



PUBLIC NOTICE

Finance and Management Committee

Wednesday, March 27, 2013

7:30 a.m.

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.

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.

- I. Call To Order Elliott Gorelick
- II. Action Items
 - A. Acceptance of February 27, 2013 Minutes [to be distributed] Elliott Gorelick
 - B. Recommendation to Accept February 2013 Unaudited Financial Statements [enclosure] Kerry Easthope
- III. Chief Financial Officer Report Kerry Easthope
 - A. Review of FYE June 30, 2014 Draft Volume Assumptions [enclosure]
 - B. Revenue Cycle Update
 - Business Office Overpayment Review Policy
- IV. Chief Executive Officer Report Deborah E. Stebbins
 - A. State Legislative Update
- V. Board / Committee / Staff Comments
- VI. Adjournment

NEXT MEETING SCHEDULED: APRIL 24, 2013

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING FEBRUARY 28, 2013

**CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
FEBRUARY 28, 2013**

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS FEBRUARY, 2013

The management of 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 February 28, 2013 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.

Highlights

Overall for the month of February, the hospital experienced a combined negative net operating loss of \$78,000 against a budgeted loss of \$33,000. Year to date the hospital shows a loss of \$1.1 million compared to a budgeted loss of \$339,000. Waters Edge remains steady with a positive net contribution of \$335,000 and a year to date contribution of just over \$2 million. Wound Care had another busy month in January as the number of visits has increased. The program's net contribution however fell below budget by \$23,000 in February but is still \$17,000 better than budget year to date.

The major contributor to the higher Net Revenue in February is the high census.

February discharges were 32 or 13.1% above budget and total patient days were 348 or 6.5% greater than budget. The acute ALOS back increased to 4.5 in the month. Total patient days for inpatient acute services were up 28.9%; subacute days were down 4.0%, skilled nursing days were up at South Shore by 9.6% and Waters Edge were up by 2.6%.

Overall outpatient activity was mixed again this month. Outpatient registrations were down 15% but emergency room visits were 109 or 8.5% above budget and Wound Care visits were up 129 or 51.6% above budget, the budget number of wound care visits does increase by 50 in March. Outpatient surgeries were below budget for the month by 43 or 29.9%, consistent with the trend year-to-date.

The Wound Care program had 379 visits in February compared to a budget of 250, or 51.6% above budget. In February there were 95 HBO treatments compared to 57 in January.

Total gross and net revenue in February was generally in line with activity. The overall inpatient component was above budget by 17.5% and outpatient was down 4.0%.

The overall Case Mix Index (CMI) in February was 1.3611; higher than last month's of 1.2999 and above the FY 2013 year-to-date of 1.3493.

However, off setting the increase in acute volume and revenues, total expenses were almost \$6.9 million in February, \$355,000 or 5.4% above budget.

Salaries, temporary agency fees, professional fees, supplies and purchased services were over budget while other categories were close to or just under budget. These variances will be discussed in more detail later in the narrative. As previously discussed, the FY2013 temporary agency budget was understated by about \$40,000 per month and we will strive to overcome this variance with positive revenue and/or expense reductions as the year progresses.

Cash and cash equivalents were steady at \$5 million at the end of February consistent with the prior month end. Cash collections in February were almost \$6 million. Net accounts receivable increased by almost \$350,000 to \$11.5 million.

Accounts payable and other accrued expenses increased by \$150,000 from \$10.8 million to just over \$10.9 million.

Lastly, the current ratio dropped slightly to .93 just below the required 1.0 of our bank covenants. Total Assets have remained stable at approximately \$6.0 million consistent with the prior month end.

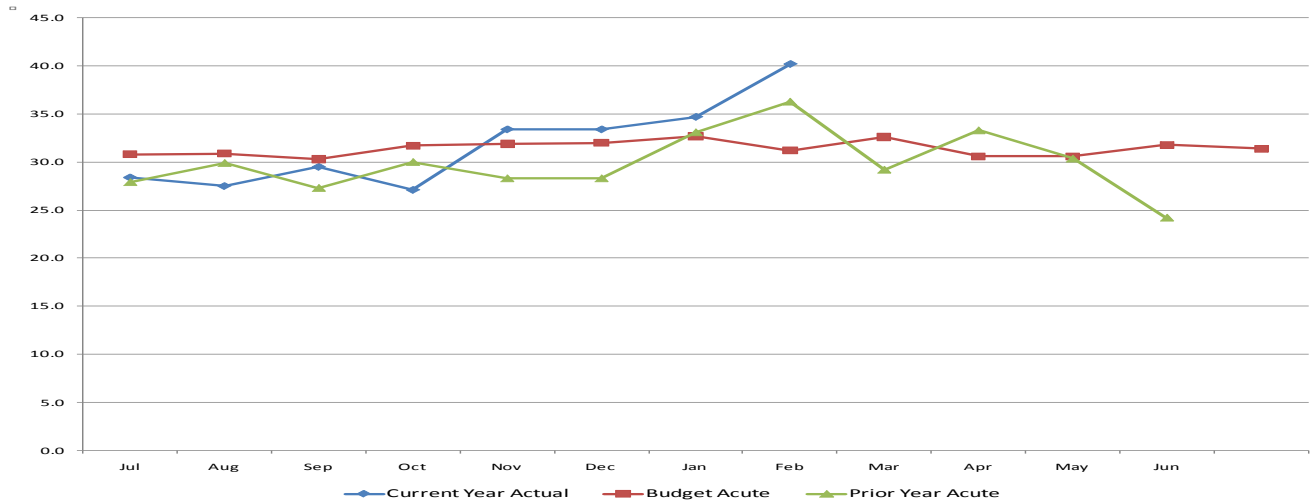
ACTIVITY

ACUTE, SUBACUTE AND SNF SERVICES

Overall, patient days were 6.5% above budget for the month and also above February of last year. This month's acute days were above budget by 28.9%, Subacute was down 4.0%, South Shore was up 9.6% and Waters Edge was up 2.6%.

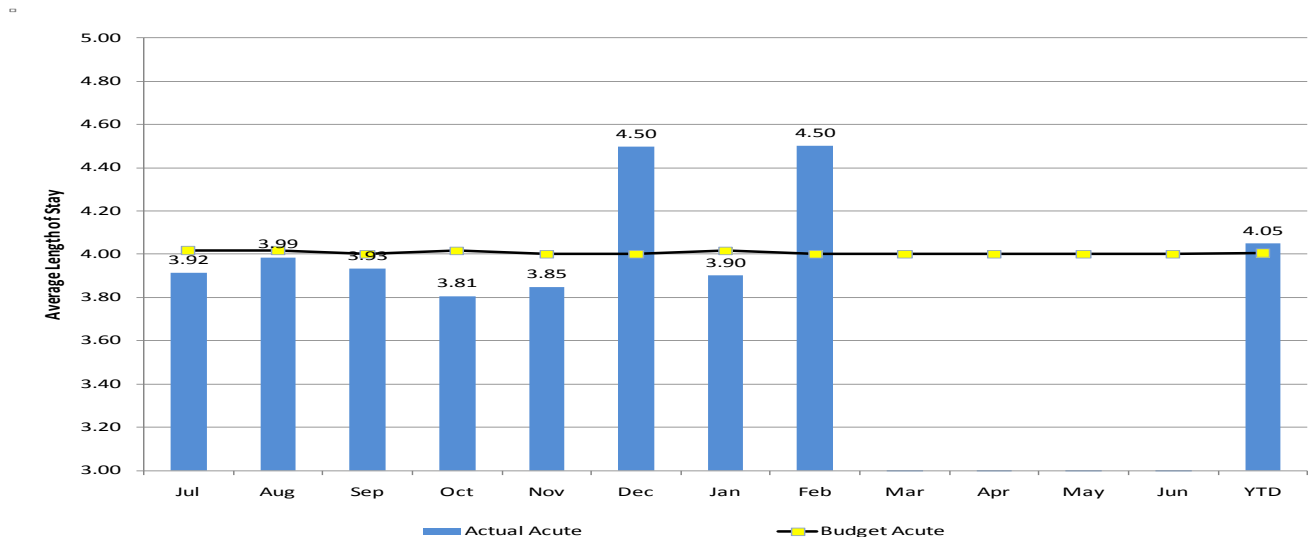
February's acute patient days were 252 days or 28.9% higher than budget for the month and 12.1% higher than February 2012. The acute care program is comprised of the Critical Care Unit (4.9 ADC, 24.3% above budget), Telemetry / Definitive Observation Unit (17.7 ADC, 63.2% above budget) and Med/Surg Unit (17.5 ADC, 7.2% above budget).

Acute Average Daily Census



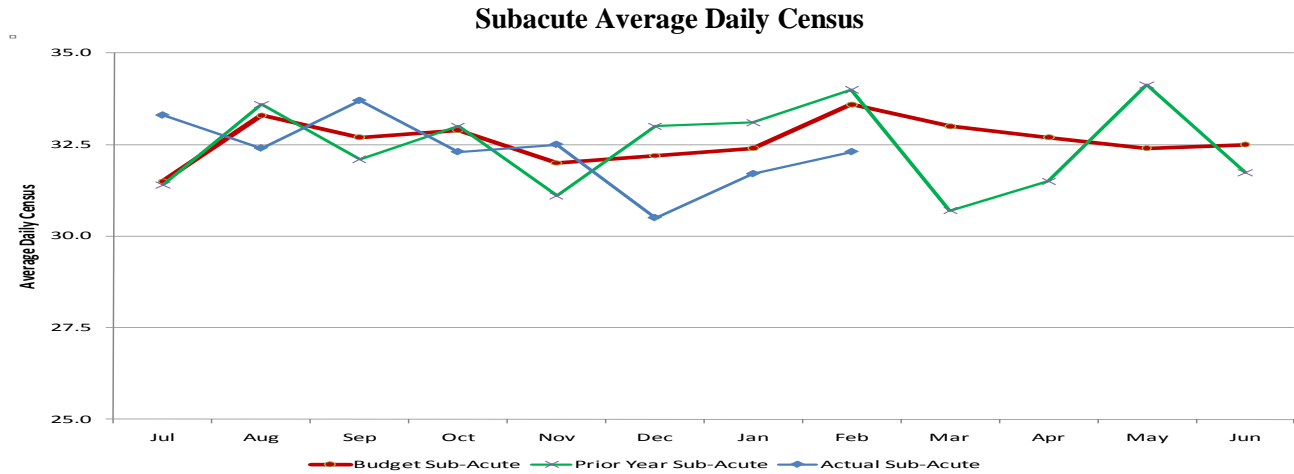
The acute Average Length of Stay (ALOS) increased from 3.9 in January to 4.5 in February and is above the budget of 4.00. The YTD acute ALOS for FY 2013 is 4.05. The graph below shows the ALOS by month compared to the budget.

Acute Average Length of Stay

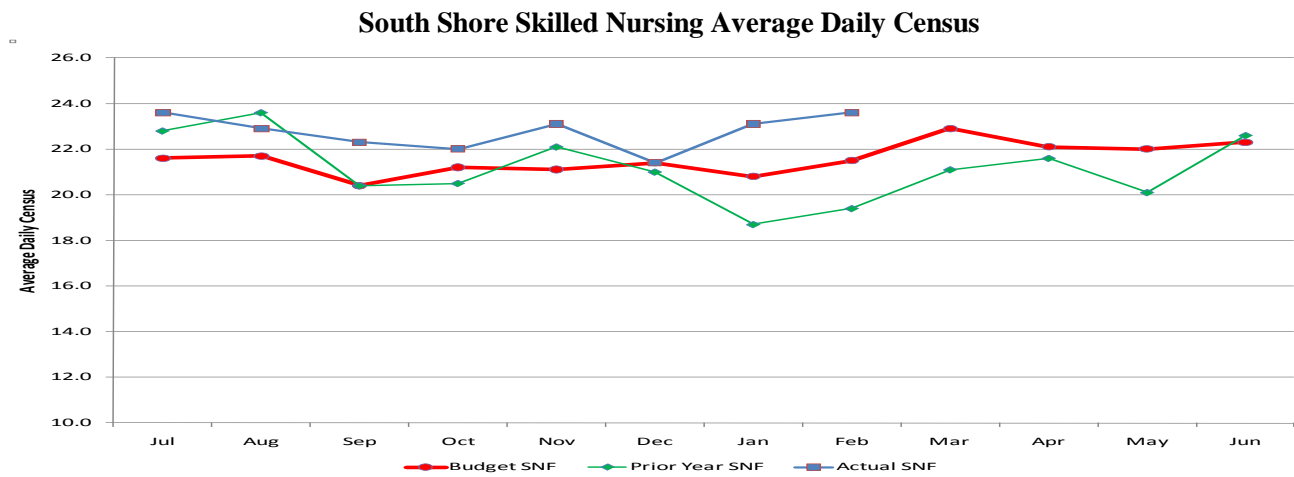


The Subacute program ADC of 32.25 was below budget by 1.36 ADC or 4.0%. The graph below shows the Subacute ADC for the current fiscal year as compared to budget and the prior year. We purposely postponed new admissions to the subacute unit

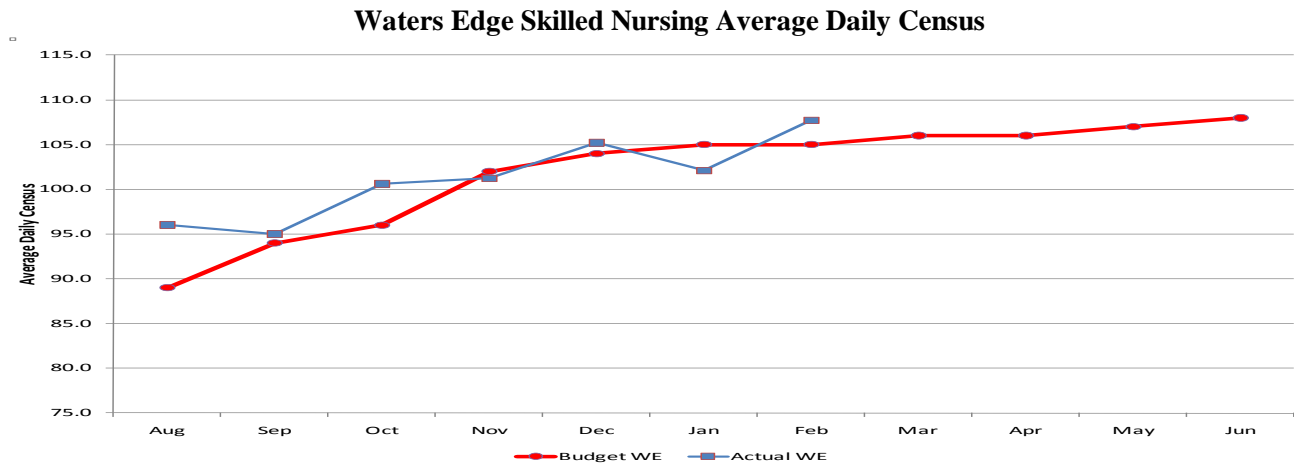
during our week long annual State survey. Census is now coming close to previous levels.



The South Shore ADC was above budget by 58 patient days (9.6%) for the month of February. The graph below shows the South Shore monthly ADC as compared to budget and the prior year. In February the number of Medicare A skilled patients was 2.14 ADC, down from 2.35 ADC in January and still lower than budget of 4.09.



Waters Edge census was 107.7 ADC or 2.6% above the budget of 105 in February. The Medicare census was 16.3 ADC up from 10.5 ADC in the prior month, and slightly above the Medicare ADC budget of 15.0.

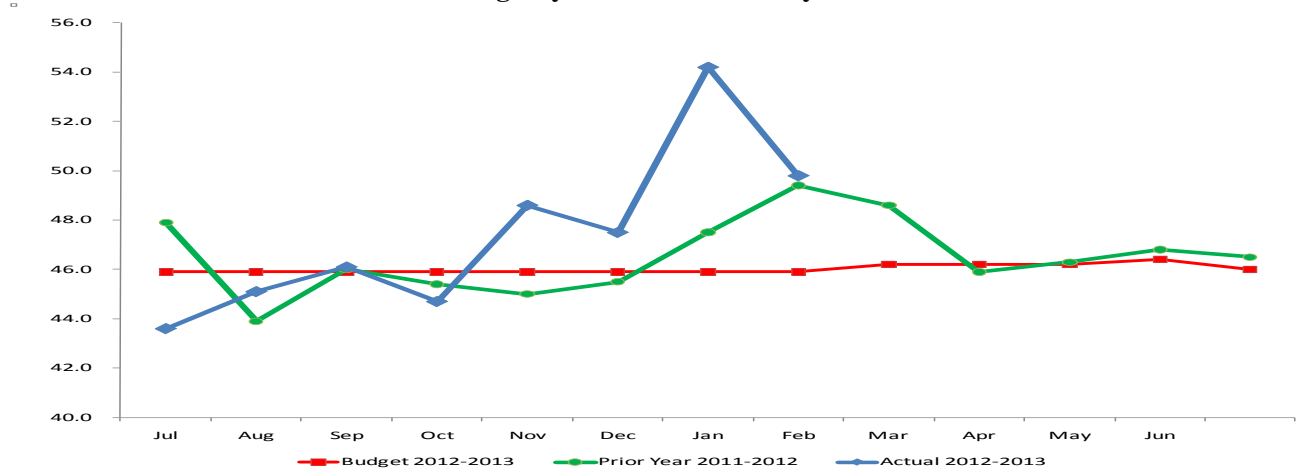


ANCILLARY SERVICES

Outpatient Services

Emergency Care Center (ECC) visits in February were 1,394, and 109 visits (8.5%) above the budget of 1,285. The inpatient admission rate from the ECC was 20.2% up from the 16.8% admit rate in January. On a per day basis, the total visits represent a decrease of 8.1% from the prior month high daily average. In February, there were 326 ambulance arrivals versus 384 in the prior month. Of the 326 ambulance arrivals in the current month, 212 or 65.0% were from Alameda Fire Department (AFD).

Emergency Care Visits Per Day



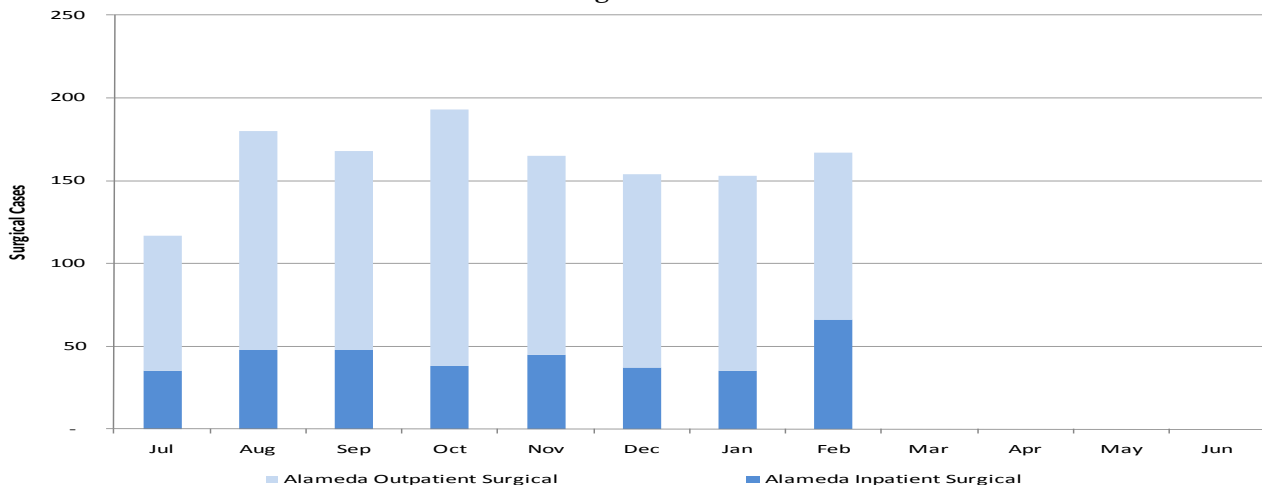
Outpatient registrations totaled 1,806 or 15.0% below budget. This month the number of patient visits were downw in Physical Therapy (132), CT (22), MRI (39), Radiology (254), Ultrasound (28) and Laboratory (83). However, visits were up in Occupational Therapy (26 visits), and Wound Care (129 visits). Starting in December and going forward, the budget for Physical Therapy and Radiology Services assumes significant increases from referrals by our two new orthopedic physicians. Work is being done to help streamline the referral and registration process of orthopedic clinic patients needing follow up ancillary services at the hospital. In February there were 147 Therapy referrals and 108 Imaging referrals from the new orthopedic clinic, compared to 249 and 101 respectively in January. MRI was budgeted to increase the number of service days from 2 days per week to 3 days per week and this did not begin until mid March.

In February, Wound Care again exceeded the budget of 250 with 379 visits, or 51.6% over budget. Hyperbaric Oxygen treatments accounted for 95 of those visits, compared to 57 in December.

Surgery

The total number of surgery cases in February were 167 or 17.7% below the budget of 203 and below last year's case volume of 174. Inpatient cases were above budget by 7 (11.9%) cases at 66 and outpatient was below budget by 43 (29.9%) at 101 cases.

Surgical Cases



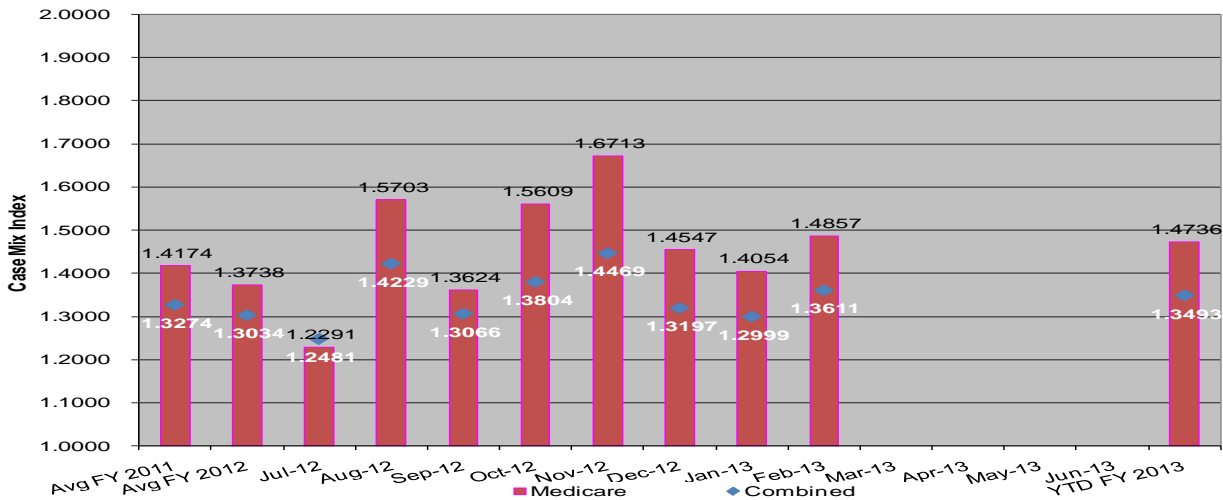
Payer Mix

The Hospital's overall payer mix compared to budget is illustrated below. This is inclusive of the Waters Edge revenue.

	<u>Feb Actual</u>	<u>Feb Budget</u>
Medicare	49.1%	46.2%
Medi-Cal	27.2%	27.2%
Managed Care	14.7%	16.2%
Other	3.6%	3.0%
Commerical	1.3%	3.0%
Self-Pay	4.0%	4.4%
Total	100.0%	100.0%

Case Mix Index

The Hospital's overall Case Mix Index (CMI) for February was 1.3611, up from the prior month of 1.2999. The Medicare CMI was 1.4857 in February. This is also above last month's and above the FY 2013 YTD. The graph below shows the Medicare CMI for the Hospital during the current fiscal year as compared to the prior two years.



Revenue

Gross patient charges in February were over budget by \$2.7 million or 10.8%. Inpatient gross revenues were \$3 million above budget and outpatient gross revenues were down \$314,000. Acute inpatient days were above budget by 28.9% and acute gross revenue was up 29.8%. Acute nursing revenue was half of the inpatient revenue variance. Inpatient ancillary service charges above budget as would be expected with higher census, in Laboratory, Pharmacy, Respiratory and Supplies.

Waters Edge gross and net revenue were above budget in February consistent with the volume. The ancillary revenue was lower than budget by (11.1%) but the routine daily room and board revenue was above budget by 5%. Net revenue came in above budget due to the higher census overall and in particular for the Medicare patient activity being slightly above budget.

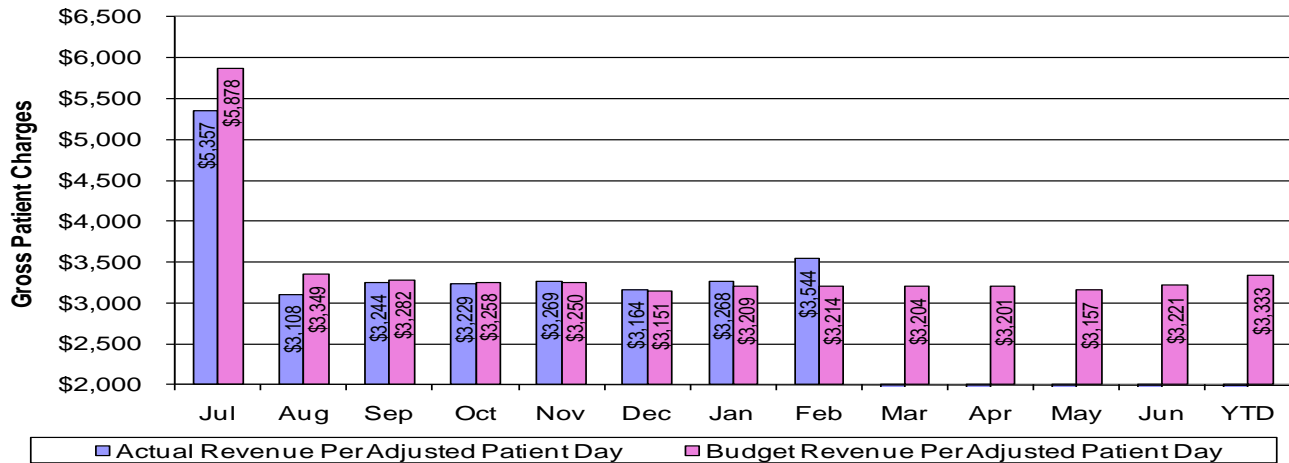
Outpatient gross revenues were lower than budget by \$314,000 (4.0%). Pharmacy, Imaging and Surgery were again below budget while the clinics (Wound Care in particular), Emergency and Laboratory were above budget. The new orthopedic practice anticipated increases in Imaging, Rehab Services and Surgery, these volumes and referral patterns are increasing.. However, these

areas have started a little slower than we have projected in the budget, but they are growing steadily as the year progresses.

Wound Care volume was above budget with the gross revenue exceeding budget by \$98,000 due to another busy month, resulting in Net Revenue coming in again better than budget by \$10,400 for the month, and \$169,000 year to date.

On an adjusted patient day basis, total patient revenue was \$3,544 above the budget of \$3,214 for the month of February. The table below shows the Hospital's monthly gross revenue per adjusted patient day by month and year-to-date for Fiscal Year 2013 compared to budget. Note the overall revenue per day dropped in August with the addition of Waters Edge days and revenue in the mix. Waters Edge provides a significant amount of days (almost double) yet these patients have primarily room and board charges and very little ancillary services compared to acute patients.

Gross Charges per Adjusted Patient



Contractual Allowances and Net 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 payers such as Blue Cross. A Net Revenue percentage of 23.8% was budgeted and 22.7% was realized. Year to date net revenue percentage is 23.2% of gross versus a budget of 23.3%. Medi-Cal reimbursement at both South Shore and Waters Edge were calculated at a per diem rate of \$316 which is consistent with budget and AB97 rate reduction.

Overall, Net Revenue was \$6.37 million, \$332,000 above the budget of \$6.04 million. Net Patient Revenue was above budget mainly due to the higher acute census.

Waters Edge had Net Revenues of \$1.14 million, \$29,000 above the budget of \$1.11 million. Higher than budgeted overall and medicare A census are driving this variance. Year to date, Waters Edge Net Revenue is \$155,000 (2.1%) above budget, and consistent with patient census (1.9%) above budget.

The Wound Care program also resulted in a positive net revenue contribution of \$10,400 for the month. However there are additional expenses associated with providing this additional revenue.

The hospital did receive about \$320,000 additional payment for the "tentative" FY 2012 medicare cost report in the month of February. Net Revenue was kept neutral from this tentative settlement as there were other medicare and medi-cal adjustments that needed to be made.

Based on prior year experience and to be conservative, we have established a liability reserve for FY 2012 of \$40,000 until the audit is complete (3 to 4 year lag). We also received notification of the final Medicarecost report audit findings for FY 2008 that resulted in a \$42,000 payable which will be made in March. However, because the hospital had a receivable in the amount of \$101,000 for FY 2008, this is a \$143,000 negative impact. The additional \$137,000 was recorded to increase our acute medi-cal liability reserve for FY 2013, as opposed to taking it in as income, until we know more about how and when the new district hospital reimbursement model will go into effect. The net of these are reflected in Third-Party Payer Settlements under the Balance Sheet.

Expenses

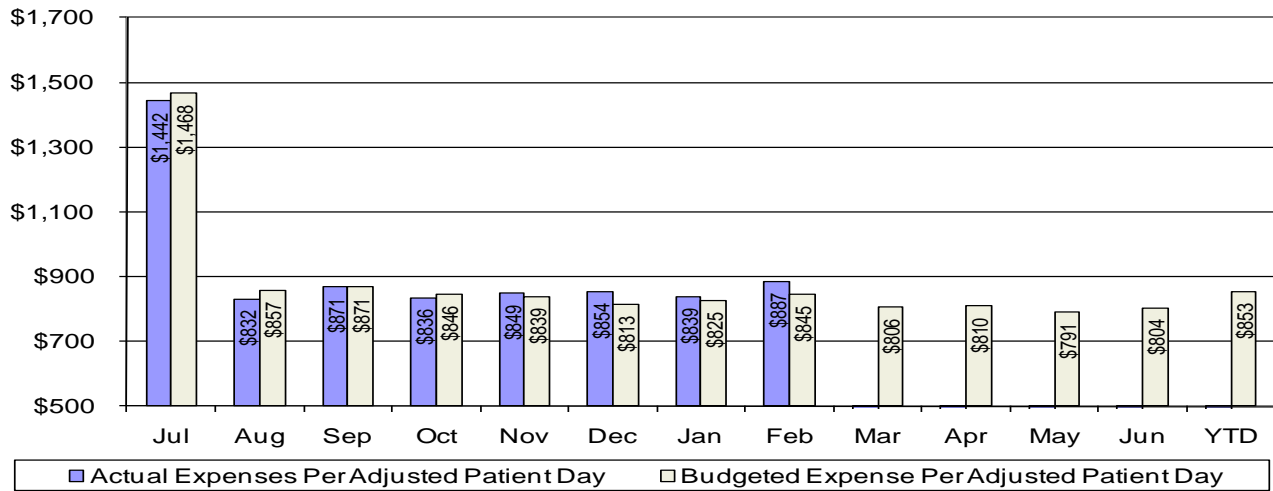
Total Operating Expenses

Total operating expenses were \$6.9 million which was higher than the fixed budget by \$355,000 or 5.4%. Salaries, temporary agency fees, professional fees, supplies and purchased services were all above budget while benefits and other expenses were under budget. All other expense categories were reasonably close to budget. As mentioned at the July meeting the temporary agency budget is understated by \$40,000 per month.

We are currently drilling down on those expense categories where we have a material year to date variance from budget to determine what changes can be made to mitigate these variances for the remainder of the fiscal year.

The graph on the next page shows the actual Hospital operating expenses on an adjusted patient day basis for the fiscal year by month as compared to budget. Note that expenses per patient day were very close to budget this month and last.

Expenses per Adjusted Patient Day



The following are explanations of the significant areas of variance that were experienced in the current month.

Salary and Temporary Agency Expenses

Salary and temporary agency costs combined were unfavorable to the fixed budget by \$253,000.

While the temporary agency expenses were budgeted lower than they should have been, there are still several areas using temporary staff to replace vacant positions. The departments still utilizing temporary staff to replace budgeted vacant positions are Laboratory, Rehab Services, Waters Edge and General Accounting. In addition again the acute inpatient volume was high in CCU (24.3% above budget) and DOU (63.2% above budget) requiring more staffing including registry staffing.

Temporary agency expense in the month was \$77,000 higher than prior month and \$57,000 higher than the year to date average

To cover for the higher acute census, it required additional use of premium pay hours to help cover shifts. Overtime pay was \$60,000 higher than prior month and about \$100,000 higher than the year-to-date average. The amount paid for double time was an additional \$30,000 higher than prior month and \$61,000 higher than the year to date average. It is difficult to have available staff on hand for dramatic increases in censuses as we experienced in February. We are in the process of hiring more short hour and on-call nursing personnel as it seems that censuses continues to remain higher than anticipated and we must staff these beds in a more cost effective manner.

We did have additional salary expense in pharmacy, as we have hired and are training new pharmacists. We have also expanded the

pharmacy service hours so there could be some additional salary expense in pharmacy going forward. However, this change will reduce the amount paid for our contracted after hour pharmacy service.

Benefits

Benefits were below the fixed budget by \$27,000. Year to date is still above budget by \$122,000. These numbers fluctuate from month to month as employees take non-productive time off and variations in health benefit utilization. In the month, health care claims expense was below budget resulting in this positive budget variance.

Professional Fees

Professional fees were over budget by \$44,000 or 11.1% mostly due to the fees associated with the Interim Director in Information Systems. These fees were unanticipated and are offset partially by savings in salaries. In addition, there were higher management fees for the Wound Care program associated with the higher volumes and revenue. Legal fees were also slightly higher in February as we engage legal council in various business matters.

Supplies

Supplies expense was \$64,000 over budget and year to date, supply expense is \$361,000 higher than budget. Supply expense is up consistent with the higher revenue due to the census. Departments using more supplies than anticipated were Surgery, Outpatient Clinics (Wound Care and Ortho Clinic) and Blood Bank.

Purchased Services

Purchased services were just \$6,000 over budget for the month of February and year to date are \$152,000 over budget. Most departments were very close to budget in February. MRI purchased service for the trailer was budgeted to increase to three days per week on January 1st, however the increase to add the third day started on March 13th, resulting in a positive budget variance. However, the positive budget variance was offset by increased fees from our dialysis service provider that was up in the month, but is not expected to recur every month.

Rents and Leases

Rents and lease expense was \$27,000 over budget in the month. This variance is associated with the additional bed and equipment rentals to accommodate the needs of the higher census. There was also an additional \$5,000 for ultrasound equipment lease accrual missed in prior month and the new ortho clinic space \$2,500 that was not budgeted.

Other Operating Expense

Other operating expenses were under budget this month by just \$18,000. Year to date other expenses are under budget by \$112,000; about half from Waters Edge and half from hospital based travel and training budget.

Balance Sheet

Total assets increased by almost \$420,000 from the prior month. The following items make up the increase in current assets:

- Total unrestricted cash and cash equivalents for February decreased by only \$24,000 and days cash on hand including restricted use funds decreased to 21.0 days cash on hand in February from the 22.5 days cash on hand in January. Patient collections in February averaged \$214,000 per day, much higher than prior month. Please note there is extra cash that is being held for repayment of LTC over payments since August 2012 and the addition of Waters Edge. Year to date, this overpayment amount is estimated at \$1.6 million. The State of California is in the process of having this rate adjusted to mitigate this issue going forward, but as of January has not been corrected.
- Net patient accounts receivable was almost \$11.5 million, up almost \$350,000 from \$11.1 million at the end of January. This is expected to come back down in March as January and February strong revenue continue to be collected.
- Days in outstanding receivables were 58.3 at February month end, an increase from January of 57.6 days. Cash collections in January were almost \$6.0 million compared to \$5.4 million in January. The holiday delays have ceased and cash collections were getting back on track in February. Collections per day were \$211,000 which consistent with expectations.
- Inventories increased by almost \$40,000 during the month during the normal course of business. This also fluctuates slightly

from month to month.

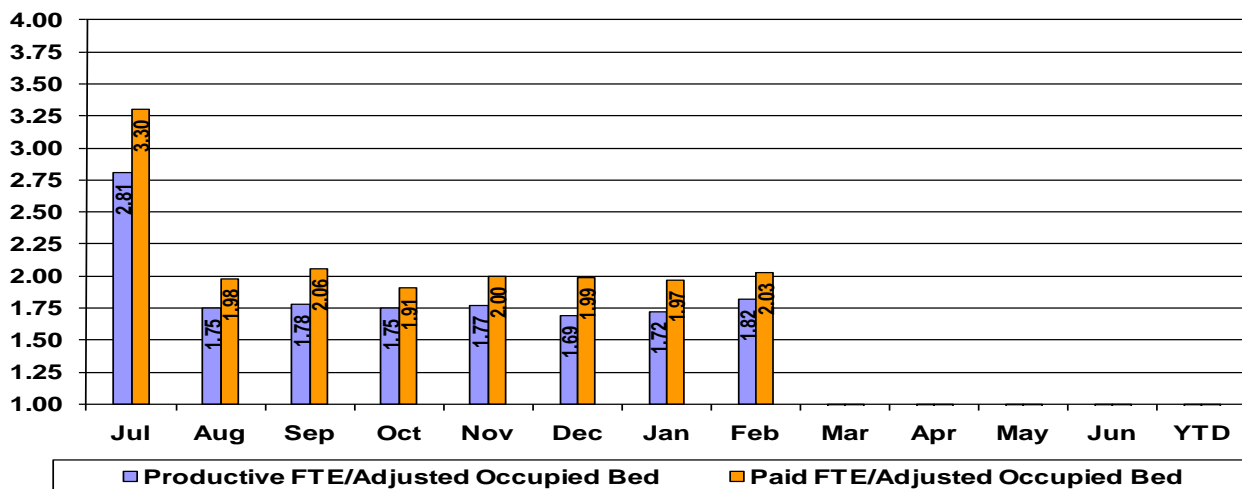
Overall, total liabilities increased by about \$484,000 as well from prior month.

- Accounts payable increased by almost \$150,000 in February to approximately \$10.9 million which equates to 137 AP Days, down from from 153 days in January.
- Payroll related accruals increased by \$207,000 due to the timing the the pay periods in the month.
- Deferred revenues decreased by \$477,000 due to the recognition of one-twelfth of the 2012/2013 parcel tax revenues.
- Current Portion of Long Term Debt in the month of February decreased by about \$54,000 as we continue to reduce short term liability to the State that ends this year.
- Third Party Settlement increase by \$683,000. About \$143,000 is associated with completion of the Medicare FY 2008 cost report audit. The net audit resulted in a payable of \$42,000 that will be paid in March, however the hospital had a receivable from Medicare of \$101,000 for this fiscal year. In addition, based on prior year Medicare audit experience and to be slightly conservative, a reserve of \$40,000 was established for FY 2012. The acute Medi-cal reserve for FY 2013 was increase by \$137,000 with a total liability reserve of \$250,000. The remaining increase is for the ongoing LTC medi-cal overpayment reserve associated with Waters Edge and South Shore as we have been accruing each month.

Key Statistics

FTE's Per Adjusted Occupied Bed

For the month of February Productive FTE's per Adjusted Occupied Bed were 1.82, above the budget of 1.69 FTE's by 7.7%. Paid FTE's per Adjusted Occupied Bed were 2.03 or 3.6% above the budget. The graph below shows the productive and paid FTE's per Adjusted Occupied Bed for FY 2013 by month.



Current Ratio

The current ratio for February is 0.93, down from .94 in January. We have met with representatives from the Bank of Alameda regarding these loan covenant ratios and other matters. We will be providing them with a loan covenant waiver request along with fiscal year end projections.

A/R days

Net days in net accounts receivable (A/R) are currently at 58.3. This is up from the prior month of 57.6. Net A/R days are up as the

result of lower than normal cash collections in the month. We are taking actions to help ensure that A/R balances and cash flows to remain more constant in the weeks and months to come.

Days Cash on Hand

Days cash on hand for February were 21.0, a decrease from prior month of 22.5. While cash collections have improved, cash is also needed to pay down vendor balances as the property tax proceeds will be used to subsidize operations over the course of the fiscal year as well as other capital project commitments.

The following pages include the detailed financial statements for the eight (8) months ended February 28, 2013, of Fiscal Year 2013.

ALAMEDA HOSPITAL
KEY STATISTICS
FEBRUARY 2013

	ACTUAL FEBRUARY 2013	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	FEBRUARY 2012	YTD FEBRUARY 2013	YTD FIXED BUDGET	VARIANCE	%	YTD FEBRUARY 2012
Discharges:										
Total Acute	250	218	32	14.5%	245	1,901	1,907	(6)	-0.3%	1,880
Total Sub-Acute	3	3	-	0.0%	3	21	17	4	23.5%	15
Total South Shore	4	9	(5)	-55.6%	9	45	67	(22)	-32.8%	69
Total Waters Edge	18	13	5	38.5%	-	104	87	17	19.5%	-
	275	243	32	13.1%	257	2,071	2,078	(7)	-0.3%	1,964
Patient Days:										
Total Acute	1,125	873	252	28.9%	1,017	7,697	7,642	55	0.7%	7,310
Total Sub-Acute	903	941	(38)	-4.0%	951	7,850	7,915	(65)	-0.8%	7,936
Total South Shore	660	602	58	9.6%	543	5,523	5,155	368	7.1%	5,125
Total Waters Edge	3,016	2,940	76	2.6%	-	21,426	21,034	392	1.9%	-
	5,704	5,356	348	6.5%	2,511	42,496	41,746	750	1.8%	20,371
Average Length of Stay										
Total Acute	4.50	4.00	0.50	12.5%	4.15	4.05	4.01	0.04	1.1%	3.89
Average Daily Census										
Total Acute	40.18	31.18	9.00	28.9%	36.32	31.67	31.45	0.23	0.7%	30.08
Total Sub-Acute	32.25	33.61	(1.36)	-4.0%	33.96	32.30	32.57	(0.27)	-0.8%	32.66
Total South Shore	23.57	21.50	2.07	9.6%	19.39	22.73	21.21	1.51	7.1%	21.09
Total Waters Edge	107.71	105.00	2.71	2.6%	-	101.07	99.22	1.85	1.9%	-
	203.71	191.29	12.43	6.5%	89.68	187.77	184.45	(0.04)	0.0%	83.83
Emergency Room Visits										
	1,394	1,285	109	8.5%	1,384	11,521	11,154	367	3.3%	1,384
Wound Care Clinic Visits										
	379	250	129	51.6%	-	1,824	1,200	624	52.0%	-
Outpatient Registrations										
	1,806	2,124	(318)	-15.0%	1,854	15,026	16,053	(1,027)	-6.4%	14,720
Surgery Cases:										
Inpatient	66	59	7	11.9%	49	353	350	3	0.9%	310
Outpatient	101	144	(43)	-29.9%	125	948	1,259	(311)	-24.7%	1,186
	167	203	(36)	-17.7%	174	1,301	1,609	(308)	-19.1%	1,496
Adjusted Occupied Bed (AOB)										
	277.88	278.01	(0.12)	0.0%	125.47	249.39	249.04	0.35	0.1%	122.09
Productive FTE										
	506.97	470.85	36.11	7.7%	360.31	454.69	449.39	5.30	1.2%	342.51
Total FTE										
	562.93	543.82	19.11	3.5%	410.63	517.32	513.58	3.75	0.7%	395.85
Productive FTE/Adj. Occ. Bed										
	1.82	1.69	0.13	7.7%	2.87	1.82	1.80	0.02	1.0%	2.81
Total FTE/ Adj. Occ. Bed										
	2.03	1.96	0.07	3.6%	3.27	2.07	2.06	0.01	0.6%	3.24

City of Alameda Health Care District
Statements of Financial Position
February 28, 2013

	Current Month	Prior Month	Prior Year End
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 4,995,909	\$ 5,019,811	\$ 3,327,884
Patient Accounts Receivable, net	11,487,583	11,140,157	8,835,256
Other Receivables	3,435,872	3,428,917	6,488,283
Third-Party Payer Settlement Receivables	-	-	-
Inventories	1,011,420	971,887	1,045,311
Prepays and Other	679,227	692,317	416,371
Total Current Assets	21,610,011	21,253,089	20,113,105
Assets Limited as to Use, net	153,386	141,504	64,183
Fixed Assets			
Land	877,945	877,945	877,945
Depreciable capital assets	44,558,908	44,541,685	43,470,520
Construction in progress	3,856,883	3,752,486	4,102,468
Depreciation	(40,246,981)	(40,175,214)	(39,670,499)
Property, Plant and Equipment, net	9,046,755	8,996,902	8,780,434
Total Assets	\$ 30,810,152	\$ 30,391,495	\$ 28,957,722
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 1,028,051	\$ 1,054,889	\$ 1,724,249
Accounts Payable and Accrued Expenses	10,928,989	10,779,597	7,848,673
Payroll Related Accruals	5,891,902	5,684,717	4,307,924
Deferred Revenue	1,912,806	2,390,458	5,726,305
Employee Health Related Accruals	655,694	650,317	691,942
Third-Party Payer Settlement Payable	2,726,397	2,043,843	601,233
Total Current Liabilities	23,143,840	22,603,821	20,900,326
Long Term Debt, net	1,682,933	1,738,539	1,022,152
Total Liabilities	24,826,773	24,342,360	21,922,478
Net Assets:			
Unrestricted	5,619,993	5,697,631	6,761,061
Temporarily Restricted	363,386	351,504	274,183
Total Net Assets	5,983,379	6,049,135	7,035,244
Total Liabilities and Net Assets	\$ 30,810,152	\$ 30,391,495	\$ 28,957,722

City of Alameda Health Care District

Statements of Operations

February 28, 2013

\$'s in thousands

	Current Month				Year-to-Date					
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	5,704	5,356	348	6.5%	2,511	42,496	41,746	750	1.8%	20,371
Discharges	275	243	32	13.1%	257	2,071	2,078	(7)	-0.3%	1,964
ALOS (Average Length of Stay)	20.74	22.02	(1.28)	-5.8%	9.77	20.52	20.09	0.43	2.1%	10.37
ADC (Average Daily Census)	203.7	191.3	12.43	6.5%	86.6	174.9	171.8	3.09	1.8%	83.8
CMI (Case Mix Index)	1.3611				1.3331	1.3493				1.3476
Revenues										
Gross Inpatient Revenues	\$ 20,216	\$ 17,212	\$ 3,004	17.5%	\$ 15,535	\$ 144,136	\$ 142,251	\$ 1,885	1.3%	\$ 117,383
Gross Outpatient Revenues	7,490	7,803	(314)	-4.0%	6,977	61,808	60,875	933	1.5%	54,755
Total Gross Revenues	27,706	25,015	2,691	10.8%	22,512	205,944	203,126	2,818	1.4%	172,139
Contractual Deductions	20,483	18,210	(2,272)	-12.5%	17,031	148,253	148,757	504	0.3%	128,639
Bad Debts	575	691	116	16.7%	361	8,775	5,634	(3,140)	-55.7%	3,382
Charity and Other Adjustments	361	168	(193)	-114.7%	113	1,045	1,363	318	23.3%	1,369
Net Patient Revenues	6,287	5,945	341	5.7%	5,006	47,870	47,371	500	1.1%	38,749
Net Patient Revenue %	22.7%	23.8%			22.2%	23.2%	23.3%			22.5%
Net Clinic Revenue	75	42	33	79.6%	36	350	334	16	4.8%	285
Other Operating Revenue	8	50	(42)	-84.5%	8	448	402	45	11.3%	224
Total Revenues	6,369	6,037	332	5.5%	5,050	48,668	48,107	561	1.2%	39,257
Expenses										
Salaries	3,369	3,271	(98)	-3.0%	2,723	26,950	27,176	226	0.8%	22,745
Temporary Agency	234	79	(155)	-197.1%	173	1,485	525	(960)	-182.7%	924
Benefits	1,002	1,029	27	2.6%	765	7,722	7,600	(122)	-1.6%	6,770
Professional Fees	438	394	(44)	-11.1%	379	3,347	3,136	(211)	-6.7%	3,051
Supplies	797	734	(64)	-8.7%	611	6,159	5,798	(361)	-6.2%	4,779
Purchased Services	562	556	(6)	-1.0%	426	4,392	4,241	(152)	-3.6%	2,883
Rents and Leases	232	205	(27)	-13.2%	120	1,589	1,556	(33)	-2.1%	699
Utilities and Telephone	91	87	(4)	-4.6%	73	628	681	53	7.8%	535
Insurance	41	42	0	0.9%	29	304	316	12	3.8%	221
Depreciation and amortization	72	68	(4)	-5.5%	68	580	544	(36)	-6.6%	579
Other Operating Expenses	95	113	18	16.3%	60	814	926	112	12.1%	712
Total Expenses	6,933	6,577	(355)	-5.4%	5,428	53,972	52,500	(1,471)	-2.8%	43,898
Operating gain (loss)	(563)	(540)	(23)	-4.3%	(378)	(5,304)	(4,393)	(910)	20.7%	(4,641)
Non-Operating Income / (Expense)										
Parcel Taxes	477	500	(23)	-4.6%	477	3,837	3,999	(162)	-4.1%	3,846
Investment Income	1	-	1	0.0%	1	8	-	8	0.0%	4
Interest Expense	(21)	(8)	(12)	-155.4%	(13)	(99)	(64)	(34)	53.4%	(127)
Other Income / (Expense)	28	15	13	89.5%	28	423	120	303	253.6%	206
Net Non-Operating Income / (Expense)	486	507	(21)	-4.2%	492	4,169	4,054	115	2.8%	3,930
Excess of Revenues Over Expenses	(78)	(33)	(45)	134.5%	115	(1,135)	(339)	(796)	234.6%	(711)

City of Alameda Health Care District
Statements of Operations - Per Adjusted Patient Day
February 28, 2013

	Current Month				Year-to-Date					
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 2,586	\$ 2,211	\$ 375	17.0%	\$ 4,269	\$ 2,374	\$ 2,386	\$ (13)	-0.5%	\$ 3,929
Gross Outpatient Revenues	958	1,002	(44)	-4.4%	1,917	1,018	1,021	(3)	-0.3%	1,833
Total Gross Revenues	3,544	3,214	331	10.3%	6,187	3,392	3,408	(16)	-0.5%	5,762
Contractual Deductions	2,620	2,339	(281)	-12.0%	4,681	2,442	2,495	54	2.2%	4,306
Bad Debts	74	89	15	17.1%	99	145	95	(50)	-52.9%	113
Charity and Other Adjustments	46	22	(25)	-113.8%	31	17	23	6	24.7%	46
Net Patient Revenues	804	764	40	5.3%	1,376	788	795	(6)	-0.8%	1,297
Net Patient Revenue %	22.7%	23.8%			22.2%	23.2%	23.3%			22.5%
Net Clinic Revenue	10	5	4	78.9%	10	6	6	0	2.9%	10
Other Operating Revenue	1	6	(5)	-84.5%	2	7	7	1	9.2%	8
Total Revenues	815	776	39	5.1%	1,388	802	807	(5)	-0.7%	1,314
Expenses										
Salaries	431	420	(11)	-2.6%	748	444	456	12	2.6%	761
Temporary Agency	30	10	(20)	-195.9%	48	24	9	(16)	-177.5%	31
Benefits	128	132	4	3.0%	210	121	127	7	5.1%	227
Professional Fees	56	51	(5)	-10.6%	104	55	53	(3)	-4.8%	102
Supplies	102	94	(8)	-8.2%	168	101	97	(4)	-4.3%	160
Purchased Services	72	71	(1)	-0.6%	117	72	71	(1)	-1.7%	97
Rents and Leases	30	26	(3)	-12.7%	33	26	26	(0)	-0.3%	23
Utilities and Telephone	12	11	(1)	-4.1%	20	10	11	1	9.5%	18
Insurance	5	5	0	1.3%	8	5	5	0	5.6%	7
Depreciation and Amortization	9	9	(0)	-5.1%	19	10	9	(1)	-4.6%	19
Other Operating Expenses	12	15	2	16.6%	16	13	16	2	13.7%	24
Total Expenses	887	845	(42)	-5.0%	1,492	883	881	(2)	-0.2%	1,469
Operating Gain / (Loss)	(72)	(69)	(3)	-3.9%	(104)	(81)	(73)	(7)	10.1%	(155)
Non-Operating Income / (Expense)										
Parcel Taxes	61	64	(3)	-5.0%	131	63	67	(4)	-5.8%	129
Investment Income	0	-	0	0.0%	0	0	-	0	0.0%	0
Interest Expense	(3)	(1)	(2)	-154.3%	(4)	(2)	(1)	(1)	50.6%	(4)
Other Income / (Expense)	4	2	2	88.7%	8	7	2	5	247.2%	7
Net Non-Operating Income / (Expense)	62	65	(3)	-4.6%	135	69	68	1	1.0%	132
Excess of Revenues Over Expenses	(10)	(4)	(6)	133.5%	32	(12)	(5)	(7)	124.0%	(24)

Wound Care - Statement of Operations
February 28, 2013

	Current Month			Year-to-Date				
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
Clinic Visits	379	250	129	51.6%	1,824	1,200	624	52.0%
Revenue								
Gross Revenue	624,792	525,980	98,812	18.8%	3,491,959	2,524,704	967,255	38.3%
Deductions from Revenue	493,586	405,215	88,371		2,743,100	1,945,032	798,068	
Net Revenue	131,206	120,765	10,441		748,858	579,672	169,186	
Expenses								
Salaries	15,080	15,232	152	1.0%	101,693	119,932	18,239	15.2%
Benefits	4,313	4,311	(2)	-0.1%	27,273	33,941	6,667	19.6%
Professional Fees	75,608	61,379	(14,229)	-23.2%	410,195	304,217	(105,978)	-34.8%
Supplies	25,652	7,532	(18,120)	-240.6%	131,601	60,256	(71,345)	-118.4%
Purchased Services	1,635	2,083	448	21.5%	31,951	16,665	(15,286)	-91.7%
Rents and Leases	6,024	5,080	(944)	-18.6%	43,864	40,640	(3,224)	-7.9%
Depreciation	8,685	4,900	(3,785)	-77.2%	52,590	39,200	(13,390)	-34.2%
Other	2,952	5,917	2,965	50.1%	15,169	47,336	32,167	68.0%
Total Expenses	139,949	106,434	(33,515)	-31.5%	814,337	662,187	(152,150)	-23.0%
Excess of Revenue over Expenses	(8,743)	14,331	(23,074)	-161.0%	(65,479)	(82,515)	17,036	-20.6%

Note: Of the 379 visits, 95 were hyperbaric oxygen treatment visits.

City of Alameda Health Care District
Waters Edge Skilled Nursing - Statement of Operations
February 28, 2013

	Current Month			Year-to-Date				
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Patient Days								
Medicare	456	420	36	8.6%	2,292	2,475	(183)	-7.4%
Medi-Cal	2,310	2,184	126	5.8%	17,201	16,169	1,032	6.4%
Managed Care	49	84	(35)	-41.7%	321	880	(559)	-63.5%
Self Pay/Other	201	252	(51)	-20.2%	1,612	1,510	102	6.8%
Total	3,016	2,940	76	2.6%	21,426	21,034	392	1.9%
Revenue								
Routine Revenue	2,408,229	2,293,986	114,243	5.0%	16,734,299	16,486,154	248,145	1.5%
Ancillary Revenue	351,286	395,364	(44,078)	-11.1%	2,113,970	2,987,822	(873,852)	-29.2%
Total Gross Revenue	2,759,515	2,689,350	70,165	2.6%	18,848,269	19,473,976	(625,707)	-3.2%
Deductions from Revenue	1,619,896	1,578,648	(41,247)	-2.6%	11,157,136	11,937,473	780,337	6.5%
Net Revenue	1,139,619	1,110,702	28,918	2.6%	7,691,133	7,536,503	154,630	2.1%
Expenses								
Salaries	420,006	472,136	52,130	11.0%	2,979,195	3,434,360	455,165	13.3%
Temporary Agency	15,551	-	(15,551)	-100.0%	34,672	-	(34,672)	-100.0%
Benefits	95,807	155,600	59,793	38.4%	660,746	1,044,267	383,521	36.7%
Professional Fees	(1,660)	8,999	10,659	118.4%	48,865	82,993	34,128	41.1%
Supplies	54,842	94,323	39,481	41.9%	454,426	682,509	228,083	33.4%
Purchased Services	105,201	128,772	23,571	18.3%	734,708	918,243	183,535	20.0%
Rents and Leases	77,028	76,552	(476)	-0.6%	539,163	535,864	(3,299)	-0.6%
Utilities	20,814	14,999	(5,815)	-38.8%	93,703	104,992	11,289	10.8%
Insurance	5,000	12,165	7,165	58.9%	19,098	85,155	66,057	77.6%
Other	11,189	20,031	8,842	44.1%	98,380	144,930	46,550	32.1%
Total Expenses	803,778	983,577	179,799	18.3%	5,662,956	7,033,313	1,370,357	19.5%
Excess of Revenue over Expenses	335,841	127,125	208,716		2,028,177	503,190	1,524,987	

City of Alameda Health Care District
Orthopedic Clinic - Statement of Operations
February 28, 2013

	Current Month			Year-to-Date				
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Clinic Visits	182	178	4	2.2%	431	595	(164)	-27.6%
Revenue								
Gross Revenue	106,664	108,890	(2,226)	-2.0%	183,963	871,120	(687,157)	-78.9%
Deductions from Revenue	74,665	76,223	(1,558)		124,404	609,784	(485,380)	
Net Revenue	31,999	32,667	(668)		59,559	261,336	(201,777)	
Expenses								
Salaries	29,344	31,608	2,264	7.2%	151,216	181,373	30,157	16.6%
Benefits	8,392	8,945	553	6.2%	43,196	51,329	8,132	15.8%
Professional Fees	31,615	25,000	(6,615)	-26.5%	121,071	154,500	33,429	21.6%
Supplies	13,625	2,105	(11,520)	-547.3%	35,270	11,580	(23,690)	-204.6%
Purchased Services	4,928	3,895	(1,033)	-26.5%	34,439	21,420	(13,019)	-60.8%
Rents and Leases	131	2,632	2,501	95.0%	19,823	14,472	(5,351)	-37.0%
Depreciation	-	-	-	0.0%	-	-	-	0.0%
Other	2,917	3,261	344	10.5%	27,882	57,948	30,066	51.9%
Total Expenses	90,952	77,446	(13,506)	-17.4%	432,897	492,622	59,724	12.1%
Excess of Revenue over Expenses	(58,953)	(44,779)	(14,174)	-31.7%	(373,338)	(231,286)	(142,052)	-61.4%
Hospital Based Activity:								
Inpatient Days	15	35	(20)	-57.4%	34	132	(98)	-74.2%
Inpatient Surgeries	3	8	(5)	-62.5%	6	30	(24)	-80.0%
Outpatient Surgeries	7	5	2	40.0%	23	21	2	9.5%
Therapy Referred Visits	147	350	(203)	-58.0%	315	1,200	(885)	-73.8%
Imaging Referred Procedures	108	174	(66)	-37.9%	301	586	(285)	-48.6%
Inpatient Gross Charges	269,721	495,200	(225,479)	-45.5%	572,606	1,857,000	(1,284,394)	-69.2%
Inpatient Net Revenue	59,361	111,200	(51,839)	-46.6%	107,108	417,000	(309,892)	-74.3%
Outpatient Gross Charges	329,331	325,680	3,651	1.1%	944,942	1,192,920	(247,978)	-20.8%
Outpatient Net Revenue	55,986	72,966	(16,980)	-23.3%	172,952	266,266	(93,314)	-35.0%
Total Gross Charges	599,052	820,880	(221,828)	-27.0%	1,517,548	3,049,920	(1,532,372)	-50.2%
Total Net Revenue	115,347	184,166	(68,819)	-37.4%	280,060	683,266	(403,206)	-59.0%

City of Alameda Health Care District
 1206b Clinic - Statement of Operations
 February 28, 2013

	Current Month			Year-to-Date			
	Actual	Budget	Variance	Actual	Budget	Variance	%
Clinic Visits							
Primary Care	123			983			
Surgery	40			413			
Neurology	22			229			
Total Visits	<u>185</u>			<u>1,625</u>			
Revenue							
Gross Revenue	97,267	142,006	(44,739)	845,134	1,136,047	(290,913)	-25.6%
Deductions from Revenue	<u>61,528</u>	<u>93,724</u>	<u>(32,196)</u>	<u>555,011</u>	<u>749,791</u>	<u>(194,780)</u>	
Net Revenue	<u>35,739</u>	<u>48,282</u>	<u>(12,543)</u>	<u>290,123</u>	<u>386,256</u>	<u>(96,133)</u>	
Expenses							
Salaries	20,580	17,642	(2,938)	195,351	143,738	(51,613)	-35.9%
Benefits	5,886	4,993	(893)	55,870	40,678	(15,193)	-37.3%
Professional Fees	21,127	21,708	581	189,544	173,666	(15,878)	-9.1%
Supplies	88	954	866	5,983	7,631	1,648	21.6%
Purchased Services	6,352	4,783	(1,569)	78,129	38,266	(39,863)	-104.2%
Rents and Leases	12,661	11,606	(1,055)	88,630	92,851	4,221	4.5%
Depreciation	494	207	(287)	1,944	1,657	(287)	-17.3%
Other	3,133	2,292	(841)	31,125	18,334	(12,791)	-69.8%
Total Expenses	<u>70,321</u>	<u>64,185</u>	<u>(6,136)</u>	<u>646,576</u>	<u>516,821</u>	<u>(129,756)</u>	<u>-25.1%</u>
Excess of Revenue over Expenses	<u>(34,582)</u>	<u>(15,903)</u>	<u>(18,679)</u>	<u>(356,453)</u>	<u>(130,565)</u>	<u>(225,889)</u>	<u>173.0%</u>

Note:
Clinic Hours by Physician
 Dr. Celada - M, W, F Mornings only
 Dr. Brimer - M & Th full days, plus T Mornings
 Dr. Dutaret - T & W full days

City of Alameda Health Care District
Statement of Cash Flows
For the Eight Months Ended February 28, 2013

	<u>Current Month</u>	<u>Year-to-Date</u>
Cash flows from operating activities		
Net Income / (Loss)	\$ (77,641)	\$ (1,134,666)
Items not requiring the use of cash:		
Depreciation and amortization	71,767	\$ 579,760
Write-off of Kaiser liability	-	\$ -
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(347,426)	(2,652,327)
Other Receivables	(6,955)	3,052,411
Third-Party Payer Settlements Receivable	682,554	2,125,164
Inventories	(39,533)	33,891
Prepays and Other	13,090	(262,856)
Accounts payable and accrued liabilities	149,392	3,080,316
Payroll Related Accruals	207,185	1,583,978
Employee Health Plan Accruals	5,377	(36,248)
Deferred Revenues	(477,652)	(3,813,499)
Cash provided by (used in) operating activities	<u>180,159</u>	<u>2,555,925</u>
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(11,882)	(89,203)
Additions to Property, Plant and Equipment	(121,620)	(846,082)
Other	3	(6,402)
Cash provided by (used in) investing activities	<u>(133,500)</u>	<u>(941,687)</u>
Cash flows from financing activities		
Net Change in Long-Term Debt	(82,444)	(35,417)
Net Change in Restricted Funds	11,882	89,203
Cash provided by (used in) financing and fundraising activities	<u>(70,562)</u>	<u>53,786</u>
Net increase (decrease) in cash and cash equivalents	(23,902)	1,668,024
Cash and cash equivalents at beginning of period	5,019,811	3,327,884
Cash and cash equivalents at end of period	<u>\$ 4,995,911</u>	<u>\$ 4,995,909</u>

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

Financial Ratios	Audited Results				YTD
	FY 2009	FY 2010	FY 2011	FY 2012	2/28/2013
<u>Profitability Ratios</u>					
Net Patient Revenue (%)	22.69%	24.16%	23.58%	22.90%	23.24%
Earnings Before Depreciation, Interest, Taxes and Amortization (EBITA)	3.62%	4.82%	-1.01%	-1.48%	-1.48%
EBIDAP ^{Note 5}	-5.49%	-3.66%	-13.41%	-11.22%	-8.82%
Total Margin	1.03%	2.74%	-2.61%	-3.21%	-2.33%
<u>Liquidity Ratios</u>					
Current Ratio	1.15	1.23	1.05	0.96	0.93
Days in accounts receivable ,net	57.26	51.83	46.03	55.21	58.31
Days cash on hand (with restricted)	13.6	21.6	14.1	17.7	21.0
<u>Debt Ratios</u>					
Cash to Debt	115.3%	249.0%	123.3%	123.56%	189.94%
Average pay period (includes payroll)	58.03	57.11	62.68	72.94	79.39
Debt service coverage	3.87	5.98	(0.70)	(0.53)	(0.41)
Long-term debt to fund balance	0.20	0.14	0.18	0.28	0.31
Return on fund balance	8.42%	18.87%	-19.21%	-27.35%	-18.96%
Debt to number of beds	13,481	10,482	11,515	16,978	9,728

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

Financial Ratios	Audited Results				YTD
	FY 2009	FY 2010	FY 2011	FY 2012	2/28/2013
Patient Care Information					
Bed Capacity	161	161	161	161	281
Patient days(all services)	30,463	30,607	30,270	30,448	42,496
Patient days (acute only)	11,787	10,579	10,443	10,880	7,697
Discharges(acute only)	2,812	2,802	2,527	2,799	1,901
Average length of stay (acute only)	4.19	3.78	4.13	3.89	4.05
Average daily patients (all sources)	83.46	83.85	82.93	83.19	174.88
Occupancy rate (all sources)	52.94%	52.08%	51.51%	51.67%	62.24%
Average length of stay	4.19	3.78	4.13	3.89	4.05
Emergency Visits	17,337	17,624	16,816	16,964	11,521
Emergency visits per day	47.50	48.28	46.07	46.35	47.41
Outpatient registrations per day ^{Note 1}	82.05	79.67	65.19	60.67	61.84
Surgeries per day - Total	16.12	13.46	6.12	6.12	5.35
Surgeries per day - excludes Kaiser	5.14	5.32	6.12	6.12	5.35

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 instruments.
Debt service coverage	Measures total debt service coverage (interest plus principal) against annual funds available to pay debt service. Does not take into account positive or negative cash flow associated with balance sheet changes (e.g. work down of accounts receivable). Higher values indicate better debt repayment ability.	Excess of revenues over expenses plus depreciation plus interest expense over principal payments plus interest expense.
Long-term debt to fund balance	Higher values for this ratio imply a greater reliance on debt financing and may imply a reduced ability to carry additional debt. A declining trend is positive.	Long-term debt divided by long-term debt plus unrestricted net assets.

DATE: March 21, 2013
TO: Finance & Management Committee, City of Alameda Health Care District
FROM: Kerry J. Easthope, Chief Financial Officer
SUBJECT: FY 2014 Budget Volume Assumptions

Acute Nursing Units:

The inpatient acute nursing census will remain close to 2013 projections. We are planning for a slight decrease due to the uncertainty of the sustainability of the high census seen in January and February which is inflating the FY 2013 projection, especially in CCU and Telemetry Units. A more conservative approach is to anticipate the acute census to be closer to historical volumes. We have seen a slight increase in the number of inpatient surgery cases from the orthopaedic surgeons. We anticipate this trend to continue in the upcoming year, which will contribute to a stronger acute average daily census. Overall, acute census is expected to be 30.8, compared with FY13 projection of 31.6 and FY12 actual of 29.7.

Long Term Care Nursing Units:

Subacute and South Shore will remain very consistent with the 2013 projections. Volume has been up slightly at South Shore and they are seeing more Medicare patients. Waters Edge will now have a full year of volume budgeted and we anticipate the Medicare volume to be 15% of total census. Overall Long Term Care Census expected at 161.1 compared to FY13 projection of 159.3. All three LTC nursing units are currently operating near capacity and at budgeted census.

Outpatient Volume:

Emergency Department visits are projected to remain consistent with 2013 projections, which are slightly above the prior two fiscal years. This area is fairly stable and still averaging approximately 50 visits per day. Total Emergency Department visits expected to be 17,732.

Outpatient registrations and visits are projected to remain stable with 2013 projections but have increased this year over prior fiscal years because of the new Wound Care program. Wound Care is showing strong volume growth, as well as the referrals from the two new orthopaedic physicians (particularly in the Diagnostic Imaging and Physical Therapy departments). These referrals are expected to increase in 2014 from the current year projections as they continue to ramp up their practice.

We have looked closely at the proposed increase in Physical Therapy, Occupational Therapy, CT, MRI and Radiology, since the FY13 projection and FY14 budget are significantly higher than FY2012. We believe these numbers are achievable based upon the most recent month's activities, much of which is being driven by increased orthopaedic activity. Outpatient registrations are expected to be 23,930; consistent with the current year projection and 1,706 more than in FY 2012.

Surgical Volume:

Inpatient surgeries have climbed this year, partly due to the new orthopaedic surgeons and partly due to increased activity from physicians who historically have been less active at Alameda. Outpatient surgeries have declined this year, primarily due to gastroenterology (GI) cases being performed elsewhere. However, we anticipate these levels to remain steady with the new orthopaedic surgeons doing most of their surgeries on an outpatient basis.

Inpatient surgery is being budgeted at 576 cases, consistent with FY13 and an increase of 23% over FY12, which was our lowest year over the past four years. Outpatient surgery is being budgeted at 1,426, once again, consistent with FY13 projection, but lower than FY12 by about 16%. Given that the two new orthopaedic physicians will be working the full fiscal year, we expect to achieve these targets.

These volume projections will be one of the driving forces behind the gross and net revenue budget projections that will be forthcoming. They will also help determine staffing and salary expense budget numbers, especially on the inpatient and long term care nursing units, where we staff based upon census. The annual census and volume projections will be spread throughout the fiscal year, based upon number of days in each month and based upon historical monthly trends.

Alameda Hospital
 Inpatient Acute Volume Summary
 FY 2014 Budget

	<u>Actual</u> <u>FY 2012</u>	<u>Projected</u> <u>FY 2013</u>	<u>Budget</u> <u>FY 2014</u>
Discharges - Acute	2,799	2,837	2,808
ALOS - Acute	3.9	4.1	4.0
Patient Days - Acute			
CCU	1,485	1,640	1,570
DOU	4,171	4,627	4,385
3 West	5,224	5,278	5,278
Total Acute	<u>10,880</u>	<u>11,545</u>	<u>11,233</u>
Average Daily Census			
CCU	4.1	4.5	4.3
DOU	11.4	12.7	12.0
3 West	14.3	14.5	14.5
Total Acute	<u>29.7</u>	<u>31.6</u>	<u>30.8</u>
Available Beds	66	66	66
Occupancy Percent	45.0%	47.9%	46.6%
CMI - Medicare	1.3767	1.4660	1.4660
CMI - Total	1.3036	1.3428	1.3428

Alameda Hospital
 Inpatient Long-Term Care Volume Summary
 FY 2014 Budget

	<u>Actual</u> <u>FY 2012</u>	<u>Projected</u> <u>FY 2013</u>	<u>Budget</u> <u>FY 2014</u>
<u>Discharges</u>			
Sub-Acute	30	32	32
South Shore	116	68	68
Waters Edge	-	164	180
Total Long Term Care Discharges	<u>146</u>	<u>264</u>	<u>280</u>

<u>Patient Days</u>			
Sub-Acute	11,842	11,801	11,680
South Shore	7,726	8,444	8,444
Waters Edge (1)	-	34,696	38,690
Total Long Term Care Days	<u>19,568</u>	<u>54,941</u>	<u>58,814</u>

<u>Average Daily Census</u>			
Sub-Acute	32.4	32.3	32.0
South Shore	21.1	23.1	23.1
Waters Edge (1)	0.0	103.9	106.0
Total Average Daily Census	<u>53.5</u>	<u>159.3</u>	<u>161.1</u>

<u>Payer Mix</u>			
Sub-Acute			
Medicare	1%	1%	1%
Medi-Cal	96%	96%	96%
Other	3%	3%	3%
South Shore			
Medicare	14%	15%	15%
Medi-Cal	85%	84%	84%
Other	1%	1%	1%
Waters Edge			
Medicare	n/a	15%	15%
Medi-Cal	n/a	78%	77%
Other	n/a	7%	8%
Available Beds (1)	60	170	170
Occupancy Percent	89.1%	93.7%	94.8%

Alameda Hospital
Surgery & Outpatient
FY 2014 Budget

	Actual <u>FY 2012</u>	Projected <u>FY 2013</u>	Budget <u>FY 2014</u>
<u>ECC Visits</u>	16,964	17,732	17,732
<u>Outpatient Registrations</u>	22,224	23,930	23,930
Wound Care Visits	-	3,674	4,200
Orthopedic Visits	-	1,472	3,624
1206B Clinic Visits	2,158	2,438	2,438
 <u>Per Day</u>			
ECC	46.3	48.6	48.6
Registrations	60.7	65.6	65.6
 <u>Surgeries</u>			
Inpatient	469	568	576
Outpatient	1,704	1,434	1,426
Total	<u>2,174</u>	<u>2,003</u>	<u>2,003</u>

Alameda Hospital
 Five Year Detail Trend of Outpatient Visits
 FY 2014 Budget

	Actual <u>FY 2012</u>	Projected <u>FY 2013</u>	Budget <u>FY 2014</u>
ATC Satellite Lab	-	-	-
Cardio Fit	-	-	-
CT Scan	428	515	515
EEG	20	17	17
EKG	821	988	988
IV Therapy	976	1,157	1,157
IVT Other	748	667	667
Laboratory	7,651	7,422	7,422
MRI	559	725	725
Nuclear Medicine	140	133	133
Occupational Therapy	409	812	812
Physical Therapy	3,354	5,108	5,108
Respiratory Therapy	66	59	59
Speech	48	27	27
Ultrasound	1,208	1,077	1,077
Radiology	6,376	6,880	6,880
Wound Care	-	3,674	4,200
Total Visits	<u>22,804</u>	<u>29,260</u>	<u>29,786</u>
O/P Registrations	<u>22,224</u>	<u>23,930</u>	<u>23,930</u>

Note: Ortho program assumes: Imaging = 1 visit per registration; Rehab = 9 visits per registration
 Wound Care program assumes: Wound Care clinic 10 visits per registration; Ancillary/Surgery = 1 visit per registration

CITY OF ALAMEDA HEALTHCARE DISTRICT
ALAMEDA HOSPITAL
FISCAL YEAR 2014 BUDGET CALENDAR

<u>KEY DATE</u>	<u>ACTIVITY</u>
Week of Feb 25	Executive Team to review FY2013 volume projections and develop FY2014 assumptions
Mar 4 – Mar 8	Finalize FY2014 volume projections Update Position Control Schedules with Management Staff
Mar 4 – Mar 15	Review and revise nurse staffing productive hour targets. Calculate labor budget including hours, dollars and benefits. Invite Capital Budget requests from Management and Medical Staff Project Gross/Net Revenue
Mar 25 – Apr 5	Project non-wage expense with Management Staff
Mar 27	Present draft volume assumptions to the Finance Committee
Apr 3	Present draft volume assumptions to the Board Capital Budget requests from Management and Medical Staff due back to Financial Planning
Apr 1 – 19	Finalize labor and non-labor budgets, gross/net revenue projections Prepare preliminary budget package for review by Executive Team Consolidate Capital Budget requests.
Week of Apr 22	Executive Team review of preliminary budget package including Capital Budget requests Identify areas for further review/revision. Schedule budget meetings with Management Staff
Apr 22 – 26	Budget Meetings/Training (As Necessary)
Apr 26	Review Capital Budget with Medical Executive Committee
Apr 29 – May 3	Input revisions from Budget Meetings
Week of May 6	Finalize Operating and Capital Budgets with Executive Team
May 13 – 24	Prepare Operating & Capital Budget Package for presentation to Finance Committee/District Board.
May 29	Present Budget Package to Finance Committee
Jun 5	Present Budget Package to District Board