	2.95	2.84	(0.11)	-3.9%	2.70
Total FTE/ Adj. Occ. Bed	3.50	3.27	(0.23)	-7.1%	3.12	3.42	3.24	(0.18)	-5.6%	3.09

City of Alameda Health Care District
Statements of Financial Position
January 31, 2011
$ in thousands

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 10,339	$ 824,459	$ 3,480,668
Patient Accounts Receivable, net	11,458,132	10,669,772	9,558,147
Other Receivables	4,344,795	4,330,040	6,654,035
Third-Party Payer Settlement Receivables	695,240	513,847	374,557
Inventories	1,138,088	1,141,407	1,149,706
Prepaids and Other	712,399	675,214	453,872
Total Current Assets	18,358,993	18,154,739	21,670,985
Assets Limited as to Use, net	547,821	539,259	476,630
Property, Plant and Equipment, net	7,528,001	7,451,772	6,993,735
Total Assets	**$ 26,434,815**	**$ 26,145,770**	**$ 29,141,350**
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	$ 416,000	$ 418,224	$ 450,831
Accounts Payable and Accrued Expenses	6,747,786	6,580,094	6,112,296
Payroll Related Accruals	4,804,155	4,256,191	4,351,133
Deferred Revenue	2,390,196	2,868,061	5,736,951
Employee Health Related Accruals	581,363	543,701	645,750
Third-Party Payer Settlement Payable	290,000	290,000	500,000
Total Current Liabilities	15,229,500	14,956,271	17,796,961
Long Term Debt, net	1,004,828	1,041,216	1,236,831
Total Liabilities	16,234,328	15,997,487	19,033,792
Net Assets:			
Unrestricted	9,555,090	9,511,448	9,560,928
Temporarily Restricted	645,397	636,835	546,630
Total Net Assets	10,200,487	10,148,283	10,107,558
Total Liabilities and Net Assets	**$ 26,434,815**	**$ 26,145,770**	**$ 29,141,350**

City of Alameda Health Care District

Statements of Operations

January 31, 2011

$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Patient Days	2,652	2,662	(10)	-0.4%	2,532	17,898	18,326	(428)	-2.3%	17,817
Discharges	220	255	(35)	-13.7%	240	1,517	1,737	(220)	-12.7%	1,780
ADC (Average Daily Census)	85.5	85.9	(0.32)	-0.4%	81.7	83	85.2	(1.99)	-2.3%	82.9
CMI (Case Mix Index)	1.4193				1.3205	1.3675				1.3122
Revenues										
Gross Inpatient Revenues	$ 14,301	$ 14,343	$ (42)	-0.3%	$ 13,758	$ 97,582	$ 98,124	$ (542)	-0.6%	$ 97,749
Gross Outpatient Revenues	6,509	7,039	(530)	-7.5%	9,698	47,616	49,769	(2,152)	-4.3%	73,188
Total Gross Revenues	20,810	21,382	(573)	-2.7%	23,456	145,198	147,892	(2,694)	-1.8%	170,937
Contractual Deductions	14,432	15,346	914	6.0%	17,305	103,608	106,130	2,522	2.4%	127,117
Bad Debts	490	625	135	21.6%	315	4,264	4,419	155	3.5%	3,651
Charity and Other Adjustments	183	156	(27)	-17.3%	27	1,069	1,105	36	3.3%	364
Net Patient Revenues	5,704	5,255	449	8.5%	5,809	36,258	36,238	19	0.1%	39,805
Net Patient Revenue %	27.4%	24.6%			24.8%	25.0%	24.5%			23.3%
Net Clinic Revenue	32	28	4	15.4%	4	207	195	12	6.1%	67
Other Operating Revenue	11	14	(3)	-24.0%	48	69	97	(28)	-28.4%	332
Total Revenues	**5,747**	**5,297**	**450**	8.5%	**5,861**	**36,534**	**36,530**	**4**	0.0%	**40,204**
Expenses										
Salaries	3,225	2,876	(348)	-12.1%	3,337	20,884	19,793	(1,091)	-5.5%	22,463
Registry	251	169	(81)	-48.0%	119	1,390	1,193	(196)	-16.4%	1,135
Benefits	942	905	(37)	-4.1%	1,047	5,538	6,150	612	9.9%	6,526
Professional Fees	290	347	57	16.5%	297	2,118	2,228	110	4.9%	2,117
Supplies	703	691	(12)	-1.7%	768	5,114	4,894	(221)	-4.5%	6,149
Purchased Services	362	387	25	6.5%	348	2,633	2,723	90	3.3%	2,754
Rents and Leases	68	111	43	38.8%	62	476	526	50	9.5%	476
Utilities and Telephone	76	73	(3)	-3.7%	73	432	507	75	14.8%	496
Insurance	32	36	4	10.0%	41	220	251	31	12.4%	309
Depreciation and amortization	78	73	(4)	-5.6%	103	565	513	(52)	-10.1%	714
Other Opertaing Expenses	194	92	(102)	-110.0%	82	637	583	(54)	-9.3%	608
Total Expenses	**6,219**	**5,761**	**(458)**	-7.9%	**6,278**	**40,006**	**39,361**	**(646)**	-1.6%	**43,745**
Operating gain (loss)	**(472)**	**(464)**	**(8)**	-1.7%	**(417)**	**(3,472)**	**(2,830)**	**(642)**	22.7%	**(3,542)**
Non-Operating Income / (Expense)										
Parcel Taxes	481	478	3	0.5%	478	3,349	3,358	(9)	-0.3%	3,358
Investment Income	1	-	1	0.0%	2	8	-	8	0.0%	11
Interest Expense	(10)	(8)	(2)	-25.4%	(8)	(63)	(84)	21	-25.3%	(61)
Other Income / (Expense)	25	22	3	11.3%	22	153	155	(2)	-1.6%	159
Net Non-Operating Income / (Expense)	**496**	**492**	**4**	**0.8%**	**494**	**3,447**	**3,429**	**18**	**0.5%**	**3,468**
Excess of Revenues Over Expenses	**$ 24**	**$ 28**	**$ (4)**	**-14.8%**	**$ 77**	**$ (26)**	**$ 599**	**$ (625)**	**-104.3%**	**$ (74)**

City of Alameda Health Care District

Statements of Operations - Per Adjusted Patient Day

January 31, 2011

	Current Month					Year-to-Date				
	Actual	Budget	$ Variance	% Variance	Prior Year	Actual	Budget	$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	$ 3,706	$ 3,614	$ 92	2.5%	$ 3,187	$ 3,664	$ 3,552	$ 112	3.1%	$ 3,137
Gross Outpatient Revenues	1,687	1,774	(87)	-4.9%	2,247	1,788	1,802	(14)	-0.8%	2,349
Total Gross Revenues	5,393	5,388	4	0.1%	5,434	5,452	5,354	98	1.8%	5,486
Contractual Deductions	3,740	3,867	127	3.3%	4,009	3,890	3,842	(48)	-1.3%	4,080
Bad Debts	127	157	31	19.4%	73	160	160	(0)	-0.1%	117
Charity and Other Adjustments	48	39	(8)	-20.6%	6	40	40	(0)	-0.3%	12
Net Patient Revenues	1,478	1,324	154	11.6%	1,346	1,361	1,312	49	3.8%	1,278
Net Patient Revenue %	27.4%	24.6%			24.8%	25.0%	24.5%			23.3%
Net Clinic Revenue	8	7	1	18.6%	1	8	7	1	10.0%	2
Other Operating Revenue	3	3	(1)	-21.9%	11	3	4	(1)	-25.8%	11
Total Revenues	**1,489**	**1,335**	**154**	11.6%	**1,358**	**1,372**	**1,323**	**49**	3.7%	**1,291**
Expenses										
Salaries	836	725	(111)	-15.3%	773	784	717	(68)	-9.4%	721
Registry	65	43	(22)	-52.2%	27	52	43	(9)	-20.8%	36
Benefits	244	228	(16)	-7.0%	242	208	223	15	6.6%	209
Professional Fees	75	87	12	14.2%	69	80	81	1	1.4%	68
Supplies	182	174	(8)	-4.6%	178	192	177	(15)	-8.4%	197
Purchased Services	94	97	4	3.8%	81	99	99	(0)	-0.3%	88
Rents and Leases	18	28	10	37.1%	14	18	19	1	6.1%	15
Utilities and Telephone	20	18	(1)	-6.7%	17	16	18	2	11.6%	16
Insurance	8	9	1	7.5%	10	8	9	1	9.2%	10
Depreciation and Amortization	20	19	(2)	-8.6%	24	21	19	(3)	-14.2%	23
Other Operating Expenses	50	23	(27)	-116.0%	19	24	21	(3)	-13.3%	20
Total Expenses	**1,612**	**1,452**	**(160)**	-11.0%	**1,454**	**1,502**	**1,425**	**(77)**	-5.4%	**1,404**
Operating Gain / (Loss)	**(122)**	**(117)**	**(5)**	-4.6%	**(97)**	**(130)**	**(102)**	**(28)**	27.3%	**(113)**
Net Non-Operating Income / (Expense)	**129**	**124**	**4**	**3.6%**	**114**	**129**	**124**	**5**	**4.2%**	**111**
Excess of Revenues Over Expenses	**$ 6**	**$ 7**	**$ (1)**	-12.3%	**$ 18**	**$ (1)**	**$ 22**	**$ (23)**	-103.2%	**$ (2)**

City of Alameda Health Care District
Statement of Cash Flows
For the Seven Months Ended January 31, 2011
$ in thousands

	Current Month	Year-to-Date
Cash flows from operating activities		
Net Income / (Loss)	$ 23,873	$ (25,606)
Items not requiring the use of cash:		
Depreciation and amortization	77,538	$ 565,056
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(788,360)	(1,899,985)
Other Receivables	(14,755)	2,309,240
Third-Party Payer Settlements Receivable	(181,393)	(530,683)
Inventories	3,319	11,618
Prepaids and Other	(37,185)	(258,527)
Accounts payable and accrued liabilities	167,692	635,490
Payroll Related Accruals	547,964	453,022
Employee Health Plan Accruals	37,662	(64,387)
Deferred Revenues	(477,865)	(3,346,755)
Cash provided by (used in) operating activities	(641,510)	(2,151,517)
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(8,562)	(71,191)
Additions to Property, Plant and Equipment	(153,767)	(1,099,322)
Other	19,769	19,768
Cash provided by (used in) investing activities	(142,560)	(1,150,745)
Cash flows from financing activities		
Net Change in Long-Term Debt	(38,612)	(266,834)
Net Change in Restricted Funds	8,562	98,767
Cash provided by (used in) financing and fundraising activities	(30,050)	(168,067)
Net increase (decrease) in cash and cash equivalents	(814,120)	(3,470,329)
Cash and cash equivalents at beginning of period	824,459	3,480,668
Cash and cash equivalents at end of period	$ 10,339	$ 10,339

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: February 23, 2011

TO: City of Alameda Health Care District
Finance and Management Committee

FROM: Kerry Easthope, Associate Administrator

SUBJECT: Recommendation to Approve Wound Care Program – Operating Proforma & Capital Budget

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Recommendation:

Hospital Administration is making two recommendations with regards to the proposed new Wound Care Program. The first is for approval of the capital budget required to build out the center and the second is to approve the operating budget and five year financial proforma.

Capital Budget:

Hospital Administration is recommending that the City of Alameda Health Care District Finance Committee review and approve the attached budget for the build-out of a Wound Care Center located at 815 Atlantic Ave, Suite 100, Alameda California. The proposed total recommended budget is $870,698, to renovate approximately 4,200sq/ ft. including 400 sq. ft. of common area that will later be shared by another program in the near future. This total includes the following cost categories:

Category		Amount
Design & Engineering	$	63,950
Permits & Utilities		16,250
Construction Cost		562,429
Furniture & Fixtures		69.000
Project Administration		45,500
Owners Contingency 15%		113,569
Total	**$**	**870,698**

The construction portion of this project will be put out for public bid as required. We feel confident that competent and competitive bids for this project be within this budget estimate. Furthermore, management will bring a recommendation for a construction contractor to the board for approval, prior to entering into a contract for this work.

Financing for the capital budget portion of this project has been secured through contributions by the Alameda Hospital Foundation and through a five year term loan with the Bank of Alameda (to be presented as a separate Action Item).

Operating Budget and Five Year Financial Proforma:

Secondly, it is being recommended that the committee approve the enclosed operating budget and five year financial proforma for the Wound Care program. This budget was prepared with input from Accelecare based upon their experience with operating over 40 Wound Care centers across the country, as well as our own understanding of our internal and local payor mix, reimbursement contracts, and operating expenses.

The financial proforma projects that this new program will generate the following Cash Flow from operations as well as Net Income from operations for each of the first five years as indicated below:

Year of Operation	Net Cash Flow	Net Income
Year 1	$ 3,353	51,775
Year 2	192,898	247,449
Year 3	253,615	315,289
Year 4	271,277	340,179
Year 5	280,719	357,284
Five Year Total	**$ 1,001,559**	**1,311,977**

The above financial results are only for the wound care program itself and do not include additional ancillary services and revenues that are anticipated once this program is in full operation. It is estimated that ancillary service net revenue could produce approximately **$336,000 in year one and increasing to approximately $550,000 by year five** ***(see page 9)***. It is believed that these numbers are conservative given the limited provision of chronic wound care services in the greater service area and the expressed interest by a number of physicians in the community, many of whom are not currently on our medical staff.

Likewise, the rent expense line item only reflects the space used by the Wound Care Clinic (approximately 4,000 square. feet). Administration is in the process of performing due diligence for another potential revenue generating program that would occupy the remainder of the initial leased space (approximately 6,600 square feet). Until this occurs, the additional overhead cost to be assumed by the Hospital will be just over $100,000 per year and will be incorporated into next years operating budget. *Note: per the terms of the lease agreement, the Base Rent charge will not begin until 9 months after execution of the lease.*

Background:

As part of the District's strategic plan, management has been actively engaged in pursuing new business and growth opportunities. As has been presented and discussed in prior meetings, one such program is the development of a wound care program in conjunction with Accelecare Wound Centers, Inc. Accelecare manages over 40 wound care centers across the country and provides expertise with the operational and clinical management of this service.

In addition, the Hospital is in need of additional clinical space to meet growth and expansion needs of the future and there is very limited space available on the island that would meet these needs. Securing a lease that provides the initial space needed for wound care, with the option to expand in the future will provide the Hospital with options and opportunity that is needed in the future. Specifically, we are looking at Marina Village as a location where to expand and enhance our Rehabilitation Services, establishment and/or relocation of physician offices, and other clinical and administrative functions that do not need to be located within the Hospital buildings.

Discussion:

The wound care program construction budget was developed with input from several individuals and entities. Pound Management, our project management firm took the lead and was responsible for providing design plans and scope of work data to various construction contractors who submitted bids for this work. Terry Harden Architects provided basic schematic designs and program requirement information that was important for those providing cost estimates. In addition, we involved a medical gas installation and supply company to determine the cost and requirements for the bulk oxygen component of this project.

This project will operate as a department of the Hospital and will therefore be an OSHPD 3 project and will require survey and licensure by the California Department of Public Health. We did meet with the city building department, and we believe that these plans will be reviewed locally. We are still working to schedule a meeting with the city fire inspector to discuss our plans for the bulk oxygen container.

Even though there is a fairly significant initial capital outlay, investment in a new revenue generating program with projected positive contribution margin, it is imperative for the Hospital to strengthen its financial position. There has been overwhelming physician support for this type of program, from both Alameda Hospital physicians, as well as, physicians from the surrounding market. With the professional management and expertise brought to the table with Accelecare, we are confident that this will be a successful and financially rewarding program.

Comprehensive Wound Care Program

Hospital Pro Forma - Flexible Pricing Options

Presented to

Alameda Hospital
Alameda, CA

CONFIDENTIAL AND PROPRIETARY

Market Opportunity Assessment

Purpose: To ensure that there is a sufficient patient population to sustain a profitable Advanced Wound Center

Population	
Primary Service Population	507,000
Secondary Service Population	-
Total Adjusted Population*	**507,000**

**Adjusted SSA population to 1/4 impact of PSA on a per capita basis.*

Assumptions	
Diabetes prevalence in primary population	*6.90%*
Percent of diabetic patients that will develop a wound	*15%*
Percent of primary population with Diabetic Ulcers	**1.04%**
Percent of primary population with Venous Stasis Ulcers	**0.35%**
Percent of primary population with Decubitus Ulcers	**0.85%**

Wound Care Patients	
Diabetic Ulcers	5,247
Venous Stasis Ulcers	1,775
Decubitus Ulcers	4,310
Total Patients	**11,331**

Service Area Penetration		**Patients**
Penetration @	10%	**1,133**
Penetration @	15%	**1,700**
Penetration @	20%	**2,266**

Current projections (New Patients)		**Penetration**
Year 1	250	**2%**
Year 2	350	**3%**
Year 3	385	**3%**
Year 4	397	**4%**
Year 5	409	**4%**

Start-Up Cost Overview

Capital Description	Investment		Depreciation Schedule
Hyperbaric Oxygen Chambers with Flat Panel TV's	Provided by Accelecare Wound Centers		
Examination Chairs (4)	Provided by Accelecare Wound Centers		
Digital Cameras	Provided by Accelecare Wound Centers		
Minor Medical Equipment	$	75,000	5
Furniture	$	75,000	5
Build-Out Costs	$	650,000	20
Oxygen Connection	$	70,000	20
Total Capital Investment	**$**	**870,000**	

Minor Medical Equipment Description	Office Equipment/Furniture
One gurney for patients who must be treated recumbent	Desks
Mini Refrigerator	Patient chart binders
Wall mounted X-ray view box	Chart rack and forms holder
Glucose monitors / Accucheck	Physician's Desk Reference
Stethoscopes	File Cabinets
BP cuffs	Billing / Charge computer
Otoscope	Waiting Room furniture
Electronic thermometer	Couches
Wheelchairs (oversized and regular)	Chairs
Stainless steel – shelf utility carts	Tables
Dirty instrument trays	Pictures
Portable pulse oximeter	Magazine Rack
Wound debridement instruments	Miscellaneous office supplies
Air lift stools	Dry erase board
Mayo stands	Fax machine
Linen hamper	Copy machine
Crash cart if indicated	
4 desk top computers	
1 laptop	

APC Model

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APC Model: ***Wound Care Revenue***

	Year 1	Year 2	Year 3	Year 4	Year 5
Patient volume					
New Wound Care patients per year	250	350	385	397	409
Average visits per patient	10	10	10	10	10
Total patient visits per year	2,500	3,500	3,850	3,970	4,090
Patient mix					
Medicare / Federal Payments	65%	65%	65%	65%	65%
Commercial / Private	25%	25%	25%	25%	25%
Medicaid / Other	10%	10%	10%	10%	10%
Self Pay	0%	0%	0%	0%	0%
Reimbursement					
Medicare / Federal	$ 283.88	$ 283.88	$ 283.88	$ 283.88	$ 283.88
Commercial / Private	$ 297.22	$ 297.22	$ 297.22	$ 297.22	$ 297.22
Medicaid / Other	$ 197.75	$ 197.75	$ 197.75	$ 197.75	$ 197.75
Self Pay	$ 97.05	$ 97.05	$ 97.05	$ 97.05	$ 97.05
Wage Index adjustment	1.6059	1.6059	1.6059	1.6059	1.6059
Commercial / Private fee v. Medicare	4.3X	4.3X	4.3X	4.3X	4.3X
Commercial / Private contractual adjustment	76%	76%	76%	76%	76%
Medicaid / Other	84%	84%	84%	84%	84%
Self Pay	92%	92%	92%	92%	92%
Revenue					
Medicare / Federal	$ 461,305	$ 645,826	$ 710,409	$ 732,552	$ 754,694
Commercial / Private	$ 185,765	$ 260,071	$ 286,079	$ 294,995	$ 303,912
Medicaid / Other	$ 49,436	$ 69,211	$ 76,132	$ 78,505	$ 80,878
Self Pay	$ -	$ -	$ -	$ -	$ -
Total Revenue	**$ 696,506**	**$ 975,109**	**$ 1,072,620**	**$ 1,106,052**	**$ 1,139,484**
Management fees (Accelecare)					
Percent of Medicare APC	50%	50%	50%	50%	50%
Fee per visit	$ -	$ -	$ -	$ -	$ -
Monthly Management Fee	$ -	$ -	$ -	$ -	$ -
Total fees	$ 323,242	$ 452,538	$ 497,792	$ 513,308	$ 528,824
Net Revenue to Hospital	***$ 373,264***	***$ 522,570***	***$ 574,827***	***$ 592,744***	***$ 610,661***

***APC Model:* Hyperbaric O_2 Therapy Revenue**

	Year 1	Year 2	Year 3	Year 4	Year 5
Patient volume					
New HBOT patients per year	33	46	50	52	53
Average treatments per patient	28	28	28	28	28
Total patient treatments per year*	910	1,288	1,400	1,456	1,484
Patient mix					
Medicare / Federal Payments	65%	65%	65%	65%	65%
Commercial / Private	25%	25%	25%	25%	25%
Medicaid / Other	10%	10%	10%	10%	10%
Self Pay	0%	0%	0%	0%	0%
Reimbursement					
Medicare / Federal (per 30 min unit)	$ 143.16	$ 143.16	$ 143.16	$ 143.16	$ 143.16
Commercial / Private (per 30 min unit)	$ 149.89	$ 149.89	$ 149.89	$ 149.89	$ 149.89
Medicaid / Other (per 30 min unit)	$ 99.72	$ 99.72	$ 99.72	$ 99.72	$ 99.72
Self Pay	$ 48.94	$ 48.94	$ 48.94	$ 48.94	$ 48.94
Average units per treatment	4	4	4	4	4
Wage Index adjustment	1.6059	1.6059	1.6059	1.6059	1.6059
Commercial / Private fee v. Medicare	4.3X	4.3X	4.3X	4.3X	4.3X
Commercial / Private contractual adjustment	76%	76%	76%	76%	76%
Medicaid / Other	84%	84%	84%	84%	84%
Self Pay	92%	92%	92%	92%	92%
Revenue					
Medicare / Federal	$ 338,712	$ 479,408	$ 521,095	$ 541,939	$ 552,361
Commercial / Private	$ 136,398	$ 193,055	$ 209,843	$ 218,237	$ 222,433
Medicaid / Other	$ 36,299	$ 51,376	$ 55,844	$ 58,078	$ 59,195
Self Pay	$ -	$ -	$ -	$ -	$ -
Total Revenue	**$ 511,408**	**$ 723,839**	**$ 786,782**	**$ 818,253**	**$ 833,989**
Management fees (Accelecare)					
Percent of Medicare APC	50%	50%	50%	50%	50%
Fee per unit	$ -	$ -	$ -	$ -	$ -
Total fees	$ 260,548	$ 368,775	$ 400,843	$ 416,876	$ 424,893
Net Revenue to Hospital	***$ 250,861***	***$ 355,064***	***$ 385,939***	***$ 401,377***	***$ 409,096***

*Variations in total are due to rounding

Wound Care Program

APC Model: Contribution Margin Analysis

Prepared by Kerry Easthope & David Neapolitan

1/20/2011

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Volume						
Number of new patients per year	250	350	385	397	409	1,791
Average visits per patient	10	10	10	10	10	10
Number of visits per year	2,500	3,500	3,850	3,970	4,090	17,910
APC reimbursement percentage (plus Q codes)	50%	50%	50%	50%	50%	50%
HBO New Patients	33	46	50	52	53	234
HBO Treatments	924	1,288	1,400	1,456	1,484	6,552
HBO Units	3,696	5,152	5,600	5,824	5,936	26,208
Revenue						
Wound Care Gross	3,032,903	4,246,064	4,670,671	4,816,250	4,961,829	21,727,717
Contractual Allowance	(2,336,397)	(3,270,956)	(3,598,051)	(3,710,198)	(3,822,345)	(16,737,947)
Wound Care Net	**696,506**	**975,108**	**1,072,620**	**1,106,052**	**1,139,484**	**4,989,770**
HBO Gross	2,226,903	3,151,925	3,426,005	3,563,045	3,631,565	15,999,443
Contractual Allowance	(1,715,495)	(2,428,085)	(2,639,223)	(2,744,792)	(2,797,576)	(12,325,171)
HBO Net	**511,408**	**723,840**	**786,782**	**818,253**	**833,989**	**3,674,272**
Total Net Revenue	**1,207,914**	**1,698,948**	**1,859,402**	**1,924,305**	**1,973,473**	**8,664,042**
Expenses						
Accelecare Management Fee	583,789	821,314	898,635	930,184	953,717	4,187,639
Staff Expenses						
Center Director	accelecare	accelecare	accelecare	accelecare	accelecare	
Clinical Manager	accelecare	accelecare	accelecare	accelecare	accelecare	
HBO Tech	accelecare	accelecare	accelecare	accelecare	accelecare	
Nursing (RN's LPN's, MA's)	175,760	204,422	210,555	216,872	223,378	1,030,987
Office Coordinator	58,050	59,792	61,585	63,433	65,336	308,195
Total	233,810	264,214	272,140	280,305	288,714	1,339,182
Non-Staff Expenses						
Medical Director fee	36,000	36,000	36,000	36,000	36,000	180,000
Medical Supplies	62,500	87,500	96,250	99,250	102,250	447,750
Oxygen	19,280	22,304	23,200	23,648	23,872	112,304
Linen	5,000	7,000	7,700	7,940	8,180	35,820
Total	122,780	152,804	163,150	166,838	170,302	775,874
Other						
Advertising	25,000	25,000	25,000	25,000	25,000	125,000
Travel	8,000	8,000	8,000	8,000	8,000	40,000
Rent	60,960	64,800	68,640	72,480	76,800	343,680
Utilities	9,000	9,000	9,000	9,000	9,000	45,000
Interest	54,000	47,567	40,747	33,519	25,857	201,690
Principal	107,222	113,655	120,474	127,703	135,365	604,418
Total	264,182	268,022	271,862	275,702	280,022	1,359,788
Total Expenses	1,204,561	1,506,353	1,605,787	1,653,028	1,692,754	7,662,483
Annual Cash Flow from Operations	3,353	192,595	253,615	271,277	280,719	1,001,559

Investment in Operation

Start up Cost - paid to Accelecare (year 0)	$ 30,000
Facility buildout	650,000
Equipment & Supplies	150,000
Bulk Oxygen Installation	70,000
Total Start-up Cost	$ 900,000

Five (5) Year NPV	$ 394,265
IRR	19%
Payback	Less than 4 years
Assumed Rate of Return	6.0%

Cash Flow Data	Cash Flows	Principal Payments on Debt	Adjusted Cash Flow for NPV & IRR	Cumulative Cash Impact
Investment	(900,000)		(900,000)	
Year 1	3,353	107,222	110,575	(789,425)
Year 2	192,595	113,655	306,249	(483,176)
Year 3	253,615	120,474	374,089	(109,086)
Year 4	271,277	127,703	398,979	289,893
Year 5	280,719	135,365	416,084	705,977

Wound Care Program

APC Model: Profit & Loss Statement

Prepared by Kerry Easthope & David Neapolitan

1/20/2011

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Volume						
Number of new patients per year	250	350	385	397	409	1,791
Average visits per patient	10	10	10	10	10	10
Number of visits per year	2,500	3,500	3,850	3,970	4,090	17,910
APC reimbursement percentage (plus Q codes)	50%	50%	50%	50%	50%	50%
HBO New Patients	33	46	50	52	53	234
HBO Treatments	924	1,288	1,400	1,456	1,484	6,552
HBO Units	3,696	5,152	5,600	5,824	5,936	26,208
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Travel	8,000	8,000	8,000	8,000	8,000	40,000
Rent	60,960	64,800	68,640	72,480	76,800	343,680
Utilities	9,000	9,000	9,000	9,000	9,000	45,000
Interest Expense	54,000	47,567	40,747	33,519	25,857	201,690
Depreciation Expense	58,800	58,800	58,800	58,800	58,800	294,000
Total	215,760	213,167	210,187	206,799	203,457	1,049,370
Total Expenses	**1,156,139**	**1,451,499**	**1,544,113**	**1,584,126**	**1,616,189**	**7,352,065**
Profit / (Loss)	**51,775**	**247,449**	**315,289**	**340,179**	**357,284**	**1,311,977**
EBIDTA	164,575	353,816	414,837	432,498	441,940	1,807,667

Projected Incremental Ancillary Revenue

Outpatient Procedures							Year 1		Year 2		Year 3		Year 4		Year 5	
Category	**% of WC Patients**	**Expected Medicare Reimb.**	**Expected Commercial Reimb.**	**Expected Medicaid Reimb.**	**Expected Self-Pay Reimb.**	***Expected Average Reimb.***	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**
Lab Work	80%	$ 406	$ 425	$ 283	$ 139	***$ 398***	200	$ 79,668	280	$ 111,535	308	$ 122,689	318	$ 126,513	327	$ 130,337
Radiology(Including Non-invasive Vascular)	55%	$ 326	$ 342	$ 227	$ 112	***$ 320***	138	$ 44,055	193	$ 61,678	212	$ 67,845	218	$ 69,960	225	$ 72,075
Pathology/Biopsies	30%	$ 717	$ 751	$ 500	$ 245	***$ 704***	75	$ 52,792	105	$ 73,908	116	$ 81,299	119	$ 83,833	123	$ 86,367
Outpatient Surgery	16%	$ 652	$ 682	$ 454	$ 223	***$ 640***	40	$ 25,586	56	$ 35,821	62	$ 39,403	64	$ 40,631	65	$ 41,859
Nuclear Med	15%	$ 780	$ 817	$ 543	$ 267	***$ 765***	38	$ 28,704	53	$ 40,186	58	$ 44,205	60	$ 45,582	61	$ 46,960
PT/OT	12%	$ 300	$ 314	$ 209	$ 103	***$ 294***	30	$ 8,832	42	$ 12,365	46	$ 13,601	48	$ 14,025	49	$ 14,449
Other	10%	$ 240	$ 251	$ 167	$ 82	***$ 236***	25	$ 5,888	35	$ 8,243	39	$ 9,068	40	$ 9,350	41	$ 9,633
Invasive Vascular Study	6%	$ 575	$ 602	$ 400	$ 196	***$ 564***	15	$ 8,458	21	$ 11,841	23	$ 13,025	24	$ 13,431	25	$ 13,837
OP Total							**560**	**$ 253,984**	**784**	**$ 355,577**	**862**	**$ 391,135**	**889**	**$ 403,326**	**916**	**$ 415,517**

Inpatient Admissions							Year 1		Year 2		Year 3		Year 4		Year 5	
Category	**% of WC Patients**	**Expected Medicare Reimb.**	**Expected Commercial Reimb.**	**Expected Medicaid Reimb.**	**Expected Self-Pay Reimb.**	**Expected Average Reimb.**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**	**Cases**	**Net Revenue**
Vascular/Cardiovascular	13%	$ 21,747	$ 22,770	$ 15,149	$ 7,435	***$ 21,343***	33	$ 696,705	46	$ 975,387	50	$ 1,072,926	52	$ 1,106,368	53	$ 1,139,810
Debridements & Grafts	3%	$ 18,911	$ 19,800	$ 13,173	$ 6,465	***$ 18,560***	7	$ 133,678	10	$ 187,149	11	$ 205,864	11	$ 212,281	12	$ 218,697
Amputation*	1%	$ 20,587	$ 21,555	$ 14,341	$ 7,038	***$ 20,205***	2	$ 38,718	3	$ 54,205	3	$ 59,626	3	$ 61,484	3	$ 63,343
IP Other	7%	$ 12,279	$ 12,856	$ 8,553	$ 4,198	***$ 12,050***	18	$ 219,775	26	$ 307,686	28	$ 338,454	29	$ 349,003	30	$ 359,553
IP Total							**60**	**$ 1,088,877**	**84**	**$ 1,524,427**	**92**	**$ 1,676,870**	**95**	**$ 1,729,136**	**98**	**$ 1,781,402**
Grand Total								**$ 1,342,860**		**$ 1,880,005**		**$ 2,068,005**		**$ 2,132,462**		**$ 2,196,920**
Estimated Incremental New Net Revenue at 25% of Volume								***$ 335,715***		***$ 470,001***		***$ 517,001***		***$ 533,116***		***$ 549,230***

*Actual amputation rate is closer to 3%, but the final MS-DRG may be something other than Amputation.

Alameda Hospital
2070 Clinton Ave
Alameda CA 94501

Alameda Hospital Wound Care
815 Atlantic Ave Ste 100, Alameda

11/23/10

	ITEM	VALUE	COMMENTS
2.00	**Design and Engineering:**		
2.01	Survey	$1,000	May be required to site bulk LOX pad /easement issue
2.02	Geotechnical	$0	None
2.03	Civil	$0	None
2.04	Architectural	$60,000	
2.05	Structural	$0	None
2.06	Mechanical	$1,200	Review and report of (E) roof top equipment (if needed)
2.07	Electrical, data, fire alarm and security	$0	None - Design build
2.08	Landscape	$0	None
2.09	Title 24	$250	Energy compliance
2.10	Other consultants	$0	?
2.11	Reimbursables	$1,500	Copies of plansets - archival and construction docs
	Sub-total:	$63,950	
3.00	**Permits and Utilities:**		
3.01	Planning Dept.	$0	
3.02	Public Works	$0	
3.03	Building Dept.	$15,000	Estimate
3.04	School Fees	$0	No new area being added
3.05	Connection fees - water, fire water & sewer	$0	All in place
3.06	Fire Marshall	$750	Estimate
3.07	Utilities - electric & gas	$0	All in place
3.08	Telephone, CATV	$500	Estimate
3.09	SWPPP	$0	
	Sub-total:	$16,250	
4.00	**Construction Costs:**		
4.01	Hazmat	$0	
4.02	General Contractor:	$485,521	Rossi Builders conceptual estimate
4.03	Specialty items - oxygen distribution incl cert.	$61,408	Pad, enclosure, manifolds, piping, alarms, valves and exhaust
4.04	Specialty testing/ Inspections	$500	Anchors at H chambers
4.05	Misc - owner supplied, contractor installed	$5,000	Paper towel disp / waste containers / dispensers
4.05	Signage	$10,000	Alameda H std. - exterior, room numbers and way finding
	Sub-total:	$562,429	
5.00	**Furniture Fixtures & Equipment:**		
5.01	Telephone system	$8,000	Small office system -15 handset capacity and switch
5.02	Computer system	$25,000	New server, 9 new workstations 3 printers, 1 fax/scan/copy/print
5.03	Audio / Visual systems	$1,500	TV in waiting area
5.04	Security / Surveillance system	$3,000	Basic, monitored, motion detector front and rear doors
5.05	Furniture / Equipment / Lockers	$30,000	Budget - chairs, exam chairs, exam stools, linen carts, lockers
5.06	Plants / Art Work	$1,500	
	Sub-total:	$69,000	
6.00	**Administration:**		
6.01	Project management	$43,000	Heavy on construction admin. (incls add for Legacy)
6.02	Insurance	$2,500	Builders risk
6.03	Moving Costs	$0	
	Sub-total:	$45,500	
7.00	**Contingency**		
7.01	Owners Contingency	$113,569	15%
	Total Project Budget:	$870,698	

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: February 23, 2011

TO: City of Alameda Health Care District
Finance and Management Committee

FROM: Kerry Easthope, Associate Administrator

SUBJECT: Recommendation of Approval of Wound Care Program Financing - Bank of Alameda Term Loan for Wound Care Project

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Recommendation:

Hospital Administration is recommending approval to enter into a new $900,000 term loan through the Bank of Alameda for the purpose of constructing and furnishing the Wound Care Center at Marina Village, as outlined in the Capital Budget recommendation.

The pertinent terms, conditions and covenants associated with this new loan, which was approved by the Bank of Alameda loan committee on February 17, 2011, are summarized below:

Rate:

During construction period (draw period up to 1 year), interest only on draws at Prime +1%: with a minimum floor of 5.5% per annum. Term Conversion: Fixed until maturity at Prime + 1%; with a minimum floor of 5.5% per annum.

Term:

Up to one year draw period, or until construction is complete, whichever is sooner. Loan then converts to a fixed five (5) year term loan.

- Prior to conversion, advances under the facility will not exceed more than two (2) per month and are to be supported by itemized invoices and certification by the Hospital's project manager, Pound Management, or another qualified manager approved by the Bank.

Covenants & Conditions:

1. Borrower to submit the following periodic reports:
    a. Annual CPA audited financial statements due within 120 days of FYE.
    b. Annual company prepared financial statements due within 180 days of FYE.
    c. Quarterly company prepared financial statements due within 60 days of quarter end.
    d. Company prepared receivables and payables reports due within 60 days of FYE.
    e. Company prepared receivables and payables reports due within 60 days of quarter end.
    f. Company prepared budgeted financials for succeeding year due within 60 days of FYE.
2. Compliance with the following covenants:
    a. Proforma Debt Service Coverage Ratio (DSCR) Test (per occurrence) 1.75:1.00
    b. Minimum Actual DSCR (quarterly) 1.00:1.00
    c. Minimum Actual DSCR (annually) 1.20:1.00
    d. Minimum Actual Net Income (annually) $1.00
3. Compliance with the following non-financial covenants:
    a. Negative Pledge (at all times)
4. Borrow must maintain primary operating accounts with Bank of Alameda.
5. For any new additional indebtedness that exceeds $1 million (per occurrence) that the Borrower wishes to incur after closing, Borrower must demonstrate to the Bank a proforma DSCR of 1.75 x based on the proforma indebtedness (existing and new) for the succeeding rolling for (4) quarters and actual total cash flow for the latest historical rolling four (4) quarters.
6. Security Interest is the Accounts Receivable and other assets that do not already have an existing security interest.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: February 23, 2011

TO: City of Alameda Health Care District
Finance and Management Committee

FROM: David A. Neapolitan, Chief Financial Officer

SUBJECT: Recommendation for Renewal of the Line of Credit with the Bank of Alameda

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Recommendation:

Hospital Administration is recommending the approval to renew the $1.5 million revolving line of credit (RLOC) that is currently maintained with the Bank of Alameda. This RLOC requires the approval of the Board of Directors prior to any use of the available funds under this RLOC.

Background:

The Hospital has had an RLOC in place for the last several years and has not needed to access the funds available under this agreement with the Bank of Alameda. The RLOC is structured so that Alameda Hospital can borrow the full $1.5 million for working capital purposes or can use up to $250,000 to purchase capital equipment under the capital equipment guidance portion (GLOC) of the RLOC. Funds used under the GLOC are converted to a five (5) year fixed rate (rate at time of borrowing subject to minimum floor) term loan payable if used to purchase capital equipment.

Rate:

RLOC – Prime + 1.00% with a minimum floor of 5.5% per annum.
GLOC – Prime + 2.00% with a minimum floor of 6.5% and a $100 documentation fee to be collected per advance.

Term:

RLOC – Interest only monthly, due in full at maturity. The RLOC must be reduced to zero principal balance for thirty (30) consecutive days prior to maturity (excludes borrowings under the GLOC).

GLOC – Maximum amortization period of five (5) years from the date of the borrowing.

Maturity:

February 23, 2012

Covenants & Conditions:

Subject to the same covenants and conditions as the Bank of Alameda Term Loan for the Wound Care Project.

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: February 23, 2011

TO: City of Alameda Health Care District
Finance and Management Committee

FROM: David A. Neapolitan, Chief Financial Officer

SUBJECT: Recommendation for Annual Use of Jaber Funds - FY 2010

Recommendation:

Hospital Administration is recommending the use of the FY 2010 Jaber funds of $120,063 to purchase ten (10) new Zoll defibrillators, rechargeable batteries and charging station totaling $130,053. See attached brochure for benefits of these defibrillators which are currently used at Alameda Hospital. This purchase would standardize all defibrillators currently used at Alameda Hospital to a single platform.

Background:

Alameda Hospital annually has funds available from a trust that was established in 2002 by Alice M. Jaber. Ms. Jaber donated to the hospital two pieces of real property located in the City of Alameda in memory of her parents Abraham and Mary A. Jaber to establish the Abraham Jaber and Mary A. Jaber Memorial Fund in appreciation of the care given by Alameda Hospital. The properties located at 1359 Pearl Street and 2711 Encinal Street consist of an apartment complex and a retail store. Both properties generate rental income that is used to fund the annual distribution to the Hospital for capital purchases as indicated below:

> *"The Fund shall be used for the purchase of capital equipment directly related to the diagnosis and treatment of patients at Alameda Hospital. Such equipment includes, but is not limited to, machinery and equipment listed below and similar machinery and equipment. This list is given not to limit the types of equipment that I would hope to make available to patients at Alameda Hospital: Diagnostic imaging machinery; surgical equipment, including equipment for the treatment of eye disease; patient monitoring equipment for critical care."*

The amounts that can be withdrawn from the Fund are calculated at the end of each fiscal year for use in the subsequent fiscal year as follows:

> *"The maximum that may be withdrawn from the Fund is twenty percent (20%) of the sum of: the net income earned during the prior fiscal year plus the value of the principal of the Fund valued as of the last day of the prior fiscal year"*

For the fiscal year ended June 30, 2010 the Jaber Fund generated net earnings of $123,685 and had an ending fund balance of $476,630. As a result there is $120,063 ($24,737, 20% of earnings and $95,326, 20% of year end fund balance) available to purchase capital equipment under the terms of the Fund.

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The worst time to find out a defibrillator isn't ready is at the code. Quick action is essential and stress is high enough without delays from problems like lost or tangled cables. Dried out, outdated, or missing electrodes don't help speed therapy either. Unfamiliar or confusing controls are the last thing needed when providing care. Not to mention unclear messages or prompts, hard-to-read displays, and alarms that don't tell you what to correct.

A *Code-Ready*™ defibrillator simplifies every aspect of being ready for a code – efficiently and cost effectively. It automatically monitors and tests the complete system – electronics, batteries, cables, electrodes, and defibrillator discharge, and can notify and alert users and technical staff about problems before they affect your ability to provide care. Should something need to be corrected, it turns on the display and shows an alert that the defibrillator needs attention. And in the future, it will generate a page or email to clinical and technical staff so a problem can be corrected.*

A *Code-Ready* defibrillator should also help the user deliver better therapy with superior technology for pacing and defibrillation. And it provides users with help performing CPR at the correct rate and depth. A *Code-Ready* defibrillator provides the highest assurance that it is ready every time it is needed. A *Code-Ready* defibrillator sets a new standard.

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OneStep Simplicity

Simple, ingenious solutions that simplify and speed operation under the most stressful circumstances. That's *Code-Ready*.

- *The new OneStep™ System delivers therapy to patients with the simplest, easiest method ever designed.*
  - *A **single** cable paces, monitors, and defibrillates without the need for a separate ECG cable.*
  - *Monitor, pace, defibrillate, and get Real CPR Help,™ using only two electrodes. Electrode packaging is integrated with the defibrillator, pre-connected; electrodes are automatically tested.*
  - *A new, unique sleeve stores the cable for rapid, tangle-free application.*
  - *Apply just two electrodes, turn the R Series to "**Pacer**," and you are ready to provide pacing.*
  - *Operating options include advisory and manual modes. What you want, when you need it.*

Large, bright screen with oversized characters is easy to see from anywhere.

OneStep Cable Manager

Small size and lightweight, with a grab-and-go handle, simplifies portability.

OneStep Pacing

OneStep Cable

OneStep Complete Electrode

One simple Uniform Operating System used on every ZOLL ALS defibrillator ever made. Once trained, use any ZOLL device with confidence.

Readiness Indicator

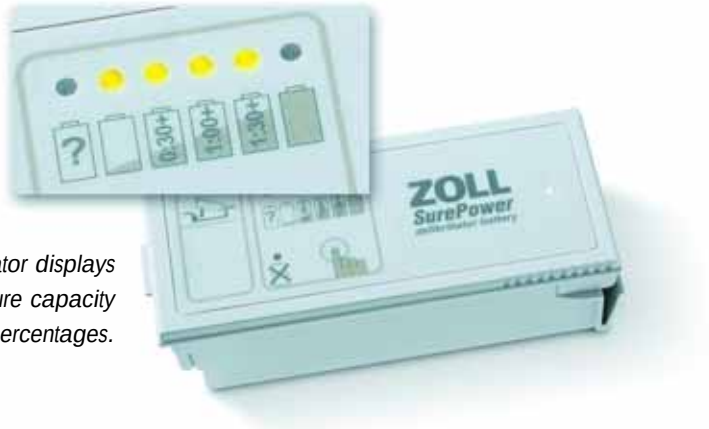
Ready Code Log

Shift Check Log

Comprehensive Readiness Checks

Problems during a code are often related to inadequate tests, compromised supplies, batteries, and missed shift checks. The R Series extends testing far beyond a basic test shock to check more than 40 individual indicators of readiness. That's *Code-Ready*.

- *Comprehensive testing automatically confirms the presence of the correct cables and electrodes, senses the type of electrode, and checks important circuitry, including discharge.*
- *There is no need to disconnect the electrodes or paddles, or get additional test equipment to test shock delivery. The system will even detect missing or dried-out electrodes and provide a printed or electronic log.*
- *A simple indicator unmistakably communicates the defibrillator is ready, and if it's not, a screen message tells you why.*
- *In the event a fault is detected, a page or email is wirelessly generated to notify appropriate personnel.**
- *Users can even log the crash cart status on the defibrillator during shift checks, making quality compliance easier than ever.**



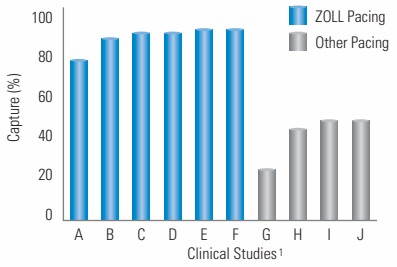
The battery indicator displays runtime, not obscure capacity percentages.

Unmatched Clinical Excellence

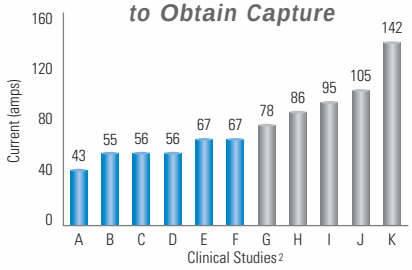
Being ready also means having the best technology available for resuscitation. R Series is built on an industry-leading pacing technology and unsurpassed biphasic waveform. That's *Code-Ready*.

- *Unique, constant-current 40 msec pacing has the highest capture rate at the lowest average current required, assuring efficacy and patient comfort.*
  - *Validated in over 4000 patients in more than 16 studies.*
- *Rectilinear Biphasic™ waveform delivers constant current at the optimal duration for defibrillation.*
  - *Automatically adjusts for patient impedance with pads or paddles.*
  - *The highest voltage capacity of any defibrillator delivers maximum current to the high-impedance patient.*
  - *Rectilinear Biphasic is the most validated and published waveform, with 16 separate peer-reviewed studies in over 7000 patients.*
  - *The only waveform cleared by the FDA with labeling of clinically superior to monophasic waveforms for the cardioversion of AF and the defibrillation of VF in high-impedance patients.*
  - *Optional Pulse Oximetry with Masimo Signal Extraction Technology (SET®) assures accurate, reliable SpO_2 measurements.*

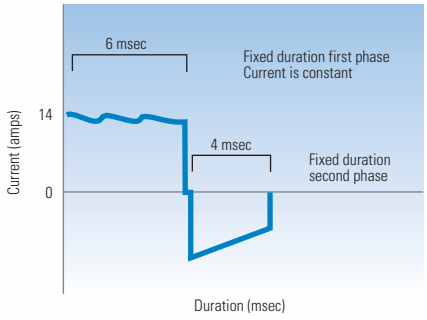
Pacing Capture Rates

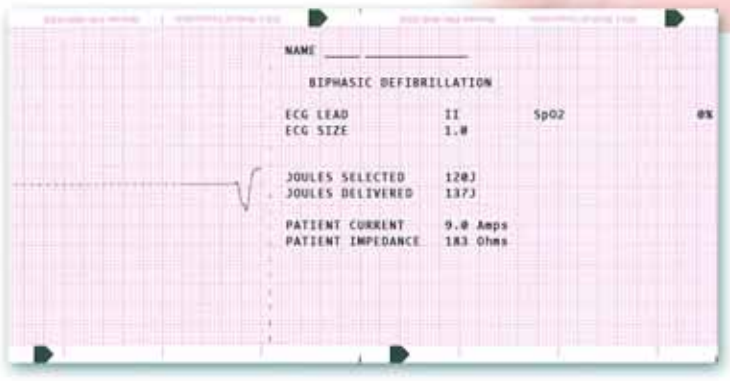


Current Required to Obtain Capture



The ZOLL Rectilinear Biphasic Waveform



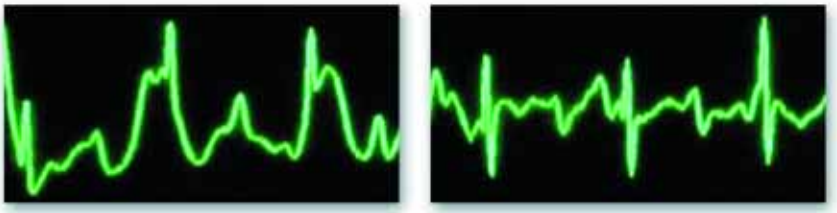


Strip chart printout post shock

Integrated CPR sensor coaches rate and depth.

CPR Index

No compressions → *Good compressions*



Unfiltered ECG signal during CPR

Signal filtered by See-Thru CPR

Real CPR Help™ for ALS

Good CPR is critical for effective resuscitation, so feedback to provide better CPR performance is standard on the R Series. That's *Code-Ready*.

- *The integrated CPR sensor provides help to achieve proper compression rate and depth.*
- *Easy to use, the sensor is incorporated in the electrodes, eliminating extra steps or cables.*
- *Configurable visual and audio cues give feedback without excessive prompts or screen clutter.*
- *The CPR Index provides rapid visualization of compression rate and depth to help provide better support.*
- *See-Thru CPR™ reduces interruptions by allowing clinicians to see organized electrical activity during compressions.*
- *All CPR performance data, as well as the entire resuscitation record with ECG, is available for review and quality assurance with ZOLL CodeNet® software.*

Smart Tools

Better training and better maintenance can both help staff be better prepared for a code. R Series will have a complete suite of tools to help with training and deliver cost-effective maintenance, support, and efficient asset management. That's *Code-Ready*.

Clinical Education and Quality

Comprehensive tools support training and operation.

- *Smart prompts provide users with specific guidance rather than mindless alarms.*
- *An on-screen tutorial allows staff to quickly familiarize themselves with defibrillator operation.*
- *Interactive, self-paced online training enables staff training 24/7.*
- *R Series automatically uploads code data to ZOLL CodeNet, making electronic code documentation faster and easier.*

CE

References
1. Clinical studies on file.
2. Clinical studies on file.

*WiFi, networked support, remote support, email capability, and clock synchronization are integrated in the R Series electronic design and will be released as a software upload to R Series devices. Some future capabilities may require 510(k) clearance.

Printed in U.S.A. 25K 10/06
9656-0190

Technical

New and planned biomedical and asset management software utilities can bring efficiency to maintenance programs and can help reduce the hidden costs of defibrillator ownership.

- *The SurePower™ Battery System tests, calibrates, and captures battery information to optimize battery life and reduce costs.*
- *A unique log records all messages, keystrokes, and interactions, and helps technical staff distinguish between user understanding and technical issues.*
- *Industry-standard (802.11) wireless networking will be able to send an email or page when the readiness is compromised, complete with specific information about the fault.**
- *Remote troubleshooting and configuration management, defibrillator tracking, clock synchronization, and centralized test records are all planned for in the design of the R Series.**

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Advancing Resuscitation. Today.™

Alameda Hospital

CITY OF ALAMEDA HEALTH CARE DISTRICT

DATE: February 23, 2011

TO: Finance and Management Committee

FROM: Deborah E. Stebbins, Chief Executive Officer

SUBJECT: Recommendation for Purchase of Electronic Health Record (EHR) Mobile

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Recommendation:

Management recommends the purchase of 50 computer carts, 50 computers and associated ancillary equipment for a purchase price of $294,000 in order to activate the Patient Care System segment of meaningful use in 2011 and to finance said purchase through the Master Lease Agreement with Banc of America*.

Background:

The first element of implementation of the Electronic Health Record (EHR) and achievement of meaningful use by 2013 is the Patient Care System. This element supports the automation of patient care documentation, in particular by nursing and other clinical personnel.

The EHR implementation team held an equipment fair in January 2011 at which clinical personnel who will participate in the automation enabled by the Patient Care System were able to evaluate alternative hardware to be used for documentation at the patient bedside. Based on this process and the solicitation of feedback from users, the EHR team recommended the selection of Lenovo computers (consistent with other hardware used in patient care areas) and electronic medical record (EMR) carts manufactured by Ergotron.

Three quotes for the specified equipment were obtained from the following distributors: Hospital Mobility, Emgence, and CDW-Government. Management has recommended the purchase of equipment from Hospital Mobility. Although the total price quoted by Hospital Mobility exceeded the bid made by Emergence by $18,000, we are recommending their use as a distributor because Ergotron had an exclusive relationship with Hospital Mobility for distribution. The availability of the equipment was arranged through Hospital Mobility. The third vendor, CDW-G, was substantially higher than the other two at $390,492.

Discussion:

Acquisition of the computers and EMR carts at this time will allow us to remain on schedule for the implementation of the entire EHR system and achievement of meaningful use. The achievement of meaningful use allows us to maximize reimbursement from CMS.

*Banc of America is a division of Bank of America. The spelling of the word “Banc” is correct in the name of the division.