

Finance and Management Committee Meeting Notice & Agenda

Wednesday, January 26, 2011
7:30 a.m. – 9:00 a.m.
Dal Cielo Conference Room A

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. | Approval of Minutes | Michael McCormick |
| | A. November 24, 2010 ACTION ITEM [enclosure] | |
| III. | Action Items | |
| | A. Approval of Revisions to Finance and Management Committee Structure and Purpose ACTION ITEM [enclosure] | Michael McCormick |
| | B. Recommendation to Accept November 2010 Financial Statements ACTION ITEM [enclosure] | David A. Neapolitan |
| | C. Recommendation to Accept December 2010 Financial Statements ACTION ITEM [enclosure] | David A. Neapolitan |
| IV. | Chief Financial Officer's Report | David A. Neapolitan |
| | A. Financing Options Update | |
| | B. IGT Status Report | |
| | C. Statistical Update on 1206 (b) Clinic | |
| | D. Follow-up on other Metric Comparisons | |
| V. | Chief Executive Officer's Report | Deborah Stebbins |
| | A. New Volume Generation | |
| | B. Stroke Center Update | |
| | C. Electronic Health Record Status Report | |

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.

- VI. Board / Committee / Staff Comments
- VII. Adjournment

*Next meeting scheduled:
Wednesday, February 23, 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.

**Finance and Management Committee Minutes
November 24, 2010**

Members Present:	Jordan Battani, Chair	Ann Evans	William Sellman, MD
(Voting)	Rob Bonta	Ed Kofman	Alka Sharma, MD
Management Present:	Deborah E. Stebbins	Kerry J. Easthope	
	David A. Neapolitan	Mary Bond, RN	
Guests:	Michael McCormick	Robert Deutsch, MD	
Excused:	Leah Williams	James Oddie	
Submitted by:	Kristen Thorson		

Topic	Discussion	Action / Follow-Up
I. Call to Order	Jordan Battani called the meeting to order at 7:41 a.m.	
II. Approval of Minutes	A. October 27, 2010	Ms. Battani made a motion to approve the minutes as presented. The motion was seconded. The motion carried with two abstentions (Kofman, Evans)
III. Action Items	<p>A. Recommendation to Accept October 2010 Financial Statements</p> <p>Mr. Neapolitan presented the October 2010 Financial Statements noting the following.</p> <p>The acute average daily census (ADC) was 225.6 compared to budget of 27.9. Subacute ADC was 32.6 versus a budget of 33.5. Skilled Nursing program had an ADC of 22.5 versus a budget of 23. Surgery cases increased in October with 215 cases versus a budgeted 197. Most of the increase was due to an increase in outpatient procedures. ECC visits were 14% below budget for the month.</p> <p>Gross patient revenues were less than budget by 13.4%. Inpatient and outpatient revenue was also less than budget by 18.5% and 3.0% for the month respectively. Combined excess expense over revenues for October was \$55,000 versus a budgeted profit of \$105,000 bringing the year-to-date loss to \$317,000 versus a budgeted profit of \$271,000.</p> <p>Days cash on hand decreased to 0.4 days from 9.4 in the previous month. Contributing factors to the decrease were an additional payroll week in the month of October. Ms. Battani asked if the Line of Credit would have to be used due to low cash on hand. Mr. Neapolitan stated that the hospital is expected to receive several large deposits from Medicare and Medi-Cal. In addition the 1st</p>	Mr. Kofman made a motion to recommend acceptance by the Board of Directors the October 2010 Financial Statements as presented. Ms. Evans seconded the motion. The motion carried.

	<p>installment of the parcel tax is due in approximately 3 weeks. He stated, while cash will be tight, there should not be a need to use the Line of Credit (LOC). Ms. Battani reminded the committee that use of the Loc required Board approval.</p> <p>B. Recommendation to Revise Time and Attendance Strategy</p> <p>Mr. Neapolitan presented a recommendation for the Hospital to discontinue the implementation of the McKesson Time and Attendance System. He also recommended that the core team conduct further review of other options for an automated time and attendance system. McKesson has continually delayed implementation of the system. Management and the core development team believe that McKesson will not be able to deliver the quality product that has been expected since beginning implementation over 3 years ago. The Committee agreed that the Hospital should end implementation of the product and seek alternate options.</p>	<p>Ms. Battani asked for quarterly status updates on IT projects such as implementation of new software, electronic health record and other projects.</p> <p>Mr. Kofman made a motion to agree to discontinue implementation of the McKesson Time and Attendance System. Dr. Sellman seconded the motion. The motion carried.</p>
<p>IV. Chief Executive Officer's Report</p>	<p>Ms. Stebbins provided an update to the committee on the action plan to determine the causes of the low census over the last couple of months. She stated that executive management and physicians have been meeting to discuss partnership options with other facilities such as Kaiser, APMC, community based SNF's, and La Clinica del la Raza, to increase utilization of the hospital as well as using the hospital for over flow acute patients and long term care patients of those facilities.</p> <p>Ms. Stebbins updated the committee about recent discussion with Alameda County EMS regarding routing of stroke patients to Alameda Hospital and the current exemption that allows Alameda Hospital to receive stroke patients. Ms. Stebbins has informed ACEMS that the Hospital has begun the process of becoming stroke certified by The Joint Commission. The committee agreed that becoming Stroke Certified was important for the Hospital. Ms. Stebbins will be providing updates on the status of Stroke Certification at the monthly District Board meetings.</p>	
<p>V. Chief Financial Officer's Report</p>	<p>Mr. Neapolitan updated the committee on the status of Seismic Financing. As a result of a financial feasibility study, the hospital cannot currently get financing through Cal-Mortgage. Management continues to work on program development to show that the hospital can support the debt service required for the seismic financing.</p> <p>In addition, Management continues to look at other options for financing for the development of the wound care program and facility space at Marina Village such as the HELP II program, municipal leases, and working with the Bank of Alameda on additional financing options. Management also continues to try and meet with State representatives regarding possible extension</p>	

	<p>for seismic compliance.</p> <p>Mr. Neapolitan stated that included in the packet were three follow-up memorandums on Managed Care Contract Performance, RAC Update, and FY 2010-2011 Intergovernmental Transfer Program and Hospital Provider Fee Update for the Committee's review. He indicated that if there were questions regarding the material presented to please contact him.</p>	
VI. Adjournment		The meeting was adjourned at 9:34 a.m.

Date: January 10, 2011

To: Finance and Management Committee

From: Michael McCormick , Chair – Finance and Management Committee
Deborah Stebbins, CEO

Subject: Approval of the Revisions to the Finance and Management Committee Structure and Purpose

Recommendation:

To approve the revisions to the standing committee structure as outlined below.

STRUCTURE AND PURPOSE:

1. Finance and Management Committee:
 - a. Primary Purpose: The primary purpose of the Finance and Management Committee is to review and recommend the annual budget, review performance relative to budget, and review other aspects of the district's financial performance. The Committee shall also serve the function of reviewing the annual report from the Hospital's external auditor, including the annual presentation of audit findings. The committee may also review and advise regarding operational issues, management systems issues, management information systems, and other aspects of the district's overall operational management.
 - b. Committee Composition and Voting Rights: The committee shall be comprised of the following members:
 - i. ~~Two members of the City of Alameda Health Care District Board of Directors both of whom shall be voting members of the committee. The President of the City of Alameda Health Care District Board of Directors shall be an ex-officio, non-voting member of the committee.~~
 - ii. The President of the City of Alameda Health Care District Board of Directors shall be an ex-officio, non-noting member, unless the President is serving as a voting member of the committee.

| ii.iii. Two members of the Alameda Hospital Medical Staff both of whom shall be voting members of the committee.

| iii.iv. Up to three at large members chosen for expertise needed by the district each of whom shall be voting members of the committee.

| iv.v. The City of Alameda Health Care District Chief Executive Officer, Chief Financial Officer, and other hospital management as delegated, who shall not be voting members of the committee.

- c. Terms: The committee shall be appointed annually.
- d. Meeting Frequency: Committee shall meet monthly.

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING NOVEMBER 30, 2010

**CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
NOVEMBER 30, 2010**

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS NOVEMBER, 2010

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 November 30, 2010 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 November, 2010

- Gross patient revenue for the month of November was greater than budget by \$9,909,000 or 9.8%. Inpatient and outpatient revenue was greater than budgeted by 16.9% and less than budget by 3.4% for the month, respectively. As a result of inpatient days being 3.7% greater than budgeted and an increased overall case mix index, gross revenues per adjusted patient day basis were 20.2% greater than budgeted at \$5,749 compared to a budgeted amount of \$5,096 for November.
- Total patient days for the month were 2,572 compared to the prior month's total patient days of 2,465 and the prior year's 2,258 total patient days. The average daily acute care census was 31.6 compared to a budget of 26.2 and an actual average daily census of 25.6 in the prior month; the average daily Sub-Acute census was 32.3 versus a budget of 33.5 and 32.6 in the prior month and the Skilled Nursing program had an average daily census of 21.9 versus a budget of 23.0 and prior month census of 22.5, respectively.
- Emergency Care Center (ECC) visits were 1,397 or 5.0% less than the budgeted 1,470 visits and were 1.0% less than the prior year's visits of 1,383.
- Total surgery cases were slightly less than budgeted expectations for the month at 178 cases versus the budgeted 182 cases. The current month's surgical volume was 21.1% greater than the same month prior year's 147 cases.
- Outpatient registrations were 7.2% below budgeted targets at 1,929 and slightly lower than the prior month's 2,032 outpatient visits.
- Combined excess revenue over expenses (profit) for November was \$133,000 versus a budgeted excess of revenue over expenses (profit) of \$61,000. This brings our year-to-date loss to \$184,000 versus a budgeted profit of \$332,000.
- Total assets decreased by \$56,000 from the prior month as a result of a decrease in current assets of \$121,000, an increase in net fixed assets of \$55,000 and an increase in restricted contributions of \$9,000. The following items make up the decrease in current assets:
 - Net patient accounts receivable decreased in November by \$194,000 compared to an increase of \$298,000 in October. Day's in outstanding receivables increased to 60.4 in November from 65.2 at October 31, 2010. Collections in November totaled \$5.1 million compared to \$4.5 million in October.
 - Other assets increased by \$171,000 primarily as a result of the accrual of \$187,000 (1/12th of the

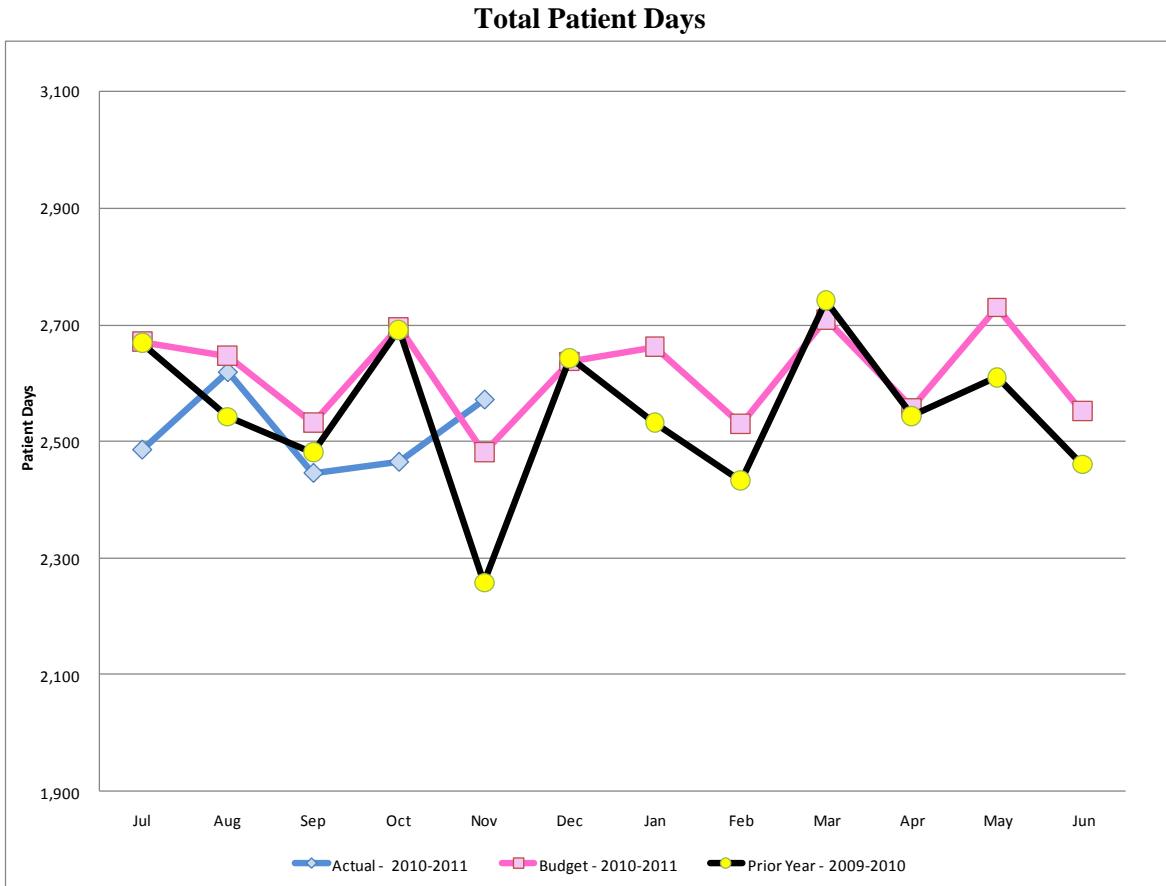
estimated amount) for the estimated amount of Inter-Governmental transfer funds that are anticipated to be received in FY 2011.

- Total liabilities decreased by \$199,000 compared to a decrease of \$1,206,000 in the prior month. This decrease in the current month was the result of the following:
 - Accounts payable and accrued expenses increased by \$610,000 while payroll and accrued expenses decreased by \$262,000. As a result of this net increase of \$348,000 the average payment period increased in November to 65.5 from 64.1 as of October 31, 2010.
 - Payroll and benefit related accruals decreased by \$262,000 from the prior month. This decrease was primarily the result of a decrease in accrued payroll and related payroll tax accruals of \$416,000 offset by an increase in accrued time off of \$108,000.
 - Other liabilities decreased by \$509,000 as a result of the amortization of one-twelfth of the annual parcel tax revenues for the 2011 fiscal year which made up \$478,000 of this total.

Volumes

The combined actual daily census was 85.7 versus a budget of 82.7 or a 3.7% favorable variance. The current month's favorable variance from the budgeted census was the result of an average daily census that exceeded budget in the acute care areas by 5.4 patients per day or 20.5%. The Sub-Acute and Skilled Nursing programs were below budgeted expectations with an average daily census of 32.3 versus the budgeted 33.5 and 21.9 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.

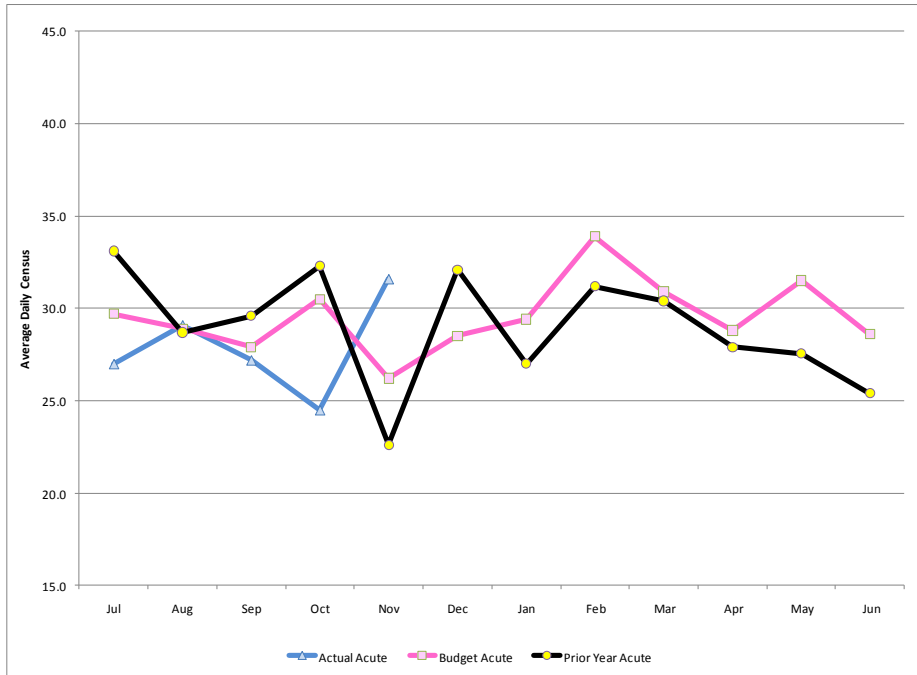


The various inpatient components of our inpatient volumes for the month of November are discussed in the following sections.

Acute Care

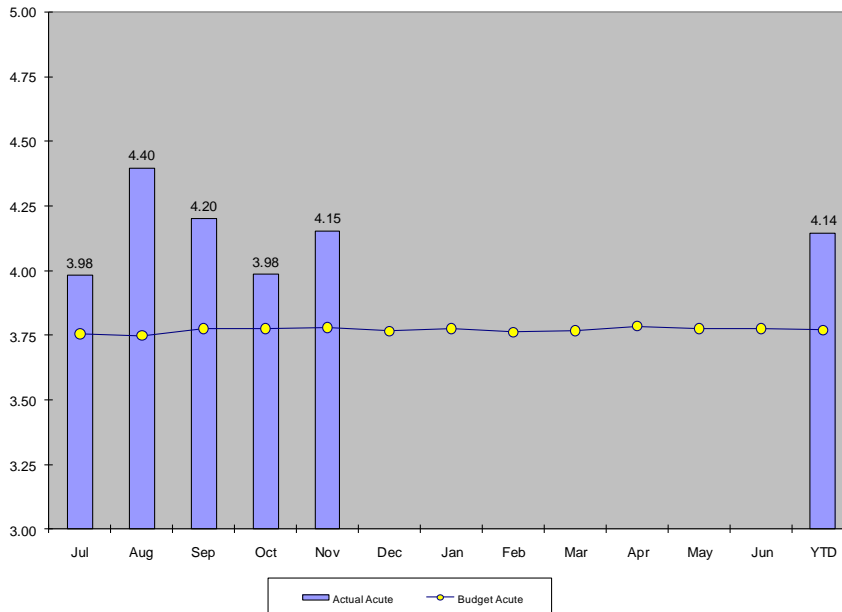
The acute care patient days were 20.5% (161 days) greater than budgeted and were 39.7% greater than the prior year's average daily census of 22.6. The acute care program is comprised of the Critical Care Unit (5.3 ADC, 82.8% favorable to budget), Definitive Observation Unit (8.5 ADC, 26.1% unfavorable to budget) and Med/Surg Units (17.8 ADC, 50.8% unfavorable to budget). The graph on the following page shows the inpatient acute care census by month for the current fiscal year, the operating budget and prior fiscal year actual.

Inpatient Acute Care Average Daily Census



The average length of stay (ALOS) increased from that of the prior month to 4.15 days for the month of November bringing the year-to-date average to 4.14 versus the budgeted FY 2011 average of 3.77. The graph below shows the ALOS by month and the budgeted ALOS for fiscal year 2011.

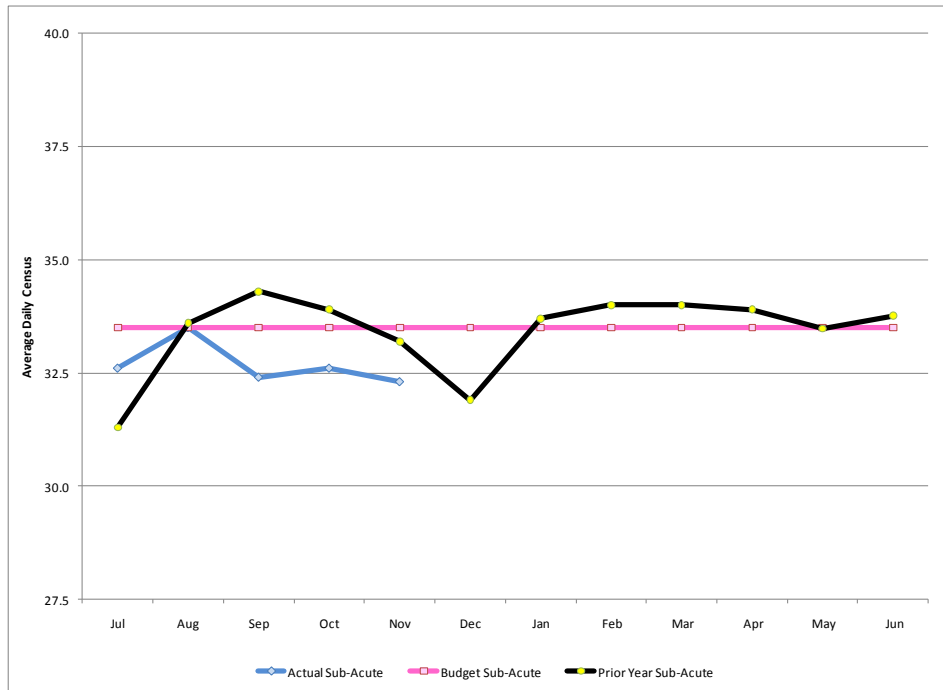
Average Length of Stay



Sub-Acute Care

The Sub-Acute program patient days were below budgeted projections with an average daily census of 32.3 for the month of November which was budgeted for an average daily census of 33.5. The graph on the following page shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.

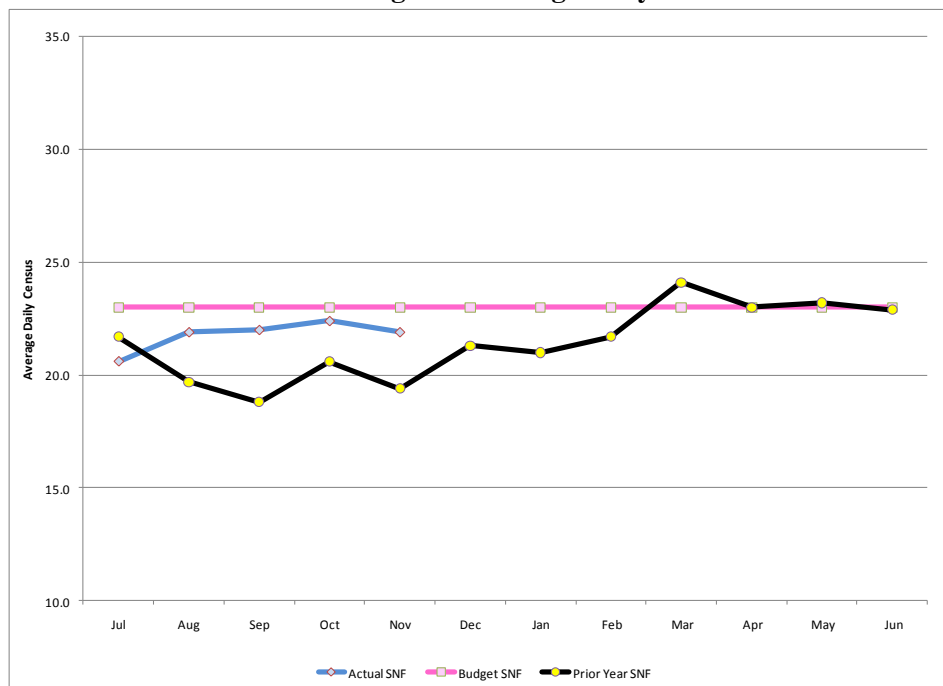
Sub-Acute Care Average Daily Census



Skilled Nursing Care

The Skilled Nursing Unit (South Shore) patient days were 4.8% or 33 patient days less than budgeted for the month of November. Comparing performance to the prior year this program remains slightly greater than the prior year's performance for the first five months of fiscal year 2010 with an average daily census of 21.8 versus 20.7. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.

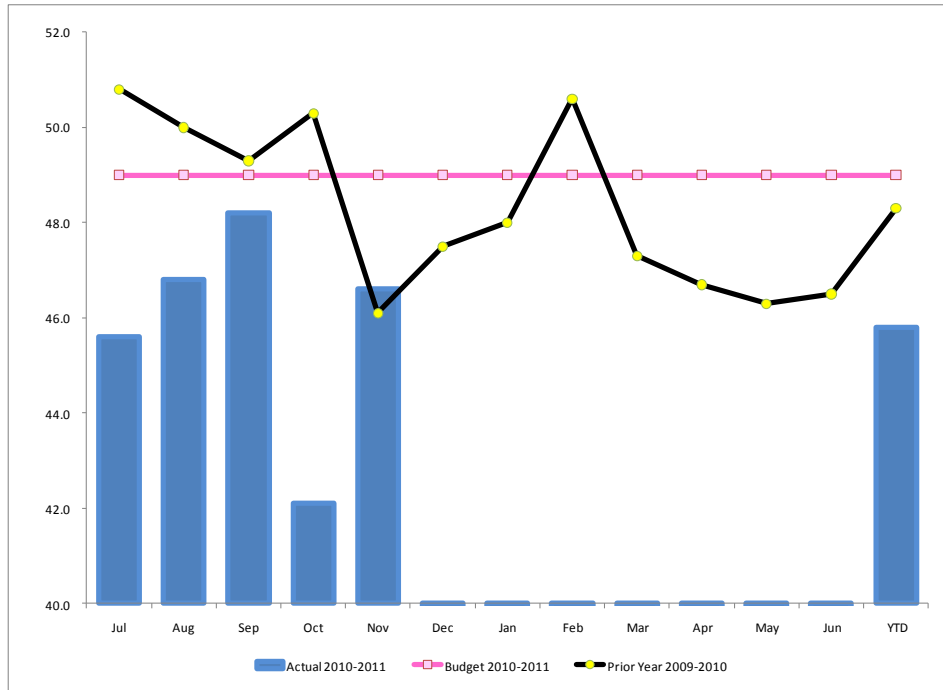
Skilled Nursing Unit Average Daily Census



Emergency Care Center (ECC)

Emergency Care Center visits in November totaled 1,397 and were 5.0% less than budgeted for the month with 17.3% of these visits resulting in inpatient admissions versus 15.9% in October. In November there were 289 ambulance arrivals versus 253 in the prior month, an increase of 14.2%. Of the 289 ambulance arrivals in the current month 161 or 55.7% were from Alameda Fire Department (AFD) ambulances. The graph below 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

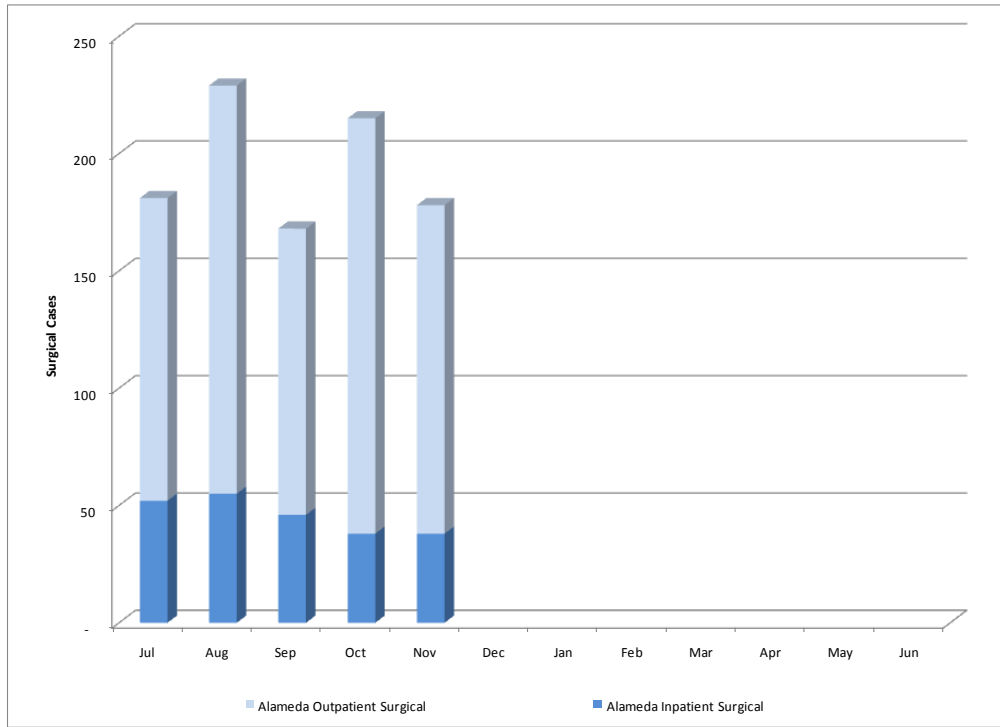


Surgery

Surgery cases were 178 versus the 182 budgeted cases and 147 cases in the prior year. In November, surgery cases decreased over the prior month by 17.2%. The decrease of 37 cases over the prior month was the result of a decrease in outpatient cases. Inpatient and outpatient cases totaled 38 and 140 versus 38 and 177 in November and October, respectively. The decrease in outpatient cases from the prior month was driven by decreases in GI cases (25), Ophthalmology cases (8), General (6), Plastics (4) and Pulmonary (3) offset by increases in Orthopedics (8) and Vascular (3).

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

Surgical Cases

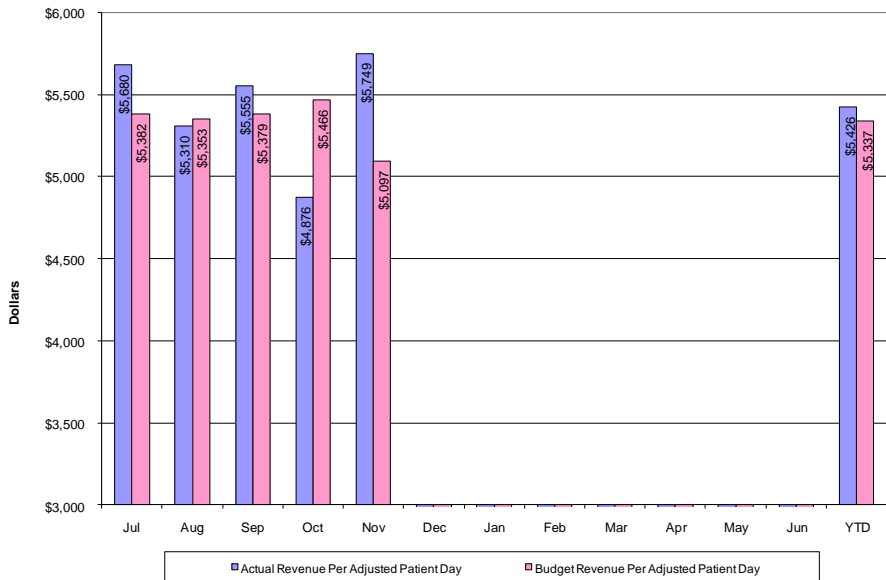


Income Statement

Gross Patient Charges

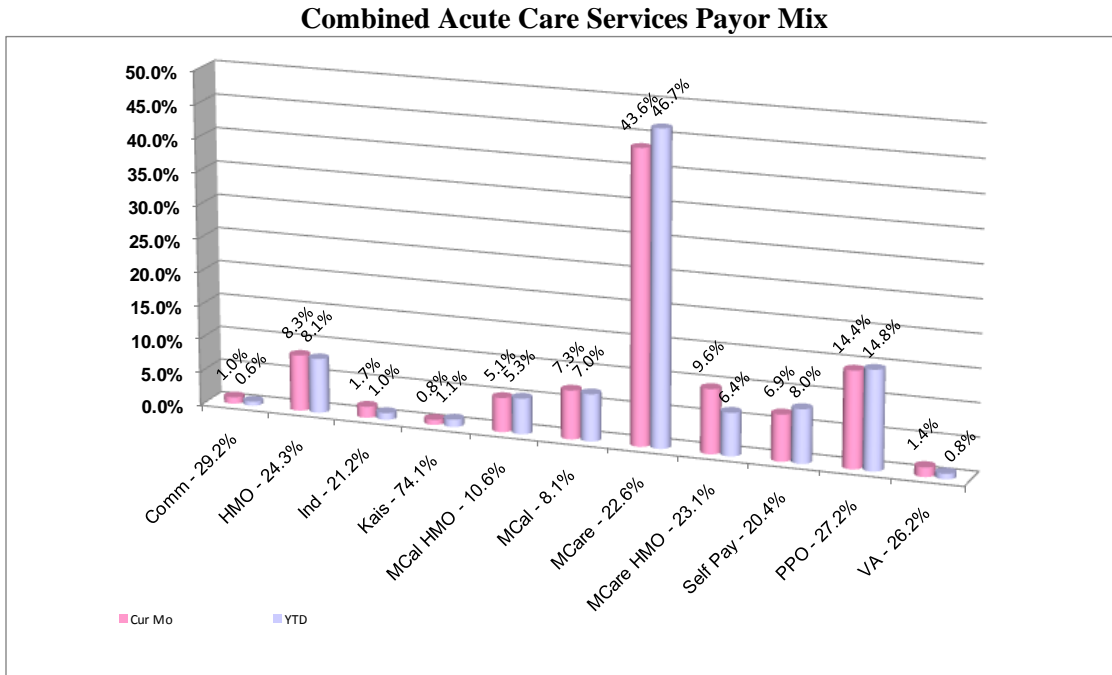
Gross patient charges in November were greater than budgeted by \$1,909,000. This favorable variance was comprised of a favorable variance of \$2,143,000 and an unfavorable variance of \$234,000 in inpatient and outpatient revenues, respectively. On an adjusted patient day basis total patient revenue was \$5,749 versus the budgeted \$5,096 or a favorable variance of 12.8% from budget for the month of November. 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.

Gross Charges per Adjusted Patient Day



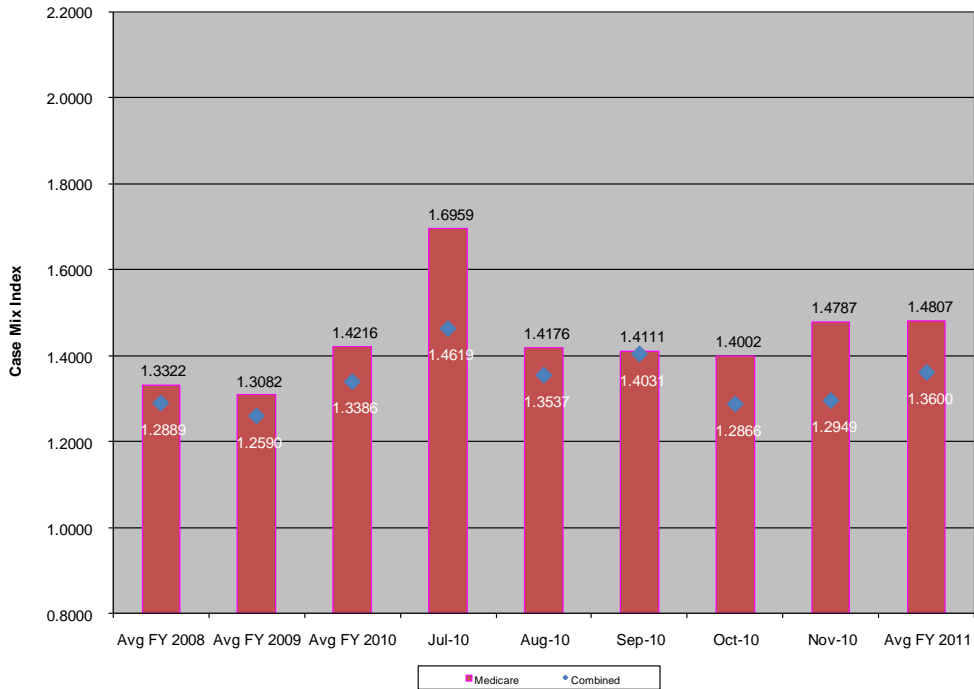
Payor Mix

Combined inpatient and outpatient acute care Medicare and Medicare Advantage total gross revenue in November made up 53.2% of the months total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 22.7%, Medi-Cal Traditional and Medi-Cal HMO utilization at 14.7% and self pay at 6.9%. 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.



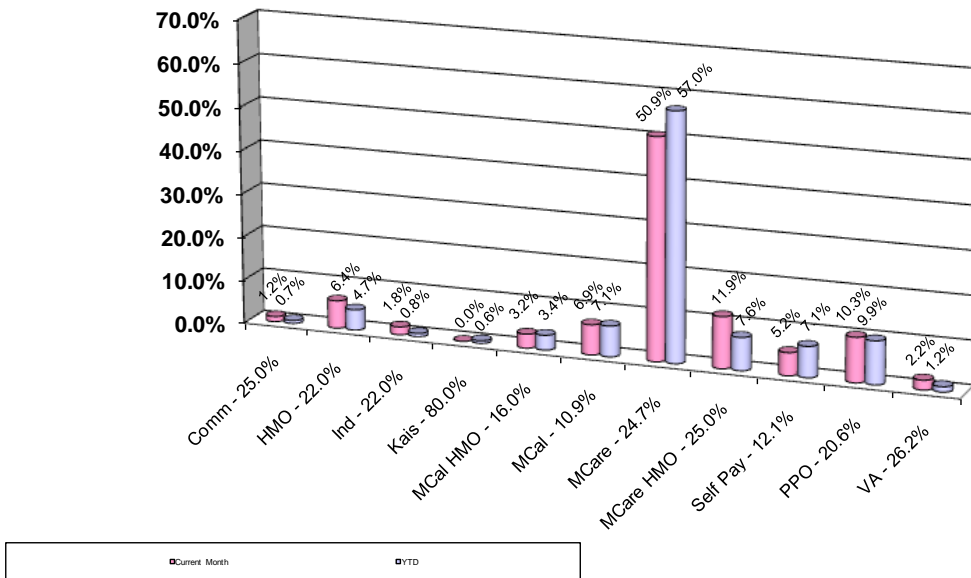
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 61.8% of our total inpatient acute care gross revenues followed by HMO/PPO at 16.7%, Medi-Cal and Medi-Cal HMO at 10.1% and Self Pay at 5.2% of the inpatient acute care revenue. The hospitals overall Case Mix Index (CMI) increased to 1.2949 from 1.2866 in the prior month and the Medicare CMI increased over the prior month from 1.4002 in October to 1.4787 in November. In November there were no outlier cases in the month. The estimated Medicare reimbursement decreased to 24.7% in November versus 25.8% in October. 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



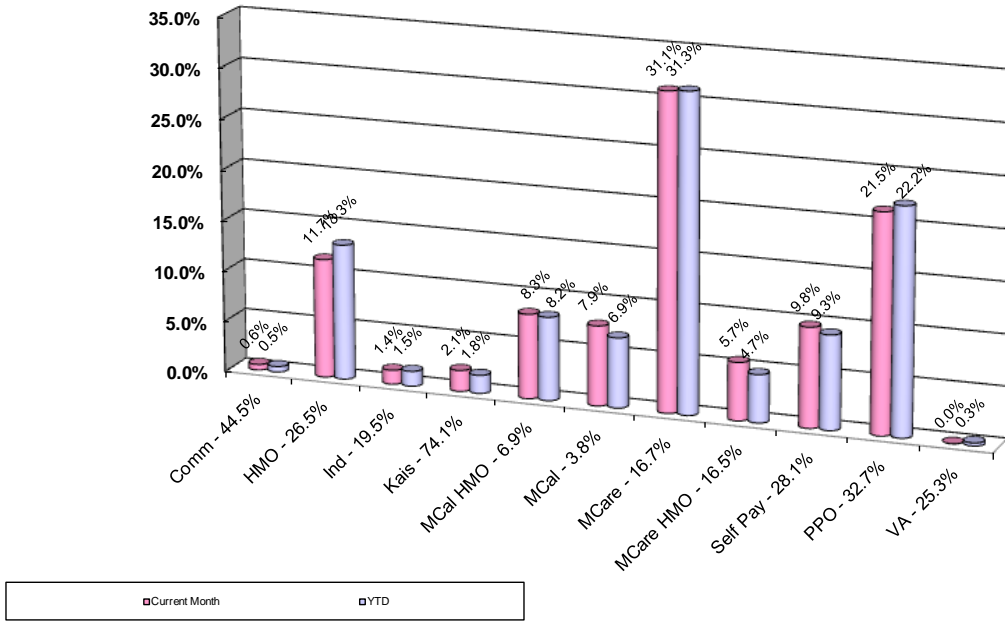
The overall net inpatient revenue percentage increased from the prior month to 22.2% in November versus 20.1% in October. The graph below shows inpatient acute care current month and year to date payor mix and current month estimated net revenue percentages for fiscal year 2011.

Inpatient Acute Care Payor Mix



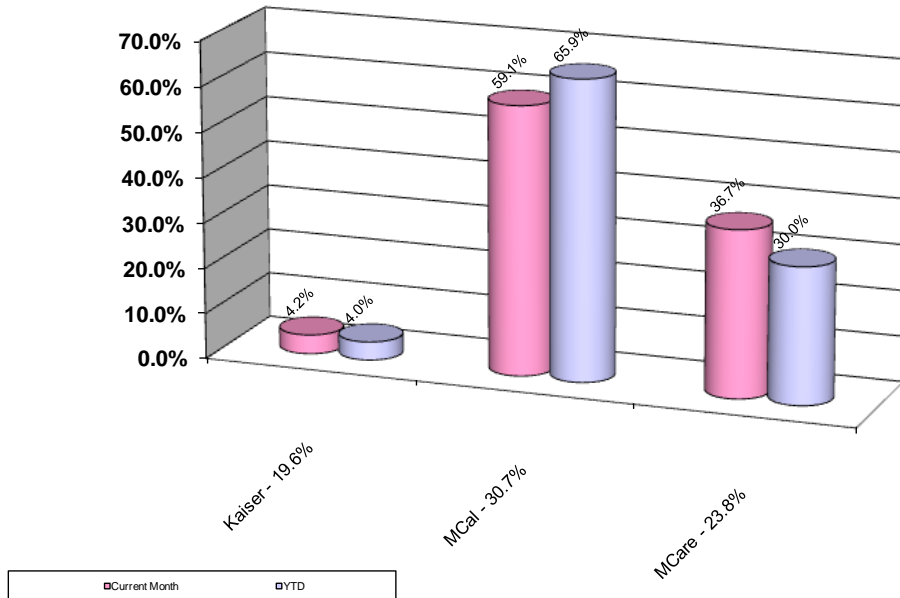
The outpatient gross revenue payor mix for November was comprised of 36.8% Medicare and Medicare Advantage, 33.2% HMO/PPO, 16.2% Medi-Cal and Medi-Cal HMO, and 9.8% self pay. The graph on the following page shows the current month and fiscal year to date outpatient payor mix and the current months estimated level of reimbursement for each payor.

Outpatient Services Payor Mix

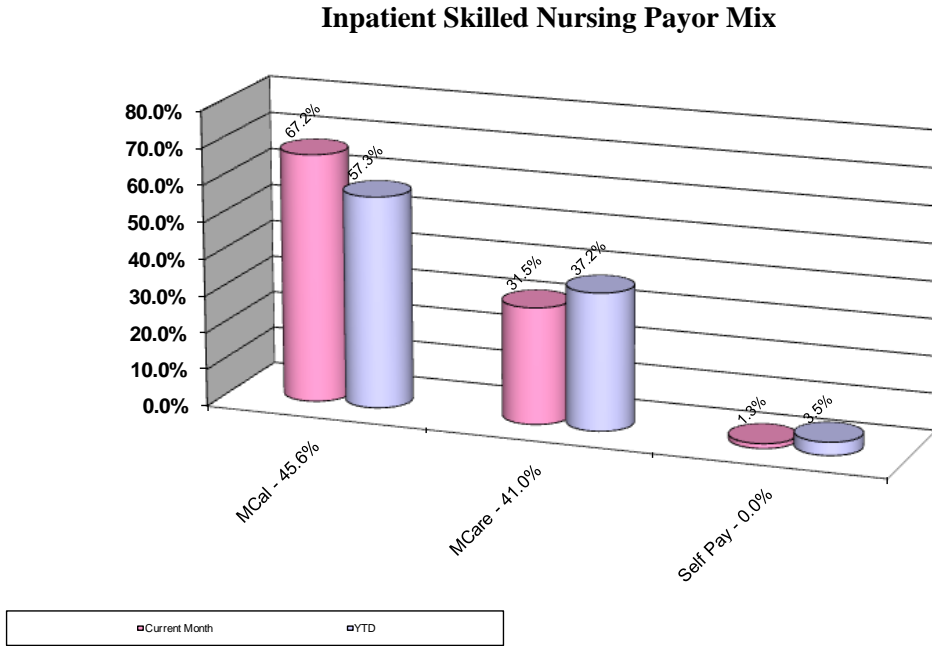


In November the Sub-Acute care program again was dominated by Medi-Cal utilization of 59.1% versus 61.0% in October. The graph below shows the payor mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payor.

Inpatient Sub-Acute Care Payor Mix



In November the Skilled Nursing program was again comprised primarily of Medi-Cal at 67.2% and Medicare at 31.5%. 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.



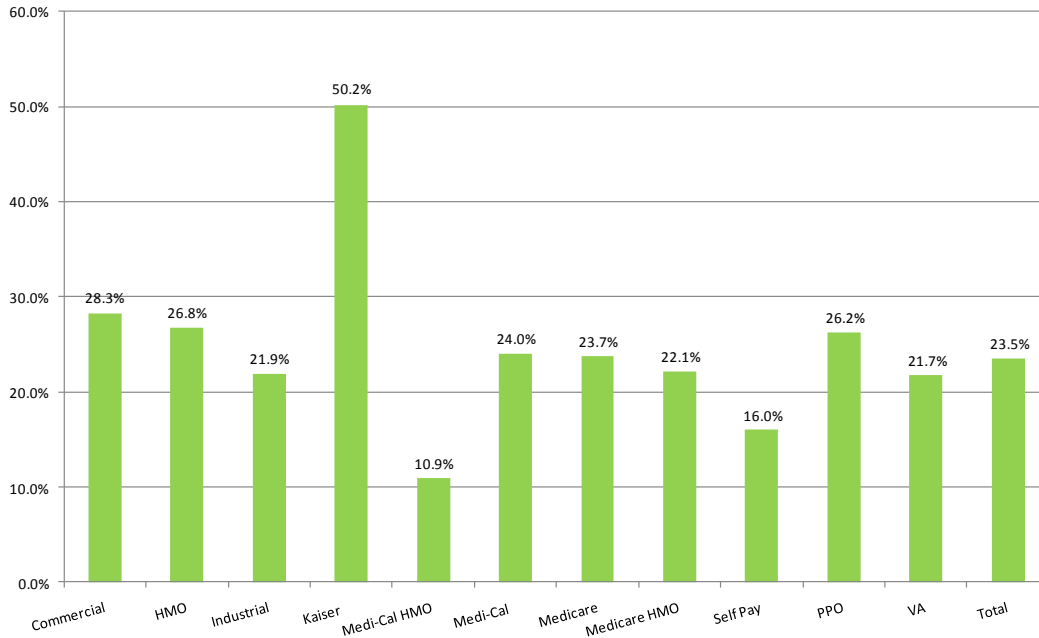
Deductions from Revenue

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 November contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 75.4% versus the budgeted 74.5%.

Net Patient Service Revenue

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. This difference reflects what the anticipated cash payments the Hospital is expecting to receive for the services provided. The graph on the following page shows the level of reimbursement that the Hospital has estimated for fiscal year 2011 by major payor category.

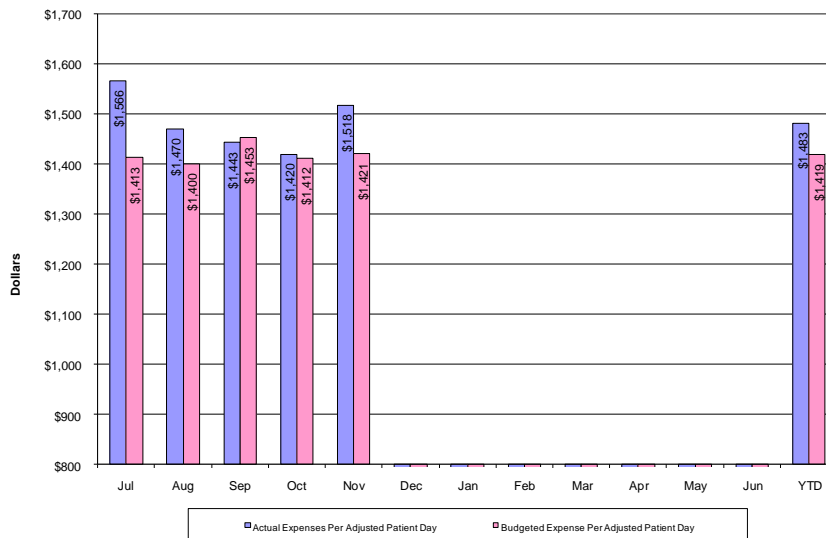
**Average Reimbursement % by Payor
 November
 FY 2011 Year-to-Date**



Total Operating Expenses

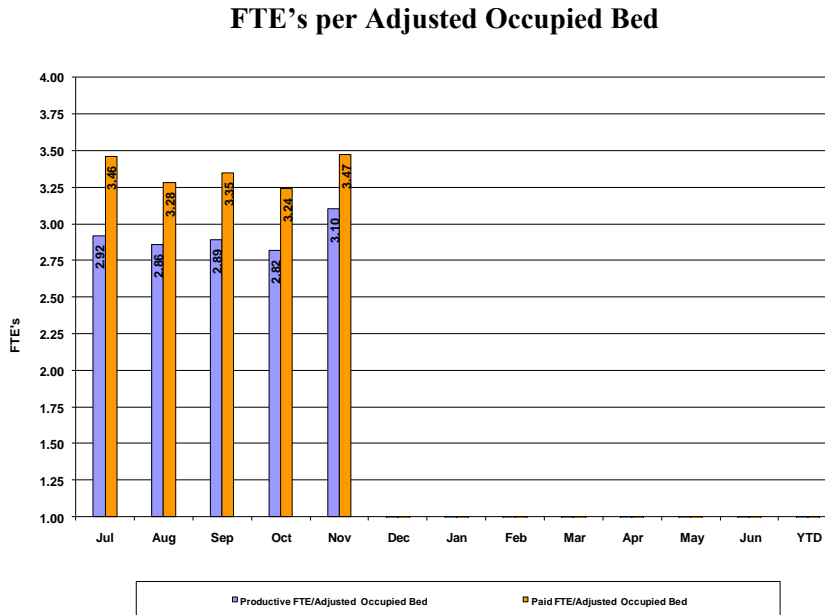
Total operating expenses were greater than the fixed budget by \$217,000 or 4.0%. On an adjusted patient day basis, our cost per adjusted patient day was \$1,518 which was \$97 per adjusted patient day unfavorable to budget. This variance in expenses per adjusted patient day was primarily the result of an unfavorable variance in salaries, registry and benefit costs of \$91. 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.

Expenses per Adjusted Patient Day



Salary and Registry Expenses

Salary and registry costs combined were unfavorable to the fixed budget by \$177,000 and were unfavorable to budgeted levels on a per adjusted patient day basis by \$68. On an adjusted occupied bed basis, productive FTE's were unfavorable to budget by 10.7% at 3.12 FTE's versus the budgeted 2.81 FTE's. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2011 by month.



Benefits

Benefits were unfavorable to the fixed budget by \$64,000 or 7.5% and \$23 or 10.4% on an adjusted patient day basis. This unfavorable variance was the result of greater than budgeted time off accruals of \$102,000 offset by lower than budgeted workers insurance expense of \$25,000.

Professional Fees

Professional fees were \$24,000 favorable to the fixed budget or 7.7% and \$4 per adjusted patient day basis. This favorable variance was the result of a \$29,000 favorable variance in physician fees offset by \$9,000 unfavorable variance in consulting and management fees.

Purchased Services

Purchased services were \$17,000 unfavorable to the fixed budget and \$7 per adjusted patient day unfavorable to budget in the month of November. This unfavorable variance was the result of the reclassification of expenses incorrectly classified as supply expenses in August. On a year to date basis this expense category is \$83,000 favorable to the fixed operating budget.

Rents and Leases

Rents and leases were \$10,000 unfavorable to the fixed budget and \$3 per adjusted patient day unfavorable to budget in the month of November. This unfavorable variance was the result of additional rental expense for respirators used in the sub-acute program. On a year to date basis this expense category is \$9,000 favorable to the fixed budget.

The following pages include the detailed financial statements for the five months ended November 30, 2010, of fiscal year 2011.

ALAMEDA HOSPITAL
KEY STATISTICS
NOVEMBER 2010

	ACTUAL NOVEMBER 2010	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	NOVEMBER 2009	YTD NOVEMBER 2010	YTD FIXED BUDGET	VARIANCE	%	YTD NOVEMBER 2009
Discharges:										
Total Acute	228	208	20	9.6%	180	1,028	1,164	(136)	-11.7%	1,187
Total Sub-Acute	2	1	1	100.0%	2	8	7	1	14.3%	8
Total Skilled Nursing	5	12	(7)	-58.3%	8	40	63	(23)	-36.5%	60
	<u>235</u>	<u>221</u>	<u>14</u>	<u>6.3%</u>	<u>190</u>	<u>1,076</u>	<u>1,234</u>	<u>(158)</u>	<u>-12.8%</u>	<u>1,255</u>
Patient Days:										
Total Acute	947	786	161	20.5%	678	4,260	4,384	(124)	-2.8%	4,481
Total Sub-Acute	968	1,005	(37)	-3.7%	997	4,999	5,124	(125)	-2.4%	5,090
Total Skilled Nursing	657	690	(33)	-4.8%	583	3,329	3,519	(190)	-5.4%	3,071
	<u>2,572</u>	<u>2,481</u>	<u>91</u>	<u>3.7%</u>	<u>2,258</u>	<u>12,588</u>	<u>13,027</u>	<u>(439)</u>	<u>-3.4%</u>	<u>12,642</u>
Average Length of Stay										
Total Acute	4.15	3.78	0.37	9.9%	3.77	4.14	3.77	0.38	10.0%	3.78
Average Daily Census										
Total Acute	31.57	26.20	5.37	20.5%	22.60	27.84	28.65	(0.81)	-2.8%	29.29
Total Sub-Acute	32.27	33.50	(1.23)	-3.7%	33.23	32.67	33.49	(0.82)	-2.4%	33.27
Total Skilled Nursing	21.90	23.00	(1.10)	-4.8%	19.43	21.76	23.00	(1.24)	-5.4%	20.07
	<u>85.73</u>	<u>82.70</u>	<u>3.03</u>	<u>3.7%</u>	<u>75.27</u>	<u>82.27</u>	<u>85.14</u>	<u>(1.63)</u>	<u>-1.9%</u>	<u>82.63</u>
Emergency Room Visits	1,397	1,470	(73)	-5.0%	1,383	7,013	7,500	(487)	-6.5%	7,546
Outpatient Registrations	1,929	2,078	(149)	-7.2%	2,372	9,899	10,841	(942)	-8.7%	12,714
Surgery Cases:										
Inpatient	38	31	7	22.6%	40	229	241	(12)	-5.0%	289
Outpatient	140	151	(11)	-7.3%	400	742	726	16	2.2%	2,196
	<u>178</u>	<u>182</u>	<u>(4)</u>	<u>-2.2%</u>	<u>440</u>	<u>971</u>	<u>967</u>	<u>4</u>	<u>0.4%</u>	<u>2,485</u>
Kaiser Inpatient Cases	-	-	-	-	9	-	-	-	-	48
Kaiser Eye Cases	-	-	-	-	147	-	-	-	-	812
Kaiser Outpatient Cases	-	-	-	-	137	-	-	-	-	837
Total Kaiser Cases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,697</u>
% Kaiser Cases	0.0%	0.0%			66.6%	0.0%	0.0%			68.3%
Adjusted Occupied Bed	123.72	127.76	4.04	3.2%	138.36	123.65	128.94	(5.29)	-4.1%	146.56
Productive FTE	385.41	359.57	(25.84)	-7.2%	392.19	363.39	362.85	(0.54)	-0.1%	398.36
Total FTE	430.72	411.17	(19.55)	-4.8%	444.41	418.03	416.43	(1.60)	-0.4%	449.96
Productive FTE/Adj. Occ. Bed	3.12	2.81	(0.30)	-10.7%	2.83	2.94	2.81	(0.12)	-4.4%	2.72
Total FTE/ Adj. Occ. Bed	3.48	3.22	(0.26)	-8.2%	3.21	3.38	3.23	(0.15)	-4.7%	3.07

City of Alameda Health Care District
Statements of Financial Position

November 30, 2010

\$ in thousands

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year End</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ (37,703)	\$ 72,350	\$ 3,480,668
Patient Accounts Receivable, net	9,905,665	10,100,021	9,558,147
Other Receivables	7,023,783	6,876,657	6,654,035
Third-Party Payer Settlement Receivables	490,632	467,417	374,557
Inventories	1,138,797	1,149,394	1,149,706
Prepays and Other	<u>711,403</u>	<u>687,919</u>	<u>453,872</u>
Total Current Assets	19,232,577	19,353,758	21,670,985
Assets Limited as to Use, net	528,022	518,605	476,630
Property, Plant and Equipment, net	<u>7,232,112</u>	<u>7,176,793</u>	<u>6,993,735</u>
Total Assets	<u>\$ 26,992,711</u>	<u>\$ 27,049,156</u>	<u>\$ 29,141,350</u>
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 420,345	\$ 422,456	\$ 450,831
Accounts Payable and Accrued Expenses	7,392,365	6,782,865	6,112,296
Payroll Related Accruals	3,957,081	4,218,659	4,351,133
Deferred Revenue	3,345,977	3,823,823	5,736,951
Employee Health Related Accruals	534,416	565,180	645,750
Third-Party Payer Settlement Payable	<u>290,000</u>	<u>290,000</u>	<u>500,000</u>
Total Current Liabilities	15,940,184	16,102,983	17,796,961
Long Term Debt, net	<u>1,077,465</u>	<u>1,113,763</u>	<u>1,236,831</u>
Total Liabilities	<u>17,017,649</u>	<u>17,216,746</u>	<u>19,033,792</u>
Net Assets:			
Unrestricted	9,377,055	9,243,805	9,560,928
Temporarily Restricted	<u>598,007</u>	<u>588,605</u>	<u>546,630</u>
Total Net Assets	<u>9,975,062</u>	<u>9,832,410</u>	<u>10,107,558</u>
Total Liabilities and Net Assets	<u>\$ 26,992,711</u>	<u>\$ 27,049,156</u>	<u>\$ 29,141,350</u>

City of Alameda Health Care District

Statements of Operations

November 30, 2010

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,572	2,481	91	3.7%	2,258	12,588	13,027	(439)	-3.4%	12,642
Discharges	235	222	13	5.9%	190	1,076	1,234	(158)	-12.8%	1,254
ADC (Average Daily Census)	85.7	82.7	3.03	3.7%	75.3	82	85.1	(2.87)	-3.4%	82.6
CMI (Case Mix Index)	1.2949				1.3094	1.3600				1.3206
Revenues										
Gross Inpatient Revenues	\$ 14,787	\$ 12,644	\$ 2,143	16.9%	\$ 11,601	\$ 68,415	\$ 69,543	\$ (1,127)	-1.6%	\$ 69,164
Gross Outpatient Revenues	6,628	6,862	(234)	-3.4%	9,725	34,586	35,627	(1,041)	-2.9%	53,488
Total Gross Revenues	21,414	19,505	1,909	9.8%	21,327	103,002	105,170	(2,168)	-2.1%	122,652
Contractual Deductions	15,376	13,851	(1,525)	-11.0%	15,639	73,787	75,561	1,774	2.3%	91,374
Bad Debts	582	547	(35)	-6.4%	498	3,105	3,161	56	1.8%	2,598
Charity and Other Adjustments	198	137	(62)	-45.1%	20	808	790	(17)	-2.2%	338
Net Patient Revenues	5,259	4,971	287	5.8%	5,170	25,303	25,658	(356)	-1.4%	28,341
Net Patient Revenue %	24.6%	25.5%			24.2%	24.6%	24.4%			23.1%
Net Clinic Revenue	29	28	1	2.7%	5	149	139	10	6.9%	49
Other Operating Revenue	9	10	(1)	-12.0%	(23)	47	66	(19)	-29.3%	268
Total Revenues	5,296	5,009	287	5.7%	5,152	25,498	25,864	(365)	-1.4%	28,658
Expenses										
Salaries	2,805	2,731	(73)	-2.7%	3,098	14,614	14,087	(528)	-3.7%	15,989
Registry	253	149	(104)	-69.7%	127	881	853	(29)	-3.4%	867
Benefits	918	854	(64)	-7.5%	918	3,903	4,383	480	10.9%	4,585
Professional Fees	287	311	24	7.7%	298	1,519	1,565	46	2.9%	1,527
Supplies	672	677	5	0.7%	781	3,785	3,484	(301)	-8.6%	4,440
Purchased Services	404	388	(17)	-4.3%	366	1,860	1,942	83	4.3%	1,994
Rents and Leases	78	68	(10)	-14.2%	65	336	345	9	2.7%	345
Utilities and Telephone	65	71	5	7.7%	64	297	360	64	17.7%	359
Insurance	29	35	7	18.7%	44	157	180	23	13.0%	224
Depreciation and amortization	80	73	(8)	-10.4%	104	408	366	(42)	-11.5%	507
Other Operating Expenses	62	79	17	21.9%	90	383	406	23	5.8%	456
Total Expenses	5,654	5,436	(217)	-4.0%	5,957	28,142	27,971	(171)	-0.6%	31,292
Operating gain (loss)	(357)	(427)	70	16.4%	(805)	(2,644)	(2,107)	(537)	25.5%	(2,634)
Non-Operating Income / (Expense)										
Parcel Taxes	478	481	(3)	-0.5%	481	2,390	2,389	1	0.0%	2,389
Investment Income	0	-	0	0.0%	1	7	-	7	0.0%	7
Interest Expense	(10)	(15)	5	30.8%	(8)	(42)	(61)	19	-31.1%	(44)
Other Income / (Expense)	22	22	0	0.4%	23	106	111	(5)	-4.6%	115
Net Non-Operating Income / (Expense)	490	488	2	0.5%	496	2,460	2,439	21	0.9%	2,468
Excess of Revenues Over Expenses	\$ 133	\$ 61	\$ 72	117.9%	\$ (309)	\$ (184)	\$ 332	\$ (516)	-155.4%	\$ (167)

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

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 3,970	\$ 3,303	\$ 666	20.2%	\$ 2,795	\$ 3,610	\$ 3,530	\$ 80	2.3%	\$ 3,085
Gross Outpatient Revenues	1,779	1,793	(13)	-0.7%	2,343	1,825	1,808	17	0.9%	2,386
Total Gross Revenues	5,749	5,096	653	12.8%	5,138	5,435	5,338	97	1.8%	5,471
Contractual Deductions	4,128	3,619	(509)	-14.1%	3,768	3,893	3,835	(58)	-1.5%	4,076
Bad Debts	156	143	(13)	-9.4%	120	164	160	(3)	-2.1%	116
Charity and Other Adjustments	53	36	(18)	-49.1%	5	43	40	(3)	-6.2%	15
Net Patient Revenues	1,412	1,299	113	8.7%	1,245	1,335	1,302	33	2.5%	1,264
Net Patient Revenue %	24.6%	25.5%			24.2%	24.6%	24.4%			23.1%
Net Clinic Revenue	8	7	0	5.5%	1	8	7	1	11.1%	2
Other Operating Revenue	2	3	(0)	-9.6%	(5)	2	3	(1)	-26.5%	12
Total Revenues	1,422	1,309	113	8.6%	1,241	1,346	1,313	33	2.5%	1,279
Expenses										
Salaries	753	714	(39)	-5.5%	746	771	715	(56)	-7.8%	713
Registry	68	39	(29)	-74.4%	31	46	43	(3)	-7.4%	39
Benefits	246	223	(23)	-10.4%	221	206	222	17	7.4%	205
Professional Fees	77	81	4	5.1%	72	80	79	(1)	-0.9%	68
Supplies	180	177	(4)	-2.1%	188	200	177	(23)	-12.9%	198
Purchased Services	109	101	(7)	-7.2%	88	98	99	0	0.5%	89
Rents and Leases	21	18	(3)	-17.4%	16	18	18	(0)	-1.1%	15
Utilities and Telephone	18	18	1	5.1%	16	16	18	3	14.4%	16
Insurance	8	9	2	16.5%	11	8	9	1	9.6%	10
Depreciation and Amortization	22	19	(3)	-13.4%	25	22	19	(3)	-15.9%	23
Other Operating Expenses	17	21	4	19.7%	22	20	21	0	2.1%	20
Total Expenses	1,518	1,420	(97)	-6.9%	1,435	1,485	1,420	(65)	-4.6%	1,396
Operating Gain / (Loss)	(96)	(112)	16	14.0%	(194)	(139)	(107)	(33)	30.5%	(117)
Net Non-Operating Income / (Expense)	132	128	4	3.2%	119	130	124	6	4.9%	110
Excess of Revenues Over Expenses	\$ 36	\$ 16	\$ 20	123.9%	\$ (74)	\$ (9)	\$ 17	\$ (27)	-155.3%	\$ (7)

City of Alameda Health Care District
Statement of Cash Flows
For the Five Months Ended November 30, 2010
 \$ in thousands

	<u>Current Month</u>	<u>Year-to-Date</u>
Cash flows from operating activities		
Net Income / (Loss)	\$ 133,250	\$ (183,872)
Items not requiring the use of cash:		
Depreciation and amortization	80,332	\$ 408,112
Changes in certain assets and liabilities:		
Patient accounts receivable, net	194,356	(347,518)
Other Receivables	(147,126)	(369,748)
Third-Party Payer Settlements Receivable	(23,215)	(326,075)
Inventories	10,597	10,909
Prepays and Other	(23,484)	(257,531)
Accounts payable and accrued liabilities	609,500	1,280,069
Payroll Related Accruals	(261,578)	(394,052)
Employee Health Plan Accruals	(30,764)	(111,334)
Deferred Revenues	(477,846)	(2,390,974)
	<u>64,022</u>	<u>(2,682,014)</u>
Cash provided by (used in) operating activities		
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(9,417)	(51,392)
Additions to Property, Plant and Equipment	(135,651)	(646,489)
Other	0	(1)
	<u>(145,068)</u>	<u>(697,882)</u>
Cash provided by (used in) investing activities		
Cash flows from financing activities		
Net Change in Long-Term Debt	(38,409)	(189,852)
Net Change in Restricted Funds	9,402	51,377
	<u>(29,007)</u>	<u>(138,475)</u>
Cash provided by (used in) financing and fundraising activities		
Net increase (decrease) in cash and cash equivalents	(110,053)	(3,518,371)
Cash and cash equivalents at beginning of period	72,350	3,480,668
Cash and cash equivalents at end of period	<u>\$ (37,703)</u>	<u>\$ (37,703)</u>

THE CITY OF ALAMEDA HEALTH CARE DISTRICT

ALAMEDA HOSPITAL

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDING DECEMBER 31, 2010

**CITY OF ALAMEDA HEALTH CARE DISTRICT
ALAMEDA HOSPITAL
DECEMBER 31, 2010**

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ALAMEDA HOSPITAL MANAGEMENT DISCUSSION AND ANALYSIS DECEMBER, 2010

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 December 31, 2010 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 December, 2010

- Gross patient revenue for the month of December was greater than budget by \$47,000 or 0.2%. Inpatient and outpatient revenue was greater than budgeted by 4.4% and less than budget by 8.2% for the month, respectively. On adjusted patient day basis gross patient revenue were 3.6% greater than budgeted at \$5,593 compared to a budgeted amount of \$5,399 for December.
- Total patient days for the month were 2,658 compared to the prior month's total patient days of 2,572 and the prior year's 2,643 total patient days. The average daily acute care census was 31.3 compared to a budget of 28.6 and an actual average daily census of 31.6 in the prior month; the average daily Sub-Acute census was 32.4 versus a budget of 33.5 and 32.3 in the prior month and the Skilled Nursing program had an average daily census of 22.0 versus a budget of 23.0 and prior month census of 21.9, respectively.
- Emergency Care Center (ECC) visits were 1,368 or 9.9% less than the budgeted 1,519 visits and were 7.1% less than the prior year's visits of 1,472.
- Total surgery cases were less than budgeted expectations for the month at 184 cases versus the budgeted 219 cases. The current month's surgical volume was 1.1% less than the same month prior year's 186 cases.
- Outpatient registrations were 4.4% below budgeted targets at 1,911 and slightly lower than the prior month's 1,929 outpatient visits.
- Combined excess revenue over expenses (profit) for December was \$134,000 versus a budgeted excess of revenue over expenses (profit) of \$239,000. This brings our year-to-date loss to \$49,000 versus a budgeted profit of \$571,000.
 - Total assets decreased by \$847,000 from the prior month as a result of a decrease in current assets of \$1,078,000, an increase in net fixed assets of \$220,000 and an increase in restricted contributions of \$11,000. The following items make up the decrease in current assets:
 - Total unrestricted cash and cash equivalents for December increased by \$862,000 and days cash on hand including restricted use funds increased to 7.5 days on hand in December from 2.7 days on hand in November.
 - Net patient accounts receivable increased in December by \$764,000 compared to a decrease of \$194,000 in November. Day's in outstanding receivables increased to 64.9 in December from 60.4 at November 30, 2010. Collections in December totaled \$4.1 million compared to \$5.1 million in November.
 - Other assets decreased by \$2,730,000 as a result of the receipt of the December installment of the parcel tax revenues offset by the accrual of \$187,000 (1/12th of the estimated amount) for the estimated amount of Inter-

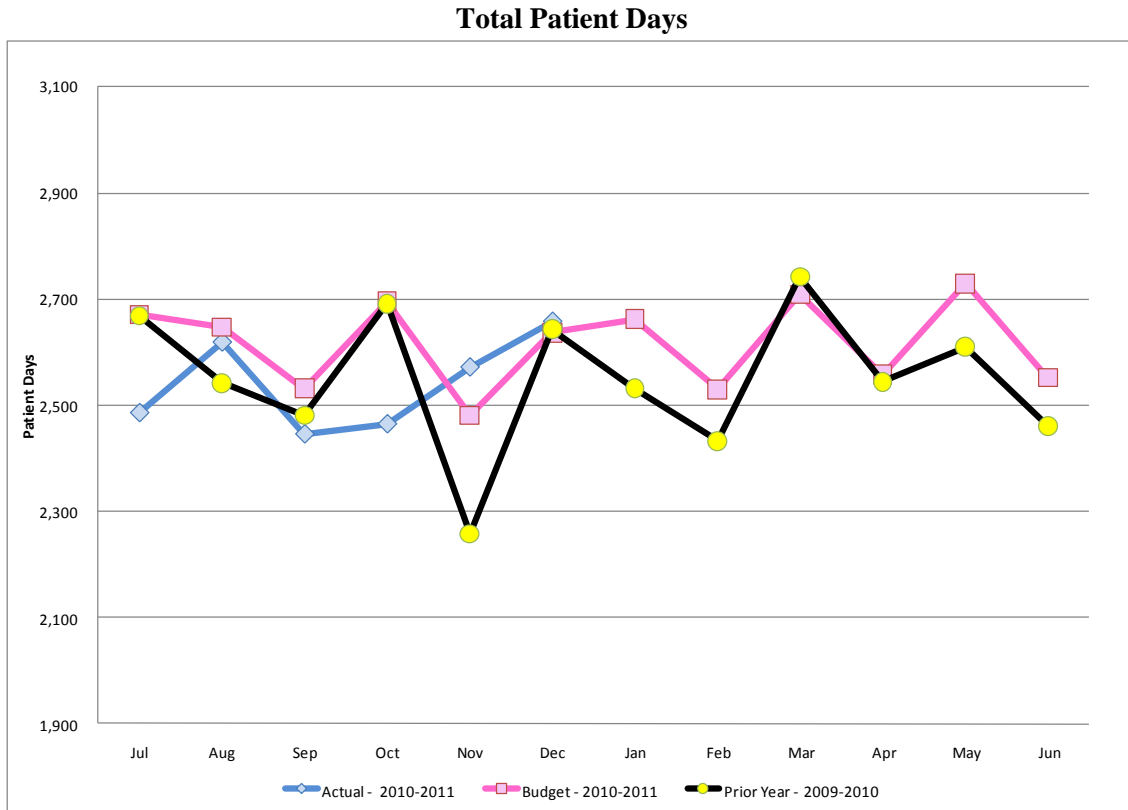
Governmental transfer funds that are anticipated to be received in FY 2011.

- Total liabilities decreased by \$1,020,000 compared to a decrease of \$199,000 in the prior month. This decrease in the current month was the result of the following:
 - Accounts payable and accrued expenses decreased by \$812,000 while payroll and accrued expenses increased by \$299,000. As a result of this net decrease of \$513,000 and a slight decrease in average daily expenses as of December 31st, the average payment period decreased in December to 62.8 from 65.5 as of November 30, 2010.
 - Payroll and benefit related accruals increased by \$299,000 from the prior month. This decrease was primarily the result of an increase in accrued payroll and related payroll tax accruals of \$416,000 offset by an increase in accrued time off of \$102,000.
 - Other liabilities decreased by \$469,000 as a result of the amortization of one-twelfth of the annual parcel tax revenues for the 2011 fiscal year which decreased other liabilities by \$478,000.

Volumes

The combined actual daily census was 85.7 versus a budget of 85.1 or a 0.8% or 0.7 patients per day favorable variance. The current month’s favorable 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 2.83 patients per day or 9.9%. The Sub-Acute and Skilled Nursing programs were below budgeted expectations with an average daily census of 32.4 versus the budgeted 33.5 and 22.0 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.

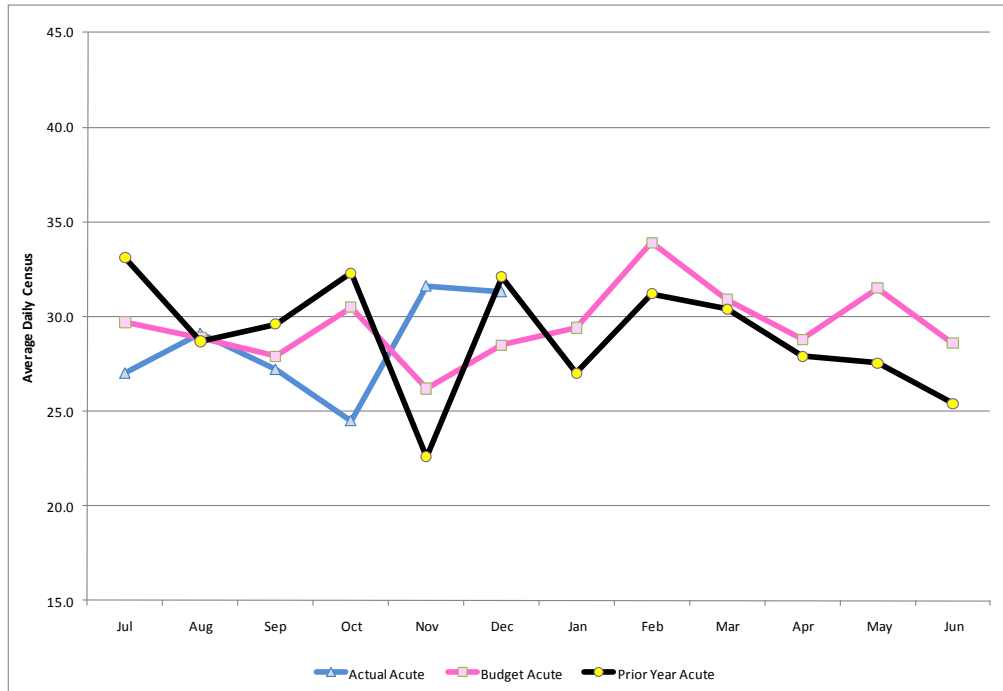


The various inpatient components of our inpatient volumes for the month of November are discussed in the following sections.

Acute Care

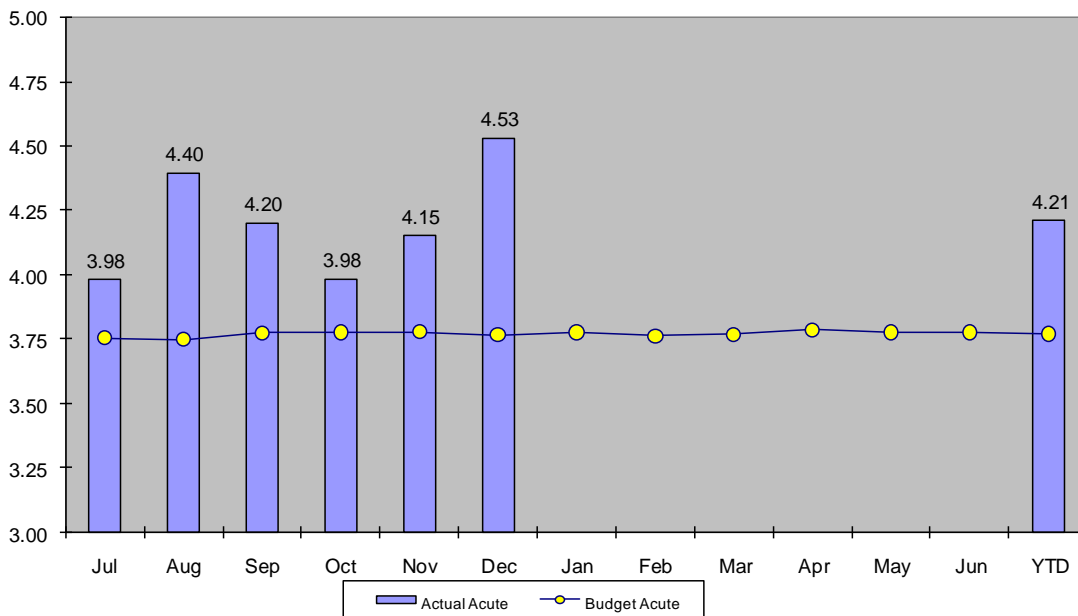
The acute care patient days were 9.9% (85 days) greater than budgeted and were on 2.4% less than the prior year’s average daily census of 32.06. The acute care program is comprised of the Critical Care Unit (5.0 ADC, 49.0% favorable to budget), Definitive Observation Unit (8.4 ADC, 27.9% unfavorable to budget) and Med/Surg Units (17.8 ADC, 31.0% unfavorable to budget). The graph on the following page shows the inpatient acute care census by month for the current fiscal year, the operating budget and prior fiscal year actual.

Inpatient Acute Care Average Daily Census



The average length of stay (ALOS) increased from that of the prior month to 4.53 days for the month of December bringing the year-to-date average to 4.21 versus the budgeted FY 2011 average of 3.77. The graph below shows the ALOS by month and the budgeted ALOS for fiscal year 2011.

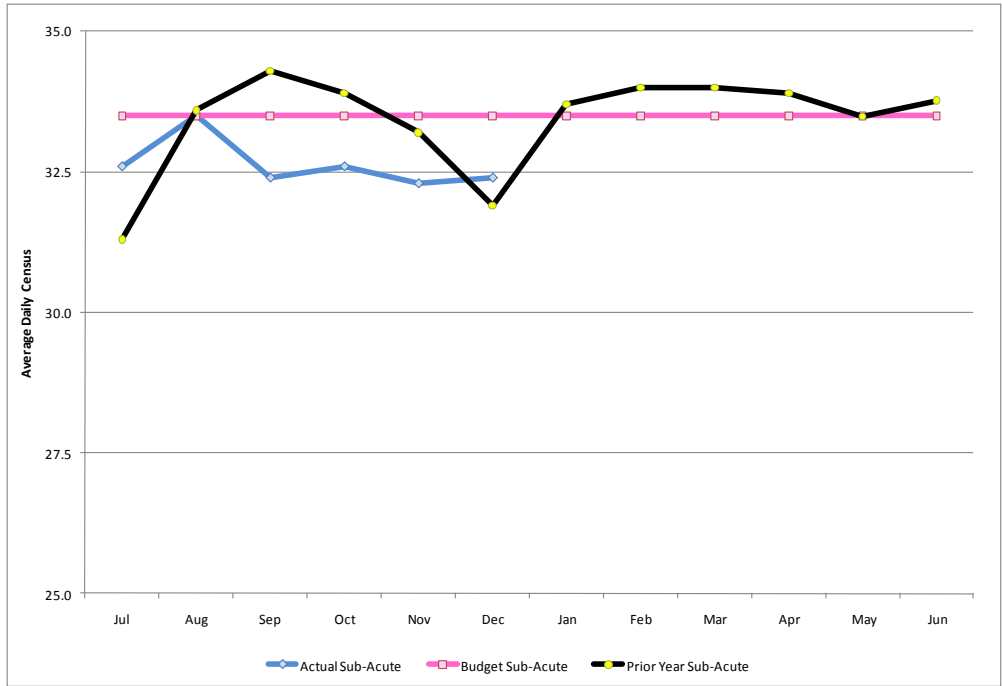
Average Length of Stay



Sub-Acute Care

The Sub-Acute program patient days were below budgeted projections with an average daily census of 32.4 for the month of December which was budgeted for an average daily census of 33.5. The graph on the following page shows the Sub-Acute programs average daily census for the current fiscal year as compared to budget and the prior year.

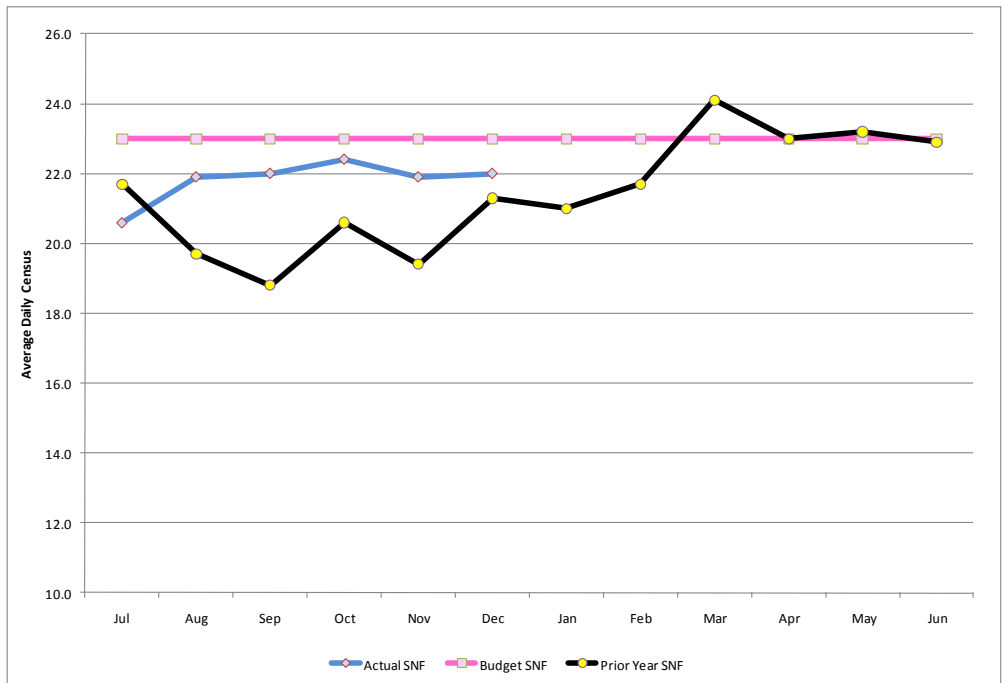
Sub-Acute Care Average Daily Census



Skilled Nursing Care

The Skilled Nursing Unit (South Shore) patient days were 4.3% or 30 patient days less than budgeted for the month of December. Comparing performance to the prior year this program remains slightly greater than the prior year’s performance for the first six months of fiscal year 2010 with an average daily census of 21.8 versus 20.3. The following graph shows the Skilled Nursing Unit monthly average daily census as compared to budget and the prior year.

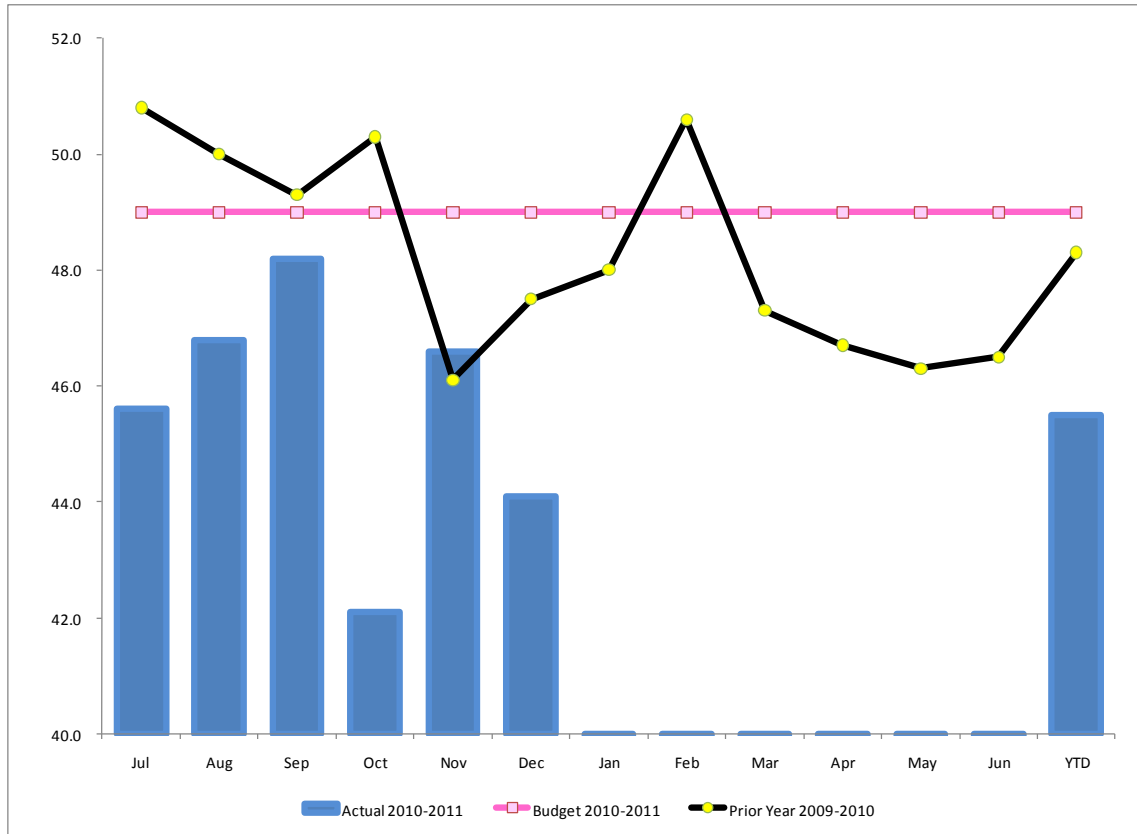
Skilled Nursing Unit Average Daily Census



Emergency Care Center (ECC)

Emergency Care Center visits in December totaled 1,368 and were 9.9% less than budgeted for the month with 16.0% of these visits resulting in inpatient admissions versus 17.3% in November. In December there were 277 ambulance arrivals versus 289 in the prior month, a decrease of 4.2%. Of the 277 ambulance arrivals in the current month 141 or 50.9% were from Alameda Fire Department (AFD) ambulances. The graph below 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

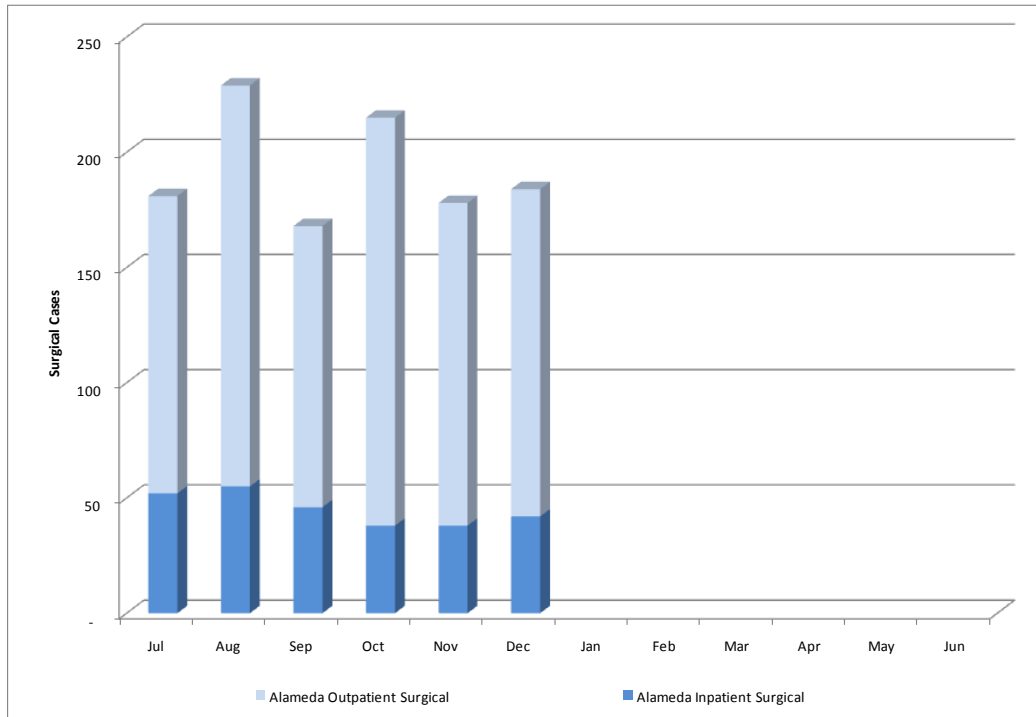


Surgery

Surgery cases were 184 versus the 219 budgeted cases and 186 cases in the prior year. In December, surgery cases increased over the prior month by 3.4%. The increase of 6 cases over the prior month was the result of an increase of 4 and 2 inpatient and outpatient cases, respectively. Inpatient and outpatient cases totaled 42 and 142 versus 38 and 140 in December and November, respectively. The slight increase in cases from the prior month was driven by increases in General (11), GI cases (4) and Plastics (3) offset by increases in Orthopedics (8) and Vascular (4).

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

Surgical Cases

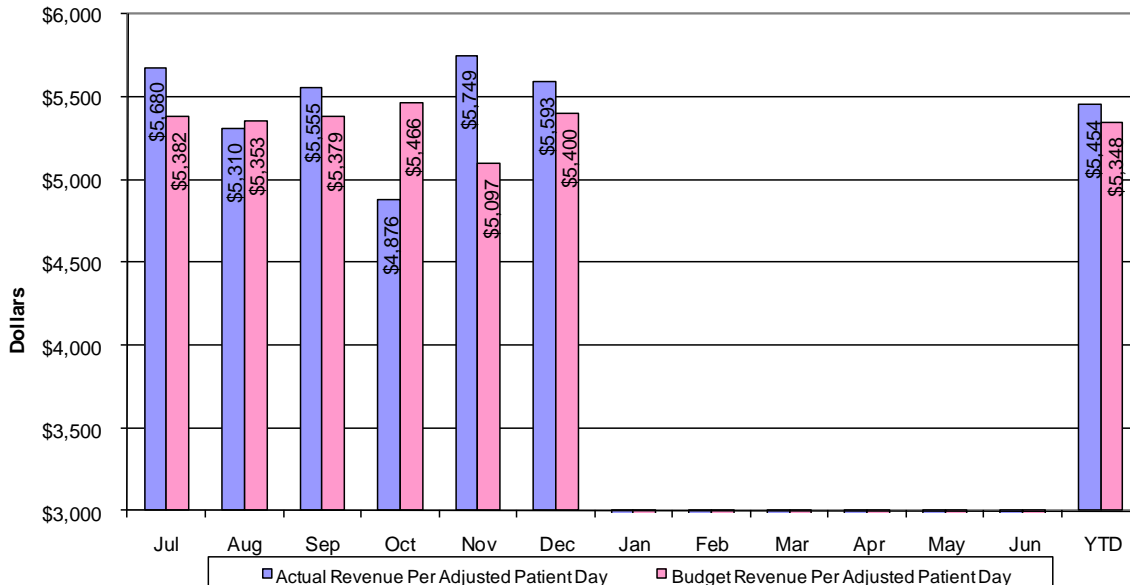


Income Statement

Gross Patient Charges

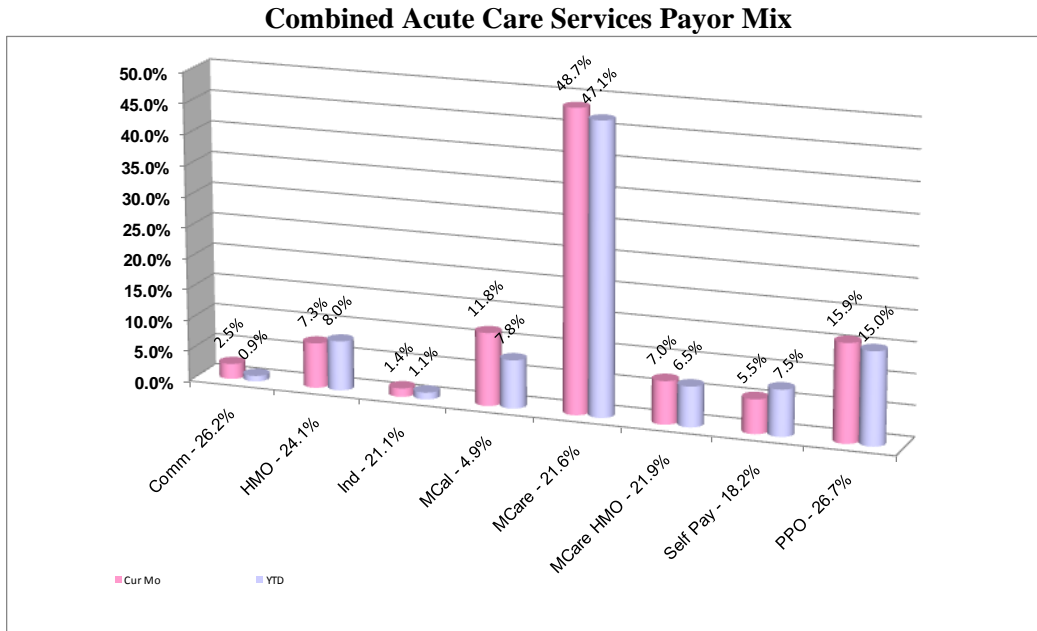
Gross patient charges in December were greater than budgeted by \$47,000. This favorable variance was comprised of a favorable variance of \$628,000 and an unfavorable variance of \$581,000 in inpatient and outpatient revenues, respectively. On an adjusted patient day basis total patient revenue was \$5,593 versus the budgeted \$5,399 or a favorable variance of 3.6% from budget for the month of December. 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.

Gross Charges per Adjusted Patient Day



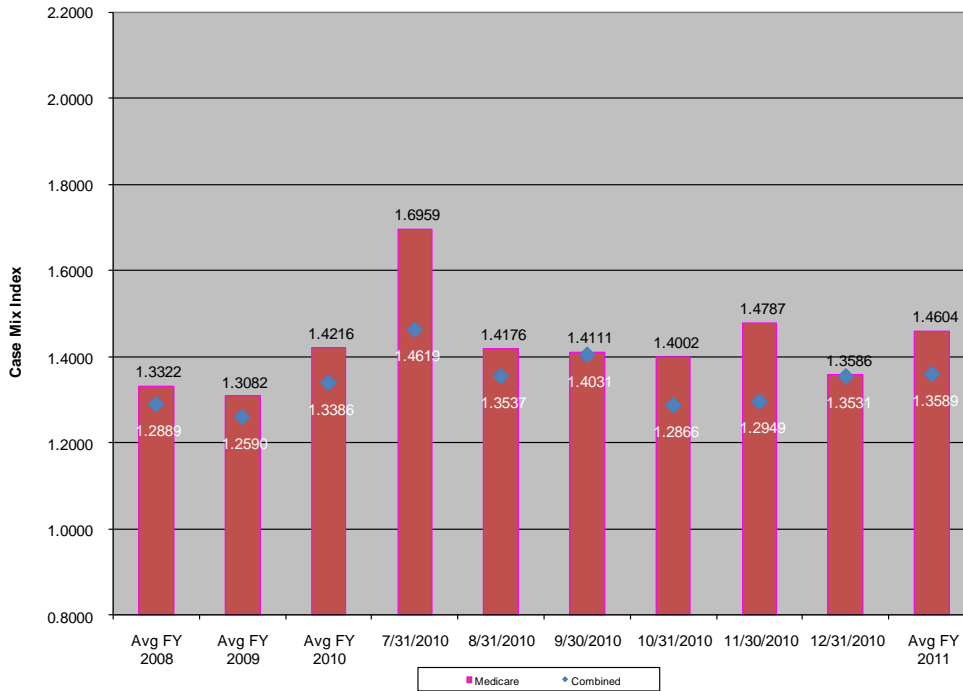
Payor Mix

Combined inpatient and outpatient acute care Medicare and Medicare Advantage total gross revenue in December made up 55.7% of the months total gross patient revenue. Combined Medicare revenue was followed by HMO/PPO utilization at 23.2%, Medi-Cal Traditional and Medi-Cal HMO utilization at 11.8% 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.



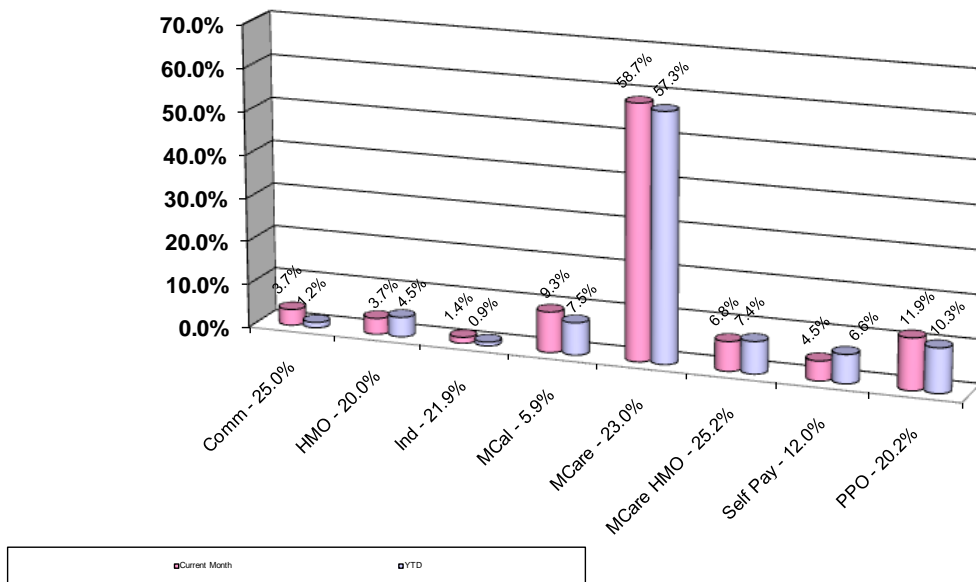
The inpatient acute care current month gross Medicare and Medicare Advantage charges made up 65.5% of our total inpatient acute care gross revenues followed by HMO/PPO at 15.6%, Medi-Cal and Medi-Cal HMO at 9.3% and Self Pay at 4.5% of the inpatient acute care revenue. The hospitals overall Case Mix Index (CMI) increased to 1.3531 from 1.22949 in the prior month and the Medicare CMI decreased over the prior month from 1.4787 in November to 1.3586 in December. In December there were three (3) outlier cases in the month. The estimated Medicare reimbursement decreased to 23.0% in December versus 24.7% in November. 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



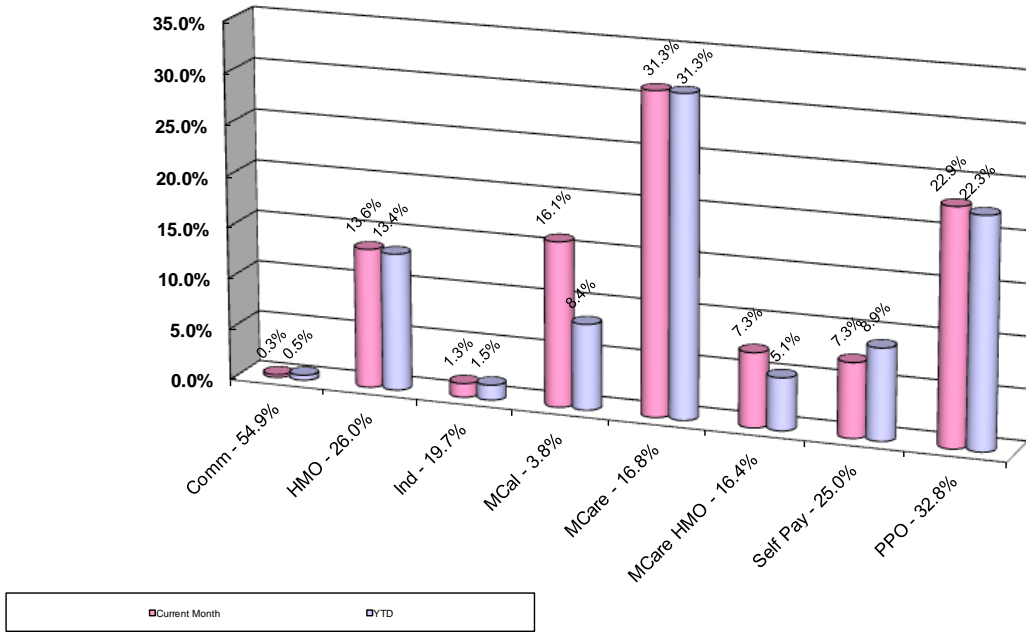
The overall net inpatient revenue percentage decreased from the prior month to 20.7% in December versus 22.2% in November. The graph below shows inpatient acute care current month and year to date payor mix and current month estimated net revenue percentages for fiscal year 2011.

Inpatient Acute Care Payor Mix



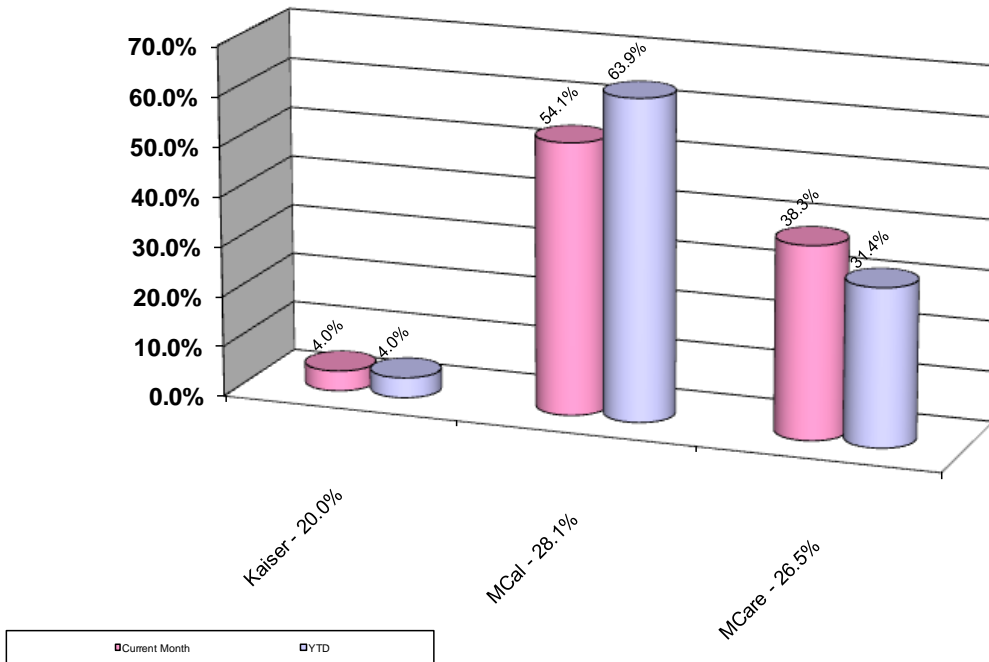
The outpatient gross revenue payor mix for December was comprised of 38.6% Medicare and Medicare Advantage, 36.5% HMO/PPO, 16.1% Medi-Cal and Medi-Cal HMO, and 7.3% self pay. The graph on the following page shows the current month and fiscal year to date outpatient payor mix and the current months estimated level of reimbursement for each payor.

Outpatient Services Payor Mix

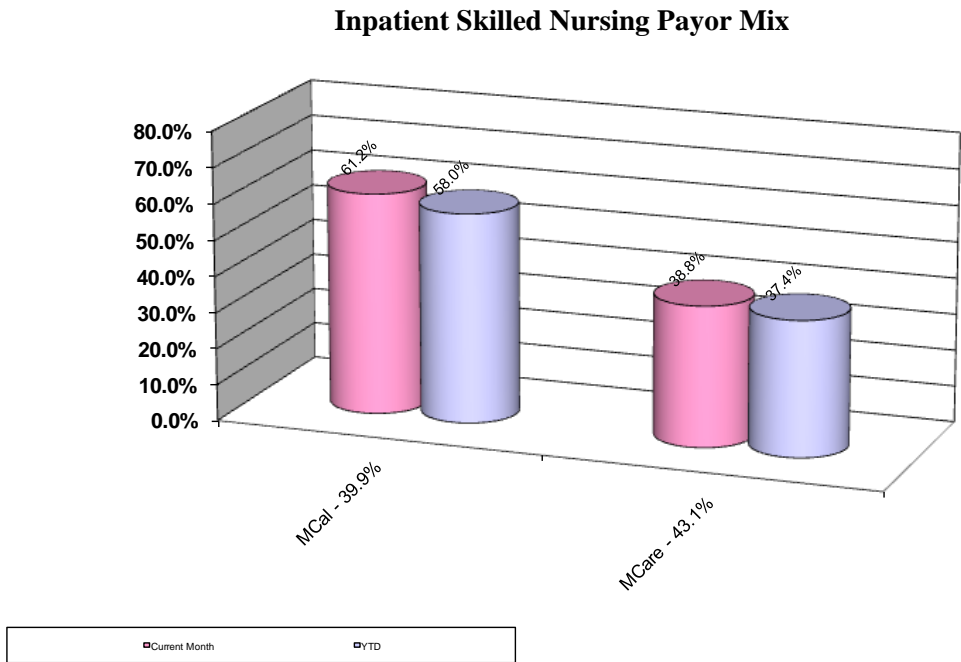


In December the Sub-Acute care program again was dominated by Medi-Cal utilization of 54.1% versus 59.1% in November. The graph below shows the payor mix for the current month and fiscal year to date and the current months estimated reimbursement rate for each payor.

Inpatient Sub-Acute Care Payor Mix



In December the Skilled Nursing program was again comprised primarily of Medi-Cal at 61.2% and Medicare at 38.8%. 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.



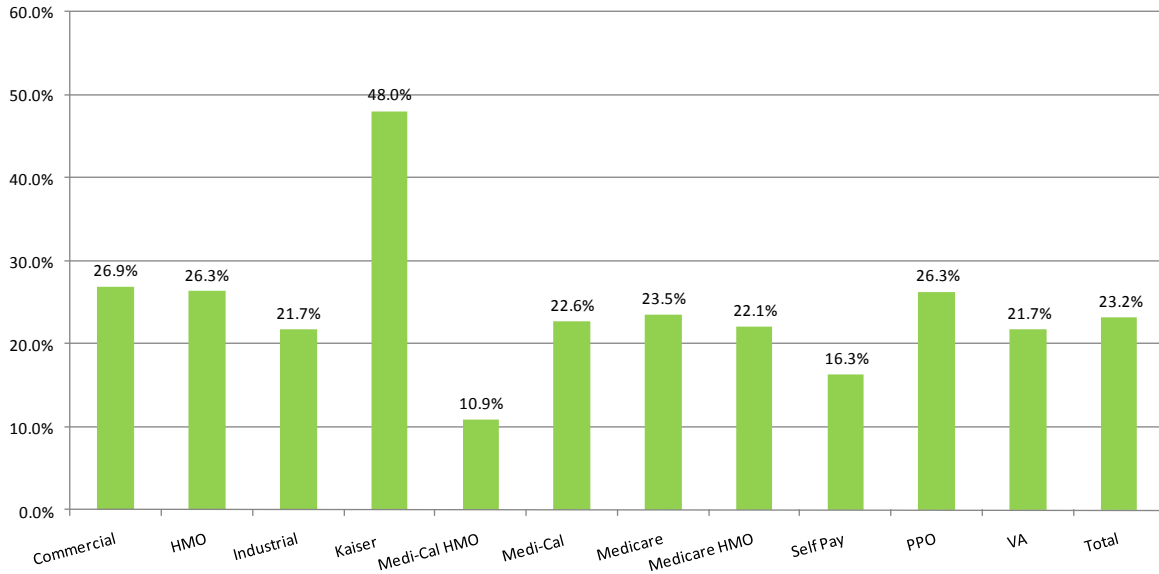
Deductions from Revenue

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 December contractual allowances, bad debt and charity adjustments (as a percentage of gross patient charges) were 75.4% versus the budgeted 75.0%.

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 net patient service revenue are the estimated amounts to be received from participation in the State of California’s Intergovernmental Transfer Program, \$187,000 per month and \$1,122,000 for the six month ended December 31, 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.

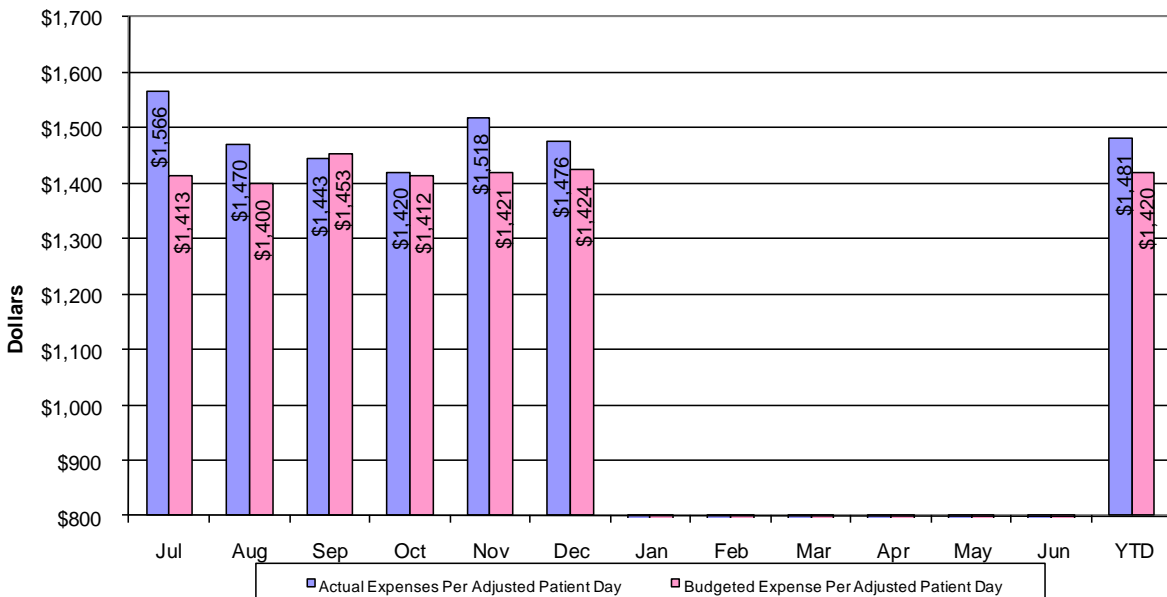
**Average Reimbursement % by Payor
 December
 FY 2011 Year-to-Date**



Total Operating Expenses

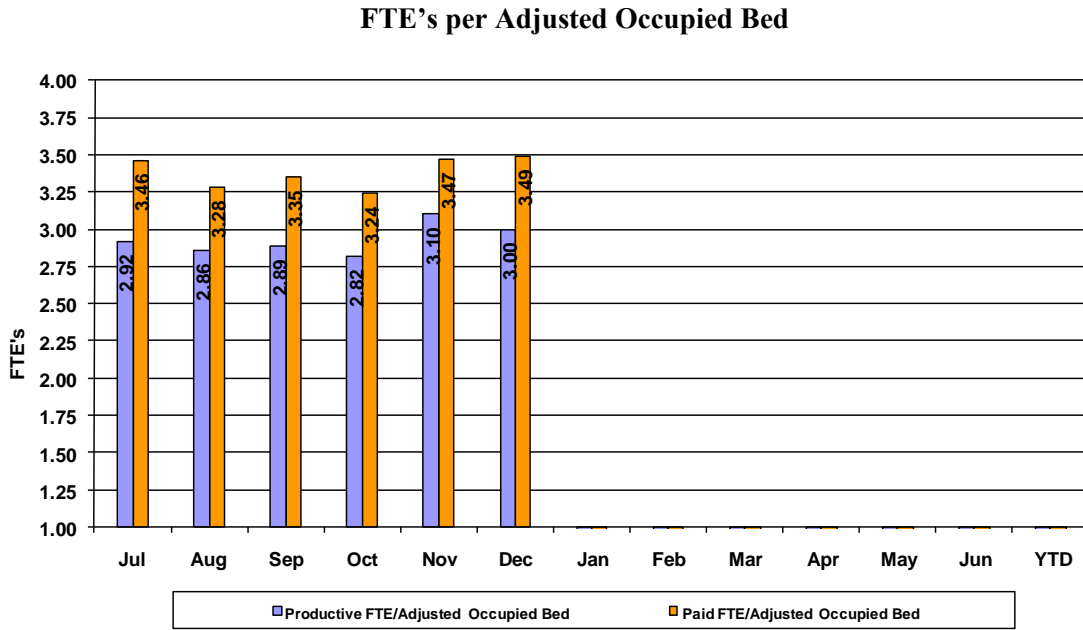
Total operating expenses were greater than the fixed budget by \$17,000 or 0.3%. On an adjusted patient day basis, our cost per adjusted patient day was \$1,476 which was \$52 per adjusted patient day unfavorable to budget. This variance in expenses per adjusted patient day was primarily the result of an unfavorable variance in salaries and registry costs of \$104. 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.

Expenses per Adjusted Patient Day



Salary and Registry Expenses

Salary and registry costs combined were unfavorable to the fixed budget by \$301,000 and were unfavorable to budgeted levels on a per adjusted patient day basis by \$104. On an adjusted occupied bed basis, productive FTE's were unfavorable to budget by 6.4% at 3.02 FTE's versus the budgeted 2.84 FTE's. The graph below shows the productive and paid FTE's per adjusted occupied bed for FY 2011 by month.



Benefits

Benefits were favorable to the fixed budget by \$169,000 or 19.6% and \$37 or 16.9% on an adjusted patient day basis. This favorable variance was the result of greater than budgeted group health insurance claims (\$52,000), time off accruals (\$96,000) and workers insurance expense (\$25,000).

Supplies

Supplies expense was favorable \$92,000 to the fixed budget and \$18 per adjusted patient day. This favorable variance was the result of favorable variances in medical supplies of \$111,000 offset by unfavorable variances in non-medical supplies of \$14,000.

Purchased Services

Purchased services were \$17,000 unfavorable to the fixed budget and \$8 per adjusted patient day unfavorable to budget in the month of December. This unfavorable variance was the result of an unfavorable variance of \$36,000 in non-medical expenses offset by lower than budgeted medical purchased services of \$16,000 and repairs and maintenance of \$4,000.

Utilities and Telephone

Utilities and telephone were \$14,000 to the fixed budget and \$3 per adjusted patient day favorable to budget in the month of December. This favorable variance was the result of lower than budgeted electricity costs in the month.

The following pages include the detailed financial statements for the six months ended December 31, 2010, of fiscal year 2011.

ALAMEDA HOSPITAL
KEY STATISTICS
DECEMBER 2010

	ACTUAL DECEMBER 2010	CURRENT FIXED BUDGET	VARIANCE (UNDER) OVER	%	DECEMBER 2009	YTD DECEMBER 2010	YTD FIXED BUDGET	VARIANCE	%	YTD DECEMBER 2009
Discharges:										
Total Acute	214	235	(21)	-8.9%	273	1,242	1,399	(157)	-11.2%	1,460
Total Sub-Acute	4	2	2	100.0%	1	12	9	3	33.3%	9
Total Skilled Nursing	3	12	(9)	-75.0%	12	43	75	(32)	-42.7%	72
	<u>221</u>	<u>249</u>	<u>(28)</u>	<u>-11.2%</u>	<u>286</u>	<u>1,297</u>	<u>1,483</u>	<u>(186)</u>	<u>-12.5%</u>	<u>1,541</u>
Patient Days:										
Total Acute	970	885	85	9.6%	994	5,230	5,269	(39)	-0.7%	5,475
Total Sub-Acute	1,005	1,039	(34)	-3.3%	988	6,004	6,163	(159)	-2.6%	6,078
Total Skilled Nursing	683	713	(30)	-4.2%	661	4,012	4,232	(220)	-5.2%	3,732
	<u>2,658</u>	<u>2,637</u>	<u>21</u>	<u>0.8%</u>	<u>2,643</u>	<u>15,246</u>	<u>15,664</u>	<u>(418)</u>	<u>-2.7%</u>	<u>15,285</u>
Average Length of Stay										
Total Acute	4.53	3.77	0.77	20.4%	3.64	4.21	3.77	0.44	11.8%	3.75
Average Daily Census										
Total Acute	31.29	28.55	2.83	9.9%	32.06	28.42	28.64	(0.21)	-0.7%	29.76
Total Sub-Acute	32.42	33.52	(1.13)	-3.4%	31.87	32.63	33.49	(0.86)	-2.6%	33.03
Total Skilled Nursing	22.03	23.00	(1.00)	-4.3%	21.32	21.80	23.00	(1.20)	-5.2%	20.28
	<u>85.74</u>	<u>85.06</u>	<u>0.70</u>	<u>0.8%</u>	<u>85.26</u>	<u>82.86</u>	<u>85.13</u>	<u>(1.08)</u>	<u>-1.3%</u>	<u>83.07</u>
Emergency Room Visits	1,368	1,519	(151)	-9.9%	1,472	8,381	9,019	(638)	-7.1%	9,018
Outpatient Registrations	1,911	1,999	(88)	-4.4%	2,343	11,810	12,840	(1,030)	-8.0%	15,057
Surgery Cases:										
Inpatient	42	58	(16)	-27.6%	69	271	299	(28)	-9.4%	358
Outpatient	142	161	(19)	-11.8%	401	884	887	(3)	-0.3%	2,597
	<u>184</u>	<u>219</u>	<u>(35)</u>	<u>-16.0%</u>	<u>470</u>	<u>1,155</u>	<u>1,186</u>	<u>(31)</u>	<u>-2.6%</u>	<u>2,955</u>
Kaiser Inpatient Cases	-	-	-	-	11	-	-	-	-	59
Kaiser Eye Cases	-	-	-	-	135	-	-	-	-	947
Kaiser Outpatient Cases	-	-	-	-	138	-	-	-	-	975
Total Kaiser Cases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,981</u>
% Kaiser Cases	0.0%	0.0%			60.4%	0.0%	0.0%			67.0%
Adjusted Occupied Bed	122.57	127.67	5.10	4.0%	142.36	123.44	128.72	(5.28)	-4.1%	145.83
Productive FTE	370.60	362.97	(7.63)	-2.1%	395.02	364.60	365.32	0.72	0.2%	397.80
Total FTE	430.29	412.99	(17.30)	-4.2%	454.66	420.10	415.85	(4.25)	-1.0%	450.77
Productive FTE/Adj. Occ. Bed	3.02	2.84	(0.18)	-6.4%	2.77	2.95	2.84	(0.12)	-4.1%	2.73
Total FTE/ Adj. Occ. Bed	3.51	3.23	(0.28)	-8.5%	3.19	3.40	3.23	(0.17)	-5.3%	3.09

City of Alameda Health Care District
Statements of Financial Position

December 31, 2010

\$ in thousands

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year End</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 824,459	\$ (37,703)	\$ 3,480,668
Patient Accounts Receivable, net	10,669,772	9,905,665	9,558,147
Other Receivables	4,330,040	7,023,783	6,654,035
Third-Party Payer Settlement Receivables	513,847	490,632	374,557
Inventories	1,141,407	1,138,797	1,149,706
Prepays and Other	<u>675,214</u>	<u>711,403</u>	<u>453,872</u>
Total Current Assets	18,154,739	19,232,577	21,670,985
Assets Limited as to Use, net	539,259	528,022	476,630
Property, Plant and Equipment, net	<u>7,451,772</u>	<u>7,232,112</u>	<u>6,993,735</u>
Total Assets	<u>\$ 26,145,770</u>	<u>\$ 26,992,711</u>	<u>\$ 29,141,350</u>
Liabilities and Net Assets			
Current Liabilities:			
Current Portion of Long Term Debt	\$ 418,224	\$ 420,345	\$ 450,831
Accounts Payable and Accrued Expenses	6,580,094	7,392,365	6,112,296
Payroll Related Accruals	4,256,191	3,957,081	4,351,133
Deferred Revenue	2,868,061	3,345,977	5,736,951
Employee Health Related Accruals	543,701	534,416	645,750
Third-Party Payer Settlement Payable	<u>290,000</u>	<u>290,000</u>	<u>500,000</u>
Total Current Liabilities	14,956,271	15,940,184	17,796,961
Long Term Debt, net	<u>1,041,216</u>	<u>1,077,465</u>	<u>1,236,831</u>
Total Liabilities	<u>15,997,487</u>	<u>17,017,649</u>	<u>19,033,792</u>
Net Assets:			
Unrestricted	9,511,448	9,377,055	9,560,928
Temporarily Restricted	<u>636,835</u>	<u>598,007</u>	<u>546,630</u>
Total Net Assets	<u>10,148,283</u>	<u>9,975,062</u>	<u>10,107,558</u>
Total Liabilities and Net Assets	<u>\$ 26,145,770</u>	<u>\$ 26,992,711</u>	<u>\$ 29,141,350</u>

City of Alameda Health Care District

Statements of Operations

December 31, 2010

\$'s in thousands

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Patient Days	2,658	2,637	21	0.8%	2,643	15,246	15,664	(418)	-2.7%	15,285
Discharges	221	249	(28)	-11.2%	286	1,297	1,483	(186)	-12.5%	1,540
ADC (Average Daily Census)	85.7	85.1	0.68	0.8%	85.3	83	85.1	(2.27)	-2.7%	83.1
CMI (Case Mix Index)	1.3531				1.2620	1.3589				1.3108
Revenues										
Gross Inpatient Revenues	\$ 14,866	\$ 14,238	\$ 628	4.4%	\$ 14,827	\$ 83,281	\$ 83,781	\$ (500)	-0.6%	\$ 83,991
Gross Outpatient Revenues	6,521	7,102	(581)	-8.2%	10,003	41,108	42,730	(1,622)	-3.8%	63,491
Total Gross Revenues	21,387	21,340	47	0.2%	24,830	124,389	126,510	(2,122)	-1.7%	147,481
Contractual Deductions	15,389	15,221	(168)	-1.1%	18,438	89,176	90,785	1,609	1.8%	109,812
Bad Debts	670	634	(36)	-5.7%	738	3,774	3,794	20	0.5%	3,336
Charity and Other Adjustments	78	158	81	51.0%	(1)	885	949	64	6.7%	338
Net Patient Revenues	5,251	5,328	(77)	-1.4%	5,654	30,553	30,983	(429)	-1.4%	33,995
Net Patient Revenue %	24.6%	25.0%			22.8%	24.6%	24.5%			23.1%
Net Clinic Revenue	26	28	(2)	-7.4%	14	175	167	8	4.5%	63
Other Operating Revenue	12	14	(2)	-11.1%	16	59	83	(24)	-29.2%	284
Total Revenues	5,289	5,369	(81)	-1.5%	5,685	30,787	31,233	(446)	-1.4%	34,343
Expenses										
Salaries	3,045	2,829	(215)	-7.6%	3,136	17,659	16,916	(743)	-4.4%	19,125
Registry	258	171	(86)	-50.3%	149	1,139	1,024	(115)	-11.2%	1,016
Benefits	694	863	169	19.6%	894	4,597	5,245	649	12.4%	5,479
Professional Fees	309	316	7	2.1%	293	1,828	1,881	52	2.8%	1,820
Supplies	626	718	92	12.9%	940	4,411	4,202	(209)	-5.0%	5,380
Purchased Services	412	394	(17)	-4.4%	412	2,271	2,336	65	2.8%	2,406
Rents and Leases	72	70	(3)	-3.8%	69	408	415	7	1.6%	414
Utilities and Telephone	59	73	14	18.9%	65	356	433	78	17.9%	423
Insurance	31	36	4	12.0%	44	188	216	28	12.8%	267
Depreciation and amortization	79	74	(6)	-7.9%	104	488	440	(48)	-10.9%	611
Other Operating Expenses	61	85	24	28.6%	70	443	491	48	9.7%	526
Total Expenses	5,645	5,628	(17)	-0.3%	6,175	33,787	33,599	(188)	-0.6%	37,467
Operating gain (loss)	(356)	(259)	(98)	-37.7%	(490)	(3,000)	(2,366)	(634)	26.8%	(3,124)
Non-Operating Income / (Expense)										
Parcel Taxes	478	491	(13)	-2.6%	491	2,868	2,880	(12)	-0.4%	2,880
Investment Income	1	-	1	0.0%	2	7	-	7	0.0%	9
Interest Expense	(11)	(15)	4	29.7%	(8)	(52)	(76)	23	-30.8%	(52)
Other Income / (Expense)	22	22	0	0.7%	23	128	133	(5)	-3.7%	138
Net Non-Operating Income / (Expense)	491	498	(7)	-1.4%	506	2,951	2,937	14	0.5%	2,974
Excess of Revenues Over Expenses	\$ 134	\$ 239	\$ (105)	-43.8%	\$ 17	\$ (49)	\$ 571	\$ (620)	-108.7%	\$ (150)

City of Alameda Health Care District
Statements of Operations - Per Adjusted Patient Day
December 31, 2010

	Current Month					Year-to-Date				
	Actual	Budget	\$ Variance	% Variance	Prior Year	Actual	Budget	\$ Variance	% Variance	Prior Year
Revenues										
Gross Inpatient Revenues	\$ 3,887	\$ 3,602	\$ 285	7.9%	\$ 3,350	\$ 3,657	\$ 3,542	\$ 115	3.3%	\$ 3,129
Gross Outpatient Revenues	1,705	1,797	(92)	-5.1%	2,260	1,805	1,807	(1)	-0.1%	2,366
Total Gross Revenues	5,593	5,399	194	3.6%	5,610	5,462	5,349	114	2.1%	5,495
Contractual Deductions	4,024	3,851	(173)	-4.5%	4,166	3,916	3,838	(78)	-2.0%	4,091
Bad Debts	175	160	(15)	-9.3%	167	166	160	(5)	-3.3%	124
Charity and Other Adjustments	20	40	20	49.4%	(0)	39	40	1	3.1%	13
Net Patient Revenues	1,373	1,348	25	1.9%	1,277	1,342	1,310	32	2.4%	1,267
Net Patient Revenue %	24.6%	25.0%			22.8%	24.6%	24.5%			23.1%
Net Clinic Revenue	7	7	(0)	-4.3%	3	8	7	1	8.6%	2
Other Operating Revenue	3	4	(0)	-8.2%	4	3	4	(1)	-26.4%	11
Total Revenues	1,383	1,358	25	1.8%	1,284	1,352	1,321	32	2.4%	1,280
Expenses										
Salaries	796	716	(80)	-11.2%	709	775	715	(60)	-8.4%	713
Registry	67	43	(24)	-55.4%	34	50	43	(7)	-15.5%	38
Benefits	181	218	37	16.9%	202	202	222	20	9.0%	204
Professional Fees	81	80	(1)	-1.2%	66	80	80	(1)	-1.0%	68
Supplies	164	182	18	9.9%	212	194	178	(16)	-9.0%	200
Purchased Services	108	100	(8)	-7.9%	93	100	99	(1)	-1.0%	90
Rents and Leases	19	18	(1)	-7.2%	16	18	18	(0)	-2.2%	15
Utilities and Telephone	15	18	3	16.2%	15	16	18	3	14.7%	16
Insurance	8	9	1	9.0%	10	8	9	1	9.5%	10
Depreciation and Amortization	21	19	(2)	-11.5%	23	21	19	(3)	-15.2%	23
Other Operating Expenses	16	21	6	26.2%	16	19	21	1	6.2%	20
Total Expenses	1,476	1,424	(52)	-3.7%	1,395	1,484	1,421	(63)	-4.5%	1,396
Operating Gain / (Loss)	(93)	(65)	(28)	-42.3%	(111)	(132)	(100)	(32)	31.8%	(116)
Net Non-Operating Income / (Expense)	128	126	2	1.9%	114	130	124	5	4.4%	111
Excess of Revenues Over Expenses	\$ 35	\$ 61	\$ (25)	-41.9%	\$ 4	\$ (2)	\$ 24	\$ (26)	-107.9%	\$ (5)

City of Alameda Health Care District
Statement of Cash Flows
For the Six Months Ended December 31, 2010
\$ in thousands

	Current Month	Year-to-Date
Cash flows from operating activities		
Net Income / (Loss)	\$ 134,393	\$ (49,479)
Items not requiring the use of cash:		
Depreciation and amortization	79,405	\$ 487,517
Changes in certain assets and liabilities:		
Patient accounts receivable, net	(764,107)	(1,111,625)
Other Receivables	2,693,743	2,323,995
Third-Party Payer Settlements Receivable	(23,215)	(349,290)
Inventories	(2,610)	8,299
Prepays and Other	36,189	(221,342)
Accounts payable and accrued liabilities	(812,271)	467,798
Payroll Related Accruals	299,110	(94,942)
Employee Health Plan Accruals	9,285	(102,049)
Deferred Revenues	(477,916)	(2,868,890)
Cash provided by (used in) operating activities	1,172,007	(1,510,007)
Cash flows from investing activities		
(Increase) Decrease in Assets Limited As to Use	(11,237)	(62,629)
Additions to Property, Plant and Equipment	(299,065)	(945,554)
Other	(0)	(1)
Cash provided by (used in) investing activities	(310,303)	(1,008,185)
Cash flows from financing activities		
Net Change in Long-Term Debt	(38,370)	(228,222)
Net Change in Restricted Funds	38,828	90,205
Cash provided by (used in) financing and fundraising activities	458	(138,017)
Net increase (decrease) in cash and cash equivalents	862,162	(2,656,209)
Cash and cash equivalents at beginning of period	(37,703)	3,480,668
Cash and cash equivalents at end of period	\$ 824,459	\$ 824,459