Summary/Action Minutes

I. Alameda Health System Financial Update

Attachement

Dan Boggan Jr., Interim Chief Executive Officer, Alameda Health System (AHS), presented introductory comments. Mr. Boggan stated that AHS will listen and try to understand the nature of the concerns of the Health Committee and take steps to meet its financial targets.

David Cox, Chief Financial Officer, Alameda Health System, presented a PowerPoint presentation on Alameda Health System financial update.

Alameda Health System Financial Status

- December 2014 results consistent with Year-To-Date trend; $2.5 million loss
- AHS initiated FY2016 Budget Process
- Capital requirements are $30 million; ATR Relocation, San Leandro Project initiation, IT requirements, equipment. AHS plans to finance $15 million through capital leases; net $15 million cash outlay.
- Currently targeting a 3% Net Operating Margin, or 5% EBIDA Margin
- AHS will require a 3% Net Operating Margin to meet cash requirements, an approximate $80 million improvement over current performance
- Management initiated cost reductions of $22 million annually
- Revenue Cycle Improvement of $15 to $20 million
- Other cost reduction initiatives of $40 million

In addition, AHS has been working to implement recommendations from the Toyon Assessment Report.

Purpose:
- ✔️ Report progress
- ☐ Advocacy or Education
- ☐ Request Health Committee Recommendation or Position
- ☐ Other:

II. Proposed Bylaws Amendments for Alameda Health System

Supervisor Wilma Chan, Chair, Health Committee, reported that the Board of Supervisors has discussed changes to the Alameda Health System bylaws at various meetings, retreats and other public discussions.
The Board of Supervisors has suggested three (3) possible amendments to the by-laws:

1) Board of Trustee member qualifications that are desirable, should include “Experience working with Public Officials”.

2) Establish a Joint Collaborative Planning Committee, whose members shall be appointed by the Board of Supervisors, the Board of Trustees, having two (2) appointments each and are responsible for planning and operations, long-term debt and communications.

3) The Board of Trustee appointment of a Chief Executive Officer effective after the Board of Supervisors ratifies the selection.

Supervisor Chan stated that the third amendment could be considered controversial and asked for comments from Board of Trustee members present. AHS is currently in the process of hiring a CEO and Supervisor Chan is on the Selection Committee for that process.

Speakers

Dan Boggan, Interim CEO, AHS, stated that the President of the AHS Board of Trustees agrees with the amendments one (1) and two (2). Mr. Boggan stated that the third amendment is problematic; define ratification and approving the CEO; who would the CEO report to?

Michele Lawrence (AHS Board of Trustee member) speaking as the Chair of the search committee appointed by the Board, stated that she is troubled by the third amendment because of the mechanics. If there are highly qualified candidates for the CEO position, the candidates are possibly vying for more than one offer and if the process is delayed for ratification by the Board of Supervisors, AHS could lose the candidate.

This item was informational only and required no Committee action.

Purpose:

□ Report progress
☒ Advocacy or Education
□ Request Health Committee Recommendation or Position
□ Other:

PUBLIC COMMENT: None.

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