BOARD OF DIRECTORS MEETING

Thursday, January 8, 2015
8:00 AM – 10:00 AM

SAN MATEO MEDICAL CENTER

EXECUTIVE BOARD ROOM
Second Floor, Administration Wing
BOARD OF DIRECTORS MEETING
January 8, 2015        8:00 – 10:00 AM
Executive Board Room – Second Floor, Administration Wing

AGENDA

A. CALL TO ORDER

B. CLOSED SESSION
   Items Requiring Action
   1. Medical Staff Credentialing Report  Dr. Janet Chaikind
   2. Quality Report                    Dr. Julia Hersk
   Informational Items
   3. Medical Executive Committee       Dr. Janet Chaikind

C. REPORT OUT OF CLOSED SESSION

D. PUBLIC COMMENT
   Persons wishing to address items not on the agenda

E. FOUNDATION REPORT                  Bernadette Mellott

F. CONSENT AGENDA                     TAB 1
   Approval of:
   1. November 6, 2014 Meeting Minutes

G. MEDICAL STAFF REPORT               Dr. Janet Chaikind
   Chief of Staff Update
H. ADMINISTRATION REPORTS

1. Quality -- Dental
   Dr. CJ Kunnappilly
   Verbal

2. Operations – Burlingame LTC
   John Thomas
   Verbal

3. E-Consult
   Dr. Susan Ehrlich
   Verbal

4. Board Orientation and Self-Evaluation
   Dr. Susan Ehrlich
   Verbal

5. Financial Report
   David McGrew
   TAB 2

6. CEO Report
   Dr. Susan Ehrlich
   TAB 2

I. HEALTH SYSTEM CHIEF REPORT

Health System Snapshot

TAB 2

J. COUNTY MANAGER’S REPORT

John Maltbie

K. BOARD OF SUPERVISOR’S REPORT

Supervisor Adrienne Tissier

L. ADJOURNMENT

Enclosed:
MEDIA ARTICLES

TAB 3

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the executive secretary at least two working days before the meeting at (650) 573-3533 (phone) or mlee@smcgov.org (e-mail). Notification in advance of the meeting will enable San Mateo Medical Center to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.
## HOSPITAL BOARD OF DIRECTORS
### MEETING MINUTES
Thursday, November 6, 2014
SMCC Executive Board Room

<table>
<thead>
<tr>
<th>Board Members Present</th>
<th>Staff Present</th>
<th>Members of the Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor Adrienne Tissier</td>
<td>Glenn Levy</td>
<td>Linda Hurley, MGO</td>
</tr>
<tr>
<td>Supervisor Carole Groom</td>
<td>Michelle Lee</td>
<td>Accounting</td>
</tr>
<tr>
<td>John Maltbie</td>
<td>Naomi Yunker</td>
<td></td>
</tr>
<tr>
<td>Dr. Janet Chaikind</td>
<td>Chester Kunnappilly</td>
<td></td>
</tr>
<tr>
<td>Dr. Susan Ehrlich</td>
<td>David McGrew</td>
<td></td>
</tr>
<tr>
<td>Dr. Julie Hersk</td>
<td>John Thomas</td>
<td></td>
</tr>
<tr>
<td>Dr. David Lin</td>
<td>Viral Mehta</td>
<td></td>
</tr>
<tr>
<td>Sharon Petersen</td>
<td>Danielle Lee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dr. Alpa Sanghavi</td>
<td></td>
</tr>
</tbody>
</table>

### Call to Order
Supervisor Groom called the meeting to order at 8:00 AM, and the Board adjourned to Closed Session.

### Reconvene to Open Session
The meeting was reconvened at 8:15 AM to Open Session. A quorum was present (see above).

### Report out of Closed Session
Medical Staff Credentialing Report for November 6, 2014.
Quality Improvement Committee Report for September 16, 2014.
Medical Executive Committee Minutes for October 14, 2014.

- Glenn Levy reported that the Board approved the Credentialing Report and the QIC Report. It also accepted the Medical Executive Committee minutes. Supervisor Tissier and Dr. Hersk were not present for the Closed Session.

### Public Comment
None

### Foundation Report
The 2015 annual Golf Tournament will be held at the Sharon Heights Golf Club on August 24.

- FYI

### Consent Agenda
**Approval of:**
1. Hospital Board Meeting Minutes for October 2, 2014.

- It was MOVED, SECONDED and CARRIED unanimously to approve all items on the Consent Agenda.
| Medical Staff Report  
Dr. Janet Chaikind  
Chief of Medical Staff | Dr. Hersk introduced the newest Board member, Dr. David Lin. Dr. Lin will be representing the Medical Staff. He is the Chief Psychologist for Medical Psychiatry.  
FYI |
|---|---|
| Quality Report  
Dr. CJ Kunnappilly  
Chief Medical Officer | Presentation: Department of Psychiatry by Liz Evans, Dr. Stephen Cummings, Dr. David Lin, and Julia McLaughlin.  
Emergency care: PES (3,500 visits/year). Average monthly volume is 274. There were a total of 410 pediatric visits to PES from October 2013 - September 2014.  
Acute inpatient care: 3AB (600 visits, ALOS is 13 days). From September 2008 to July 2014, there were 312 assaults with a higher number of occurrences happening in the evening hours.  
Embedded, integrated outpatient care: Medical Psychiatry Services  
• Outpatient mental health services integrated into general medical care  
  - Innovative Care Clinic (Primary Care)  
  - Medical/Specialty Clinics  
  - Edison Clinic  
  - Hepatology and endocrinology services  
• Inpatient mental health services  
  - Consult Liaison Service (2AB, 1A, ICU)  
  - Individual/Group therapy on 3AB  
  - Palliative Care Service  
In collaboration with a county contractor, long term psychiatric hospital care at Cordilleras  
FYI |
| Health Information Technology  
Dr. Susan Ehrlich, CEO | Presentation: ICD-10 by Dr. Mike Aratow, Chief Medical Information Officer.  
ICD stands for International Classification of Diseases and ICD codes designate diagnoses in all clinical settings and procedures in inpatient settings. ICD-9 is 30 years old, is outdated and limited in the ability to expand. ICD-10 will provide statistical, severity and quality analysis, reduced need for manual review of records and reduced need for supporting documentation.  
ICD-10 transition is an opportunity to improve documentation. Besides learning new diagnostic and procedural terminology, providers will learn an enhanced method of documentation.  
Beacon Partners was engaged by the Health System and SMMC to assist in the transition to ICD-10.  
Strategic Implementation:  
1. Evaluate financial impact on organization  
2. Develop objectives  
3. Plan evaluation strategies  
4. Plan action steps for implementation  
• The system of diagnoses and inpatient procedures is being upgraded to ICD10, which is much more complex  
FYI |
- This will require a substantial amount of training for providers and chart coders
- This requires significant attention to provider documentation and simultaneous commitment to chart auditing resources to create a culture of continuous clinical documentation improvement
- Risk of delayed or decreased reimbursement is being mitigated by an early start by providers and coders alike using ICD10.
Overview
Deliverables/Report Products:
- Basic Financial Statements
- Government Auditing Standards Report
- Report to the Board of Directors
  - Annual Required Communications
  - Current Year Recommendations
  - Status of Prior Year Recommendations
- Unmodified Opinion on Financial Statements

Audit Results
Required Communications:
- Qualitative Aspects of Accounting Practices
  - Significant Accounting Policies
  - Accounting Estimates
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues

Summary of Current Year Recommendations:
- NONE

Summary of Status Prior Year Recommendations:
- Implemented:
  - Material Weakness
    - 2013-01: Financial Accounting and Reporting Process
  - Significant Deficiency
    - 2013-02: Changes to Charge Data Master (CDM)
    - 2013-03: Access to Programs and Data (Sorian)
    - 2013-04: Cash Reconciliation
    - 2012-01: Financial Accounting and Reporting Process
    - 2012-02: Changes to Charge Data Master (CDM)
    - 2012-03: Evaluation of Completed Capital Projects
- In-process
  - Significant Deficiency
    - 2011-03 Net Patient Revenue Completeness
<table>
<thead>
<tr>
<th>Financial Report</th>
<th>The September FY14/15 financial report was included in the Board packet and David McGrew answered questions from the Board.</th>
<th>FYI</th>
</tr>
</thead>
<tbody>
<tr>
<td>David McGrew, CFO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CEO Report</th>
<th>The CEO Report to the Board was included in the Board packet and Dr. Ehrlich answered questions from the Board. The new video about flu vaccination was shown.</th>
<th>FYI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Susan Ehrlich, CEO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health System Report</th>
<th>The Health System Monthly Snapshot (October 2014) was included in the Board packet.</th>
<th>FYI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jean Fraser, HS Chief</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board of Supervisors</th>
<th>A workshop on Measure A will be held in December which will be followed by requests for Letters of Intent.</th>
<th>FYI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor Groom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supervisor Tissier adjourned the meeting at 9:55 AM. The next Board meeting will be held on January 8, 2015.

Minutes recorded by:  
Minutes approved by:  

Michelle Lee  
Dr. Susan Ehrlich, Chief Executive Officer
TAB 2

ADMINISTRATION REPORTS
San Mateo Medical Center

November FY 2014-15
Financial Report

Board of Directors Meeting
January 8, 2015
Financial Highlights

Bottom Line:
- November: $3.9 million net loss
  - Revenue unfavorable $3.9 million
  - Operating expenses on budget
- YTD: $0.9 million net income

Financial Drivers:
- Fewer clinic days in November = lower revenue
- Aging accounts receivable = lower collections
- Discontinued HPSM FFS payments
- Medi-Cal mix at 62%
- HPSM “Newly Eligible” Medi-Cal members
Financial Highlights

Forecast:

- December is expected to be favorable due to implementation of the HPSM cap model

Risks & Opportunities:

- Supplemental revenue displacement (e.g., DSH)
- Medi-Cal dis-enrollments
- Clinic Access
Clinic volume was favorable for the first time since February.
Provider vacancies and no-show rates continue to be a risk.
Emergency visits continue to be lower than last year and budget. Detailed analysis has begun to determine whether the decrease is due to increased options for newly insured patients, expanded clinic access, and/or other factors.
Medical-Surgical census has spiked up as a result of flu season. Inpatient psychiatric census continues to have challenges with discharge hard-to-place patients.
### San Mateo Medical Center
**Surgery Cases**  
**November 30, 2014**

<table>
<thead>
<tr>
<th>Surgery Cases</th>
<th>Actual</th>
<th>Budget *</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgery Cases</td>
<td>244</td>
<td>203</td>
<td>41</td>
<td>20%</td>
</tr>
</tbody>
</table>

**YEAR TO DATE**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget *</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,187</td>
<td>1,233</td>
<td>(46)</td>
<td>-4%</td>
</tr>
</tbody>
</table>

Surgery cases were favorable as a result of reductions in the charge capture backlog. Improvements to charge capture workflows started in January and are expected to reduce the volatility.
## Payer Mix

### November 30, 2014

#### Payer Type by Gross Revenue

<table>
<thead>
<tr>
<th>Payer Type</th>
<th>Actual</th>
<th>Budget *</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>16.6%</td>
<td>15.3%</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Medi-Cal</td>
<td>62.7%</td>
<td>50.6%</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>Self Pay</td>
<td>1.3%</td>
<td>8.7%</td>
<td>-7.4%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6.3%</td>
<td>6.5%</td>
<td>-0.2%</td>
<td></td>
</tr>
<tr>
<td>ACE/ACE County</td>
<td>13.1%</td>
<td>18.9%</td>
<td>-5.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>-5.8%</td>
<td></td>
</tr>
</tbody>
</table>

#### Year to Date

<table>
<thead>
<tr>
<th>Payer Type</th>
<th>Actual</th>
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<th>Variance</th>
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<td>-5.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>-5.5%</td>
<td></td>
</tr>
</tbody>
</table>

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### Chart Legend

- **Medi-Cal**
- **ACE/ACE County**
- **Self Pay**
- **Medicare**
- **Other**
<table>
<thead>
<tr>
<th>Month</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Stoplight</th>
<th>Year to Date</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income/Loss (GAAP)</td>
<td>(3,979,967)</td>
<td>(2)</td>
<td>(3,979,965)</td>
<td>Red</td>
<td>942,482</td>
<td>-8</td>
<td>942,489</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>HPSM Medi-Cal Members Assigned to SMMC</td>
<td>35,236</td>
<td>32,282</td>
<td>2,954</td>
<td>Green</td>
<td>170,055</td>
<td>161,410</td>
<td>8,645</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>HPSM Newly Eligible Medi-Cal Members Assigned to SMMC</td>
<td>15,634</td>
<td>12,703</td>
<td>2,931</td>
<td>Green</td>
<td>72,526</td>
<td>63,515</td>
<td>9,011</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>Patient Days</td>
<td>2,770</td>
<td>2,723</td>
<td>47</td>
<td>Green</td>
<td>13,256</td>
<td>13,888</td>
<td>(632)</td>
<td>Red</td>
<td>Red</td>
</tr>
<tr>
<td>ED Visits</td>
<td>3,439</td>
<td>4,220</td>
<td>(781)</td>
<td>Red</td>
<td>18,146</td>
<td>21,521</td>
<td>(3,375)</td>
<td>Red</td>
<td>Red</td>
</tr>
<tr>
<td>ED Admissions %</td>
<td>6.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Surgery Cases</td>
<td>244</td>
<td>203</td>
<td>41</td>
<td>Green</td>
<td>1,187</td>
<td>1,233</td>
<td>(46)</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>Clinic Visits</td>
<td>17,117</td>
<td>16,796</td>
<td>321</td>
<td>Green</td>
<td>97,120</td>
<td>101,762</td>
<td>(4,642)</td>
<td>Red</td>
<td>Red</td>
</tr>
<tr>
<td>Ancillary Procedures</td>
<td>53,787</td>
<td>50,817</td>
<td>2,970</td>
<td>Green</td>
<td>298,263</td>
<td>306,447</td>
<td>(8,184)</td>
<td>Red</td>
<td>Red</td>
</tr>
<tr>
<td>Acute Administrative Days as % of Patient Days</td>
<td>8.6%</td>
<td>9.0%</td>
<td>0.4%</td>
<td>Green</td>
<td>9.0%</td>
<td>9.0%</td>
<td>0.0%</td>
<td>Green</td>
<td>Green</td>
</tr>
<tr>
<td>Psych Administrative Days as % of Patient Days</td>
<td>69.8%</td>
<td>58.0%</td>
<td>-11.8%</td>
<td>Red</td>
<td>68.6%</td>
<td>58.0%</td>
<td>-10.6%</td>
<td>Red</td>
<td>Red</td>
</tr>
</tbody>
</table>

(Days that do not qualify for inpatient status)

**Pillar Goals**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient Revenue per Adjusted Patient Day</td>
<td>672</td>
<td>832</td>
<td>(160)</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses per Adjusted Patient Day</td>
<td>2,230</td>
<td>1,972</td>
<td>(258)</td>
<td></td>
</tr>
<tr>
<td>Full Time Equivalents (FTE)</td>
<td>1,013</td>
<td>1,039</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

**San Mateo Medical Center**

**Income Statement**

November 30, 2014
<table>
<thead>
<tr>
<th>Month</th>
<th>Actual</th>
<th>Budget *</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>INPATIENT GROSS REVENUE</td>
<td>7,894,365</td>
<td>8,302,734</td>
<td>(408,369)</td>
<td>Green</td>
</tr>
<tr>
<td>OUTPATIENT GROSS REVENUE</td>
<td>20,251,333</td>
<td>25,697,901</td>
<td>(5,446,568)</td>
<td>Red</td>
</tr>
<tr>
<td>TOTAL GROSS REVENUE</td>
<td>28,145,698</td>
<td>34,000,635</td>
<td>(5,854,937)</td>
<td>Red</td>
</tr>
<tr>
<td>PATIENT NET REVENUE</td>
<td>6,636,719</td>
<td>9,283,061</td>
<td>(2,646,342)</td>
<td>Green</td>
</tr>
<tr>
<td>NET PATIENT REVENUE AS % OF GROSS REVENUE</td>
<td>23.6%</td>
<td>27.3%</td>
<td>-3.7%</td>
<td>Green</td>
</tr>
<tr>
<td>SUPPLEMENTAL PATIENT PROGRAM REVENUE</td>
<td>5,171,089</td>
<td>5,738,771</td>
<td>(567,682)</td>
<td>Green</td>
</tr>
<tr>
<td>TOTAL PATIENT NET AND PROGRAM REVENUE</td>
<td>11,807,808</td>
<td>15,021,832</td>
<td>(3,214,024)</td>
<td>Red</td>
</tr>
<tr>
<td>OTHER OPERATING REVENUE</td>
<td>704,581</td>
<td>1,457,412</td>
<td>(752,831)</td>
<td>Red</td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUE</td>
<td>12,512,389</td>
<td>16,479,244</td>
<td>(3,966,855)</td>
<td>Red</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Actual</th>
<th>Budget *</th>
<th>Variance</th>
<th>Stoplight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E</td>
<td>F</td>
<td>G</td>
<td>H</td>
</tr>
<tr>
<td>INPATIENT GROSS REVENUE</td>
<td>37,665,835</td>
<td>41,513,670</td>
<td>(3,847,835)</td>
<td>Green</td>
</tr>
<tr>
<td>OUTPATIENT GROSS REVENUE</td>
<td>118,831,290</td>
<td>128,489,505</td>
<td>(9,658,215)</td>
<td>Red</td>
</tr>
<tr>
<td>TOTAL GROSS REVENUE</td>
<td>156,497,125</td>
<td>170,003,175</td>
<td>(13,506,049)</td>
<td>Red</td>
</tr>
<tr>
<td>PATIENT NET REVENUE</td>
<td>42,413,161</td>
<td>46,415,305</td>
<td>(4,002,144)</td>
<td>Green</td>
</tr>
<tr>
<td>NET PATIENT REVENUE AS % OF GROSS REVENUE</td>
<td>27.1%</td>
<td>27.3%</td>
<td>-0.2%</td>
<td>Green</td>
</tr>
<tr>
<td>SUPPLEMENTAL PATIENT PROGRAM REVENUE</td>
<td>30,144,062</td>
<td>28,693,855</td>
<td>1,450,207</td>
<td>Green</td>
</tr>
<tr>
<td>TOTAL PATIENT NET AND PROGRAM REVENUE</td>
<td>72,557,224</td>
<td>75,109,160</td>
<td>(2,551,936)</td>
<td>Yellow</td>
</tr>
<tr>
<td>OTHER OPERATING REVENUE</td>
<td>6,313,804</td>
<td>7,287,060</td>
<td>(973,257)</td>
<td>Red</td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUE</td>
<td>78,871,027</td>
<td>82,396,220</td>
<td>(3,525,193)</td>
<td>Yellow</td>
</tr>
<tr>
<td>MONTH</td>
<td>Actual</td>
<td>Budget *</td>
<td>Variance</td>
<td>Stoplight</td>
</tr>
<tr>
<td>-----------------------------</td>
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<td></td>
<td>A</td>
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<td>C</td>
<td>D</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 Salaries &amp; Benefits</td>
<td>12,728,516</td>
<td>12,227,264</td>
<td>(501,252)</td>
<td></td>
</tr>
<tr>
<td>29 Drugs</td>
<td>764,902</td>
<td>879,447</td>
<td>114,545</td>
<td></td>
</tr>
<tr>
<td>30 Supplies</td>
<td>756,830</td>
<td>1,028,997</td>
<td>272,167</td>
<td></td>
</tr>
<tr>
<td>31 Contract Provider Services</td>
<td>2,424,426</td>
<td>2,702,852</td>
<td>278,426</td>
<td></td>
</tr>
<tr>
<td>32 Other fees and purchased services</td>
<td>3,402,817</td>
<td>3,316,170</td>
<td>(86,647)</td>
<td></td>
</tr>
<tr>
<td>33 Other general expenses</td>
<td>636,980</td>
<td>599,040</td>
<td>(37,940)</td>
<td></td>
</tr>
<tr>
<td>34 Rental Expense</td>
<td>183,335</td>
<td>183,335</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>35 Lease Expense</td>
<td>812,030</td>
<td>812,030</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>36 Depreciation</td>
<td>308,840</td>
<td>240,914</td>
<td>(67,926)</td>
<td></td>
</tr>
<tr>
<td>37 Total Operating Expenses</td>
<td>22,018,677</td>
<td>21,990,049</td>
<td>(28,628)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income/Loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>(9,506,288)</td>
<td>(5,510,805)</td>
<td>(3,995,483)</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Operating Revenue/Expense</strong></td>
<td>620,812</td>
<td>605,295</td>
<td>15,518</td>
<td></td>
</tr>
<tr>
<td><strong>Contribution from County General Fund</strong></td>
<td>4,905,509</td>
<td>4,905,509</td>
<td>(0)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Income/Loss (GAAP)</strong></td>
<td>(3,979,967)</td>
<td>-2</td>
<td>(3,979,965)</td>
<td></td>
</tr>
</tbody>
</table>
DATE: January 8, 2014
TO: SMMC Board Members
FROM: Susan Ehrlich, M.D., Chief Executive Officer
RE: CEO Report to the Hospital Board and SMMC Leadership

Historically, 2014 marked the beginning of most of the major provisions of the Affordable Care Act. The ACA changed millions of people’s lives for the better nationally and tens of thousands of people’s lives in San Mateo County by expanding insurance coverage through Medi-Cal and subsidized private insurance.

Remarkably, the ACA accounted for only a small portion of the changes and accomplishments at San Mateo Medical Center this year. Since 2010, our pillar goals and objectives have been all about us becoming more patient-centered, providing services of higher value: high quality at the lowest cost possible. Our accomplishments show that we are doing so.

In order to accomplish our pillar goals, in 2014 we deepened our commitment to Lean. We made continuous improvement our own, branding it at the Health System level as LEAP, for Learn, Engage, Aspire, Perfect. Through this journey of transformation, we are more dedicated than ever to being a community of continuous problem solvers, engaging staff and providers to identify issues and solve them.

I am incredibly grateful to be a part of the Health System and SMMC team, and I deeply thank all of the individuals at SMMC and in the Health System who made this success possible.

QUALITY IMPROVEMENT AND SAFETY:

- **SMMC named top performer in quality:** SMMC was recognized as a 2013 Top Performer on Key Quality Measures® by The Joint Commission, the leading accreditor of health care organizations in the United States in its 2014 annual report “America’s Hospitals: Improving Quality and Safety,” for attaining and sustaining excellence in accountability measure performance for heart attack, heart failure, pneumonia, and surgical care. San Mateo Medical Center is one of 1,224 hospitals in the United States, and one of 97 in California to achieve the 2013 Top Performer distinction.

- **SMMC avoids harm and receives EHEN performance award:** As part of our quality improvement efforts, SMMC participates in America’s Essential Hospital’s Engagement Network, a national quality improvement collaborative network. Since 2010, the EHEN estimates that we have...
avoided a total of 67 harm events, with $873,900 in associated avoided total costs. As a result of these avoided events, we received a $17,000 incentive payment!

• **Our fourth year DSRIP report demonstrates major improvements in quality:** With 4 of the 5 years of the Bridge to Reform Medi-Cal waiver complete, we have been able to demonstrate significant quality improvements in a wide range of areas. For demonstration year 9 (DY9), of 64 total milestones in five categories, we met all but three milestones at 100%; one of these three was accomplished at 75%. Some of the most significant areas where we met or exceeded our goals:
  
  o We had a CLABSI (Central Line Associated Blood Stream Infection) rate of ZERO per 1,000 patient days on the Acute Care Units and in the ICU.
  o The 2AB Stumble Stoppers team had a rate of ZERO falls with injury per 1,000 patient days for 12 consecutive months.
  o 99% of our patients have their REAL (Race, Ethnicity and Language) data fields complete in our electronic health record.
  o We achieved 97.83% adherence with CLIP (Central Line Insertion Practice).
  o Five of our clinics had Time to Third Next Available Appointment under seven calendar days for 4 months.
  o 95% of our patients were assigned to primary care teams.
  o Our project integrating physical and behavioral health was recognized for its excellent work and was showcased to the Centers for Medicare and Medicaid this month.
  o SMMC held 31 LEAP improvement events with participation of 217 staff in various areas:
    - Acute Psychiatry
    - Adult Return Visit
    - Business Intelligence
    - Emergency Department
    - 5S: Lab, Specialty Clinic
    - New Patient Access
    - Operating Room
    - Patient Safety
    - Pharmacy

• **Our commitment to LEAP grows and deepens through our strategic initiatives:** Our first cycle of LEAP strategic deployment resulted in four key areas of focus in support of our pillar goals. Highlights of those initiatives follow:

<table>
<thead>
<tr>
<th>Strategic Initiative</th>
<th>Highlighted Outcomes</th>
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<tbody>
<tr>
<td><strong>Patient-Centered Medical Home:</strong> become a primary care provider of choice by creating medical homes that provide care that is comprehensive, patient centered, coordinated, accessible, safe, and high quality.</td>
<td>• Drove primary care waitlist from 2500 to 0&lt;br&gt;• Improved key patient vaccination rates for patients to &gt;80%&lt;br&gt;• Increased mammography rates from 53% to 71%</td>
</tr>
<tr>
<td><strong>Patient Experience and Flow:</strong> Engage and empower every employee to help SMMC transform into a patient centered organization by anticipating patient needs, creating a welcoming environment, and ensuring quality service in every encounter,</td>
<td>• Reduced time to fill an outpatient prescription by 70%&lt;br&gt;• Reduced lead time for surgery by 34%&lt;br&gt;• Increased ED patient satisfaction scores from the 7th percentile to the 36th percentile&lt;br&gt;• Increased focus on patient experience by</td>
</tr>
</tbody>
</table>
Creating our Patient and Family Advisory Council, the goal of which is to foster patients’ voices in all decisions about patient care.

**Leadership System:** develop a community of leaders who are committed to a culture of patient-centric, data-driven, continuous problem solving in order to achieve our pillar goals.

- Completed an unprecedented pilot of a new leadership system, with $100,000 from the California Healthcare Foundation (CHCF) to assist in our implementation of ThedaCare’s leadership system. The pilot brought 22 leaders through 6 days of training conducted at ThedaCare and at SMMC. This successful pilot will spread in 2015.
- Implemented the LEAP Zone: 2 hours each day dedicated to the practice and development of LEAP behaviors: learning, teaching, observing, and coaching.

**Business Intelligence:** Enable a data-driven organization by anticipating demand for information and building a human interface to our data that is simple, powerful, and predictive.

- Reduced lead time for report generation from 23 days to 14 days.
- Delivered weekly operations and improvement metrics to one leadership system pilot cell.

- **SMMC implements new system to improve safety:** March 3rd -- March 7th marked National Patient SAFEty Awareness Week. During this week, we had an extensive in-house media campaign to roll out our new incident reporting system: SAFE, our new Safety Alert From Employees, which replaced the Unusual Occurrence Report (UOR), empowers staff to be part of improving patient safety, and was initially created during a week-long value stream event and improved during multiple subsequent kaizen events.

- **Burlingame Long Term Care receives two quality recognitions:** On May 30th, Burlingame Long Term Care received a 2014 Bronze American Health Care Association/National Center for Assisted Living National Quality Award. This award program provides a pathway to performance excellence for providers of long term care services. In July, our skilled nursing services Burlingame Long Term Care and 1A achieved another important quality distinction: additional stars through the Centers for Medicare and Medicaid Services star quality rating leading to an overall 4 out of 5 star rating, up from 3 stars. This is an incredible accomplishment for the large number of beds we have that drives the number of health inspections.

- **SMMC successfully completed several accreditation reviews:**
  - **Joint Commission Survey - MRI:** On June 14th, TJC conducted a survey of our Alliance Imaging MRI machine. Alliance Imaging provides mobile MRI services to our patients at SMMC. There were no findings.
  - **Long Term Care Annual Survey:** On June 17th, State Department of Public Health surveyors arrived at 1A and at Burlingame Long Term Care for our Annual Recertification Survey. The surveyors stayed until June 24th, and at the peak of the survey there were seven surveyors between the two units. The exit conference was held at BLTC on June 24th. We were informed that we had NO medication errors and that there was NO substandard quality of care.
National Children’s Alliance Accreditation: On November 19th, the San Mateo County Multi-Disciplinary Team (MDT), which handles cases of child sexual abuse in our county, completed its five year re-accreditation application and site visit through the National Children’s Alliance (NCA). NCA requires compliance with a list of specific standards to best meet the needs of child sexual abuse victims. The reviewers will submit their findings to the NCA Board in January, at which time we will be notified of official results. One reviewer stated: “I can’t use extraordinary in my report, but if I could, I would.”

PATIENT AND STAFF EXPERIENCE:

- **2014 brought us an exceptional and diverse group of leaders:**
  - Shea Anderson, LEAP Implementation Manager
  - Mary Brinig, Strategy Manager, LEAP Institute
  - Tosan Boyo, Deputy Director of Ambulatory Services
  - Kathryn Calafato, Controller
  - Dr. Susan Fernyak, Medical Director of Specialty Services
  - Dr. Denise Gonzalez, Medical Director of Daly City Clinic
  - Cassidy Hoehn, Director of Materials Management
  - Noris Larkin, Primary Care Medical Home Manager
  - Jyotsna Nimkar, LEAP Implementation Manager
  - Dave McGrew, Chief Financial Officer
  - Peggy Rothaus, Operating Room Manager
  - Dr. Alpa Sanghavi, Chief Quality and Experience Officer
  - Dr. Lorna Thornton, Medical Director of South San Francisco Clinic
  - Felix Levy, Director of Resource Management
  - Akram Cader, Education and Training Coordinator

- **Ava Carter and Sandra Santana-Mora win top honors from Women in County Government:** Each year, Women in County Government honors top women leaders throughout the County. This year, SMMC leaders won two of the four awards. At the WICG luncheon, Ava Carter won the Rookie of the Year Award for her exceptional work leading Food and Nutrition services, and Sandra Santana-Mora won the Development of Others Award for her exceptional work leading much of our LEAP work.

- **SMMC wins top STARS awards for two years running:** 2014 began and ended with SMMC being honored with STARS awards. On January 28th, 2014, the Board of Supervisors presented SMMC with two STARS awards - in the Customer Service category, the Board awarded our patient experience project at Willow Clinic with a $5,000 cash prize, and in the Program Performance category, the Board awarded our LEAP institute with a $20,000 prize for Program Performance. On November 10th, on the heels of winning a 2014 CAPH/SNI Quality Leaders Honorable Mention award for work integrating physical and behavioral health, our Medical Psychiatric team was honored again by winning a STARS award for Program Performance and a $20,000 prize. This ground-breaking work centers around identifying diabetic patients, screening them for depression, and providing appropriate treatment.

- **Digital mammography up and running:** During February, our first digital mammography unit began operating. On March 27th, the Foundation celebrated the opening of our digital mammography service with a ribbon cutting and reception. Both machines were installed and in view, as well as the
completely renovated reading room. The Foundation honored and presented gifts of appreciation to leaders of The Underwire Project, which led a fundraising effort that resulted in $750,000 raised from 445 individuals, corporations and foundations, including $80,000 from the Board of Supervisors, to complete the $750,000 matching challenge. Since then, we’ve eliminated substantial waiting for mammography services.

- **New hospitalist contract implemented**: In December, we went live with our new hospitalist contract with Sound Physicians. We selected this contract through a participatory RFP process, including multiple members of our medical staff. Sound will be staffing and managing our hospitalist service, working closely with San Mateo Medical Physicians, who will continue to provide our medical specialty services: cardiology, pulmonology, rheumatology, endocrinology, and hematology/oncology. Sound’s new contract incorporates multiple quality and other performance metrics.

**FINANCIAL STEWARDSHIP:**

- **Substantially more patients are covered as a result of the Affordable Care Act**: Since the beginning of the year, we saw significant changes in our patients’ insurance coverage, and in our payor mix as a result of the ACA. These changes resulted in improvements to our bottom line so that we ended the fiscal year with a substantial net positive bottom line. As we end 2014, our Medi-Cal payor mix is about 62%, up from about 30% prior to January 1st.

- **SMMC audit had NO findings**: With focused and skillful work on the part of our finance team, for the first year in recent memory, we completed our annual financial audit with NO findings, and substantial completion of all previous year’s findings.

- **The Health System and SMMC enter our first capitation/risk agreement with the Health Plan of San Mateo**: Due to changes in financing as a result of the Affordable Care Act, our September revision to the budget began our move away from a system based on fee-for-service reimbursement to a more capitated, or per person reimbursement model. This shift in the way we are financed will put us at financial risk for services provided to new Medi-Cal recipients at SMMC. Over time this model will be much more flexible and predictable and will greatly support our efforts to provide more accessible person-centered and population-based care.

- **Finance team attaining Certified Healthcare Financial Professional Certification**: A key element of resolving last year’s material weakness audit finding was to develop and advance the skills of our Finance team. The Healthcare Financial Management Association has a certification program that recognizes healthcare financial management executives who have reached an enhanced level of knowledge and proficiency. This year, eight of our finance and accounting team members successfully passed the Certified Healthcare Financial Professional (CHFP) exam.

**COMMUNITY PARTNERSHIP:**

- **San Mateo County Health Foundation dedicates millions to SMMC**: In 2014, the San Mateo County Health Foundation made two important commitments to funding for the SMMC. $1 million for the Fair Oaks Health Center, and $150,000 per year for the next 5 years for the Keller Center.
• **San Mateo County Health Foundation 25th Anniversary Gala honors Keller Center for Family Violence Intervention:** On November 7, 2014, the SMCHF held its 25th anniversary gala event, the proceeds of which went to the KCFVI. Held at the Carolands Chateau, it was attended by more than 100 people, including Congresswoman Jackie Speier, Supervisor David Pine, and Health System Chief Jean Fraser. Congresswoman Speier presented SMMC with a beautifully-worded plaque honoring the KCFVI.

• **Blue Shield Foundation supports electronic specialty referral:** In December, the BSF awarded us a generous grant of $314,000 to support developing our SMART referral system, including Ravenswood Community Health Clinic. This system is designed to help us best utilize specialty services and improve the referral relationships between primary and specialty care.

• **Kaiser Permanente Northern California Community Benefit program extends its support of PHASE:** In December, we were notified that KP would renew its support of the PHASE (Preventing Heart Attacks and Strokes Everyday) program, and granted us $400,000 for the period 1/1/15 – 1/1/17. This generous grant will support us training staff as health coaches who will help engage patients in managing their own care and making critical lifestyle modifications.

• **Harley Owner’s Group celebrates it’s 25th anniversary bringing toys to San Mateo County kids:** On December 13th, 2014, more than 50 members of the HOGs brought toys to kids for Christmas for the 25th time. Over these 25 years, this dedicated and generous group has brought more than 20,000 toys and $16,000 to SMMC’s youngest patients.

*Check out our most recent blog post: “Thanksgiving and Gratitude”
http://smmcblog.wordpress.com/*
To:       SMMC Board Members  
From:     Jean S. Fraser, Chief  
Subject:  Health System Monthly Snapshot – December 2014

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Short-Term Change over Previous Month</th>
<th>Long-Term Change over Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE Enrollees</td>
<td>-2.2% (20,173)</td>
<td>-34.0%</td>
</tr>
<tr>
<td>San Mateo Medical Center Emergency Department Visits</td>
<td>1.3% (3,721)</td>
<td>-13.0%</td>
</tr>
<tr>
<td>New Clients Awaiting Primary Care Appointment</td>
<td>-5.8% (211)</td>
<td>-63.0%</td>
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Get Healthy San Mateo County Funds Healthier Communities  
Get Healthy San Mateo County has awarded over $125,000 to 12 community partners to create and sustain positive health outcomes for the County’s most vulnerable residents. This year’s projects include a farmers’ market in North Fair Oaks, several church and school gardens, efforts to increase bike trail use and safety, a campaign to increase affordable housing in East Palo Alto, a program to train South SF teachers to keep their kids moving throughout the school day and many more.

Filling Vacancies Takes too Long, but Improvements are Coming!  
Hiring manager and recruiters from the Health System and HR worked together for a week to figure out all the steps currently required to fill a vacancy. The conclusion: it takes too long! The average (with wide variation) was four and a half months to just make an offer, but this understates the true time because we could not get reliable data on the start of the process. The team identified ways to reduce the total time by 30%; we will be following up with four week-long improvement events with HR and Health System staff to make those improvements real for the 199 Health positions waiting to be filled.

Public Hungry to Tackle School Nutrition, Mental Health Issues  
A study of 5,000 San Mateo County students revealed some startling stats—including that 70% of local kids have depressive thoughts, more than 30% of high schoolers have suicidal thoughts, and 70% don’t eat breakfast. The study was recently presented by the San Mateo County School Wellness Alliance—a group of eight local school districts headed by Get Healthy San Mateo County—to a group of educators, legislators, parents and students. The study also comes with a host of recommendations for improving kids’ and teens’ health, from offering free breakfasts at schools to educating teachers on recognizing signs of depression and strengthening safety nets for single parents.

Health System Facebook Page Hits 10,000 “Likes”  
10,000 people who live, work and play in San Mateo County have liked the Health System’s Facebook page. If you’re not one of them, join us for information on everything from healthy eating, health insurance, vaccinations, emergency preparedness, preventing disease and much more. Social media is a critical communication channel for the Health System, and hitting this milestone means we are reaching a growing portion of our community.
TAB 3

MEDIA ARTICLES
FOR IMMEDIATE RELEASE
November 19, 2014

San Mateo Medical Center Earns ‘Top Performer’ Recognition for Quality Care from The Joint Commission

SAN MATEO, Calif. – San Mateo Medical Center has been recognized as a 2013 Top Performer on Key Quality Measures® by The Joint Commission, the leading accredits of U.S. hospitals.

San Mateo Medical Center was recognized for taking steps to increase healthy outcomes for patients with certain conditions, including heart attack, heart failure, pneumonia, and surgical care.

“We know that what matters most to patients, and their loved ones, is the quality and safety of the care they receive,” said Dr. Chester Kunnappilly, Chief Medical Officer at San Mateo Medical Center. “Every person deserves the highest quality of care and as the hospital that serves the County’s most vulnerable populations, our primary goal is always for a positive patient experience and outcome.”

Only 37% of U.S. hospitals—97 in California—achieved the 2013 Top Performer distinction.

“We’re honored to serve our community with the highest quality and safest care.” said Dr. Susan Ehrlich, CEO of San Mateo Medical Center. “We could not achieve this distinction without the knowledge, teamwork and dedication of our entire hospital staff.”

For more information about the Top Performer program, visit http://www.jointcommission.org/accreditation/top_performers.aspx.

###
How Obamacare Has Changed My Hospital

So far in 2014, we have brought almost 7,500 new patients into primary care facilitating better preventative health and chronic disease management.

The holidays are a convenient time to take stock of our blessings and opportunities, and to consider the challenges we have overcome in the previous year. As I reflect back, I have many things to be thankful for: good health, a supportive, healthy family, colleagues I enjoy and respect, and a job that I love.

This year, the Affordable Care Act (ACA) had a profound and rapid change on my professional life as a physician who works in an institution that forms part of California’s safety net for those in need. I’m the chief medical officer for San Mateo Medical Center, the county hospital and affiliated clinics in San Mateo County. I also provide primary care in one of our outpatient clinics.

As a result of the ACA, many patients we serve in our county became newly eligible for Medi-Cal, California’s Medicaid program. With this transition, they were offered far more choices: They had access to services that were previously unavailable, such as dental services and expanded mental health services. And, instead of having to travel to our specialty clinic in the middle of the county, they could be referred to “private” specialists in their own communities. Far from luxuries, these new choices will help promote preventative care and early disease intervention; patients who in the past might have delayed a gallbladder or hernia surgery (and ended up in the emergency department with pain) can get prompt treatment with their new Medi-Cal coverage.

Before the ACA, most of our patients were either uninsured or were enrolled in a county program that only covered services at our institution; they could not seek care elsewhere. So more choice for patients means more pressure on us; as patients become eligible for Medi-Cal, they may now choose to leave our organization to seek care elsewhere. I will try to avoid clichés as I write this, but there is one that is especially appropriate here: “pressure makes diamonds.” I am seeing a spectacular gem being built around me here in San Mateo, far from flawless but beautiful nonetheless.

Competition has forced us to confront some difficult questions, such as: What is the role of the safety net in this new era when many more people are insured? Why should we, as an institution, continue to exist? Thankfully the answers to these questions came fairly easily.

As an integrated health system, we offer a range of services from outpatient to emergency services to inpatient to long-term care; we offer a distinct advantage over the traditional fragmented health care system. Embedded in the San Mateo County Health System, we can work with our colleagues in Adult and Aging Services, Family Health Services, and Public Health...
to better meet all the psychosocial needs of our patients. For example, our partnership with the county’s Behavioral Health and Recovery Services has allowed us to embed behavioral health experts in our primary care clinics so that they can better address the mental health needs of our patients; this partnership also expands our ability to refer patients with drug and alcohol problems.

As our patients have moved to Medi-Cal, the ACA has brought our institution some new funding. But we realize that this will be short-lived; many of the new programs of the ACA are funded by reductions to other parts of the safety net. Such pressure is not new; safety net programs are often short of resources, forcing adjustments and redesigns. But the ACA ramps up this pressure on us to innovate, to find ways to do things cheaper and more efficiently.

Fortunately, we had a head start. We began almost a decade ago by redesigning our primary care services and establishing team based care. The county implemented an electronic health record in our clinics long before there was a mandate to do so. The ACA, through its resetting of priorities and funding mechanisms, offers us an opportunity to build on this foundation. We have repurposed some staff roles and brought in new staff members with new skill sets. For example, we have staffers who are specially trained to extract information from electronic records to better manage chronic disease, and pharmacists have been added to some primary care teams to assist with medication management.

The ACA has facilitated new partnerships with other community provider, allowing us to focus on those services that we provide well while partnering to provide services that are best delivered by others. This is a transition from the past, when we were the provider of last resort, forced to provide as much as we could and living without the services we could not provide by ourselves.

One of our biggest investments has been in what we call our Lean transformation. Lean, based on the Toyota Production System, is a proven performance improvement methodology. Lean healthcare principles focus on increasing value by constantly improving quality and reducing defects and other wastes. Within the San Mateo County Health System, this transformation is being organized through our LEAP Institute. LEAP stands for Learn, Engage, Aspire, and Perfect (as a verb). As part of LEAP, we bring together teams that include line staff to observe and analyze our core processes – and then design new improved approaches that reduce waste and improve outcomes.

There is much work ahead, but much has already been accomplished. So far in 2014, we have brought almost 7,500 new patients into primary care facilitating better preventative health and chronic disease management. The majority of these patients are newly eligible for Medi-Cal. We have also seen a reduction of more than 20 percent in the number of patients leaving our Emergency Department without being seen due to long waits. We have seen an improvement in our performance on patient satisfaction surveys in a variety of areas including the Emergency and Inpatient Departments. And our pharmacy has reduced the time patients must wait for their prescriptions by about 75 percent. These are just a few of the gains. We look forward to many more.
Dr. Chester Kunnappilly is chief medical officer for San Mateo Medical Center, the county hospital and affiliated clinics in San Mateo County. He is board certified in Internal Medicine and also serves the organization as a primary care physician. He is a graduate of Dartmouth College and the University of Pennsylvania Perelman School of Medicine. He wrote this for Zocalo Public Square. Zocalo Public Square is a not-for-profit Ideas Exchange that blends live events and humanities journalism.
Health care enrollment deadline extended

December 17, 2014, 05:00 AM Daily Journal Staff Report

The window to enroll in health insurance in time for a Jan. 1 start will remain open until Sunday, Dec. 21, according to the county Health System.

The deadline had been Monday, Dec. 15 for insurance to start with the new year. The final deadline to enroll in Covered California for 2015 is Feb. 15, which is also the deadline to apply for financial aid. However, those signing up after Dec. 21 face a tax penalty.

County residents can use enrollment centers where certified staff are available for help in person or over the phone to renew or change existing Covered California insurance or enroll in or renew Medi-Cal coverage.

“Our local enrollment staff can help people find the health insurance plan that works best for them,” Srija Srinivasan, Health System director of strategic operations, said in a prepared statement.

At the beginning of the enrollment period, the county estimated having approximately 32,000 eligible residents outstanding.

In-person enrollment is available from 8 a.m. to 4:30 p.m. Saturday, Dec. 20 at San Mateo Medical Center, 222 39th Ave. Go to the first floor, west entrance. Enrollment assistance is available in Cantonese, Mandarin, Spanish, Tongan and English. Bring identification, proof of citizenship or legal residency and proof of income. A list of all enrollment locations and times with the languages spoken at each is available at www.smchealth.org/CoveredCA.

Local in-person enrollment assistance is available by calling (650) 616-2002 or (800) 223-8383. Direct enrollment is also available at www.CoveredCA.com.
We Must Protect Vital '340B' Drug Discounts for Safety Net Hospitals

Rep. Henry Waxman, U.S. Representative, California's 33rd Congressional District

Millions of Americans receive help every year from a federal program they have never heard of: the 340B drug discount program, which allows public and nonprofit safety-net hospitals to better provide both affordable medications and vital services to the underserved.

I helped write the legislation that created this program and worked to expand it in the 2010 Affordable Care Act. The program has been extremely successful in reducing drug costs and helping support the hospitals and clinics that provide care to the uninsured. But now pharmaceutical industry opponents of the law are trying rewrite history and limit 340B program eligibility for hospitals and patients -- even as they charge as much as $1,000 for a single pill for some drugs.

The 340B law passed a bipartisan Congress and was signed into law by President George H.W. Bush in 1992. Then as now, safety-net hospitals faced steep increases in drug costs. The program was enacted to help them stretch their resources and serve the uninsured and other needy patients. It was designed to help cut costs for patients and the hospitals that serve them.

Here is how it works: The law requires drug companies to sell discounted medications to healthcare providers that serve high numbers of Medicare and Medicaid patients or are located in rural areas. These safety-net hospitals can use their savings on prescription drugs to cut costs for patients or to provide vital clinical and specialized services for people who cannot afford to pay for care.

We purposefully created the program this way to give safety-net providers an additional tool to enhance their ability to serve poor patients who would otherwise fall through the cracks.

The best part? The 340B program is working as Congress intended to help health care providers improve the lives of indigent patients every day.

At the San Mateo Medical Center in California, for example, 340B savings help fund 12 primary and specialty care clinics that serve the needy. And the savings help offset the cost of providing free medical care for 20,000 patients in the hospital's indigent program.

It's important to understand the heavy financial burden these providers shoulder to treat every patient who walks in the door at any time of the day or night.

The need for the 340B program is not going away. The refusal of many governors to take advantage of the Affordable Care Act's Medicaid expansion has left millions of Americans uninsured. According to the American Hospital Association, 340B hospitals provided over $28 billion worth of uncompensated care in 2012. And drug costs continue to grow -- with safety net hospitals forced to pay tens of thousands of dollars for new specialty drugs like Sovaldi, the new Hepatitis C treatment.

But even as drug company profits are soaring, some in the pharmaceutical industry are trying to derail the 340B program so they can charge higher prices for hospitals and clinics. They want to restrict the drugs eligible for discounts, or reduce the number of patients that qualify for the discounted drugs. If the drug industry prevails, underserved patients across the United States will be the losers as safety-net hospitals
and other providers are forced to curtail care.

During my time in Congress I have championed numerous health care programs that benefit all Americans, including the less fortunate -- and the 340B program is one of the best. Congress should continue to protect this vital drug discount program for years to come.
OP-ED: Value of community-based health care districts

Community-based health care districts like Sequoia and Peninsula are a tremendous value to the residents that we serve. Unlike most government bodies that have a specific mandated function, health care districts have tremendous flexibility to respond to the needs of the communities that we serve.

As a result many outstanding projects have been made possible that otherwise may not have been. In the case of Sequoia Healthcare District we have been able to:

1). Work with Samaritan House to establish a free medical and dental clinic for the poor in the Redwood City area that is mostly staffed by volunteer physicians, dentists, pharmacists and nurses.

2). Provide support to build a new medical and dental clinic in the Fair Oaks neighborhood in partnership with the San Mateo Medical Center.

3). Establish an outstanding nursing education program in conjunction with San Francisco State University, Cañada College and Sequoia Hospital.

4). Develop and initiate our signature Healthy Schools Initiative that is now our largest program serving more than 28,000 public school children annually in eight local school districts.

5). Create and offer a Heart Safe Program that has provided our community with more than 300 AEDs as well as training in CPR for thousands of residents.

6). Expand the support for Ravenswood Family Health Center to serve our residents who choose that medical and dental facility for their medical home.

7). Join Peninsula Healthcare District in bringing Apple Tree Dental to our community that will make dental services for the poor and elderly much more available starting in 2015.

8). Offer Living Healthy Classes to those seeking a positive lifestyle especially as they look to the next stage of their lives.

Additionally, we have been able to provide millions of dollars in financial support to more than 50 local nonprofits that have used these funds to feed the hungry, provide much-needed mental health counseling, adult day care services, fitness and nutrition programs and much more to keep our residents healthy and well.

Years ago, our board chose to get out of the hospital business. There is certainly value in hospitals and we are very happy that Sequoia Hospital continues to thrive and serve our community and we know will for many years ahead. By making that choice, it has allowed our time, talent and annual property tax income to be used for many other health services that benefit tens of thousands from the newly born to the very old.

We have a record that we are very proud of and we look forward to 2015 and another year of service.

Lee Michelson is the CEO of the Sequoia Healthcare District.
Kimberly Davalos, a San Francisco State University counselor and spoken word poet, talks to teens at the Kemp Girls Camp in San Mateo about self-empowerment and love during an event about dating violence.

As Kimberly Davalos asked the semicircle of teen girls outfitted in matching pink polo shirts and blue zip-up fleece jackets what made them phenomenal, many looked down or sat quiet.

They'd just heard Davalos recite the Maya Angelou poem of a similar name and now the San Francisco State University college counselor and poet wanted them to look at themselves. The reply "I don't know" or "I'll pass" was not uncommon.

But eventually the words tumbled from these wards at the Camp Kemp site adjacent to the county's juvenile hall in San Mateo.


These girls, some as young as 12, arrived at the juvenile camp through a combination of trauma, chaos and poor choices in their outside worlds. Davalos made them peek inside.

Davalos was the keynote speaker at Thursday night's teen dating violence and healthy relationships workshop coordinated by the multi-agency Coordinating Response Committee which grew from the San Mateo County Domestic Violence Council. She was more than halfway through her presentation before she even mentioned the word "violence." The point, she said, is for young women to start by loving themselves and knowing how they want to be loved. People who know their worth are less likely to become victims, to continue cycles they may have already seen played out in their lives.

Often the needs of teen victims and aggressors gets overshadowed by their adult counterparts, said Rhonda Collins, probation services manager with the domestic violence unit and CRC member.

A juvenile-specific approach, she said, focuses on reaching them earlier into or before entering a cycle of violence and giving them the skills to thrive. A similar dating violence workshop was held for boys at the juvenile hall earlier this year; the girls camp event coincided with Domestic Violence Month.

Davalos pointed out to the girls that with her poems and writing assignments she hadn't specifically gone into domestic violence.

"But really I did. Because where does it start?" she said.

Before long, earlier hesitations were replaced by eager volunteering to share as the teens were asked to describe love.

"You can't even define it." "It's like a feeling with a title." "You feel a vibe." "It's like when you're on a swing or a roller coaster."

Only a few hands shot up when asked if they have ever felt that way about themselves.

In many ways, the teens could have been a group of girls in any school instead of those working their way through the juvenile justice system. They played with their hair and punctuated conversations with giggles. They love beauty night although for them nail polish and flat ironing is only allowed on that weekly occasion when they're good, according to camp staff.
An assignment to write a letter to something they loved, especially themselves, showed the differences. One girl reminded herself that she is a “good person with a big heart.” But another apologized to her father for making him worry she’d end up on the nine o’clock news. As she choked up saying he is now gone behind bars, the others rubbed her back and box of tissues appeared.

“That’s deep,” one said.

A reading of another poem also cut deep.

“But when a man loves a woman who won’t love him back/What if his first instinct is to attack?” Davalos asked one girl why she mentioned that passage as striking a chord.

Because that’s my experience, she said.

The night’s creative self-expression about personal love and respect was tempered by Sandy Trujillo who provided a very real face to domestic violence. Trujillo, now with a master’s degree and affiliation with nonprofit StarVista, recalled being a 16-year-old girl pressured into a relationship by friends who liked the boy’s car and who felt she had no choice but to go with him when she found herself pregnant.

“That’s where my nightmare started,” she said.

He locked her in the bedroom when he went to work. He slapped her in front of his mother who did nothing and isolated her from her family. Nothing she did was right and Trujillo, who unsuccessfully jumped from a car while three months pregnant as an escape, said she saw no end.

“I’d think I’d rather be dead. If that’s what he’s going to do, I just want it to be over,” Trujillo.

Instead of dying, though, Trujillo said she finally fled with the help of her sister and built her life back with the help of a caseworker. First an AA degree. Then a BA. Then a master’s degree and a job.

“You are able to do whatever you set your mind to,” she told the group, many who a camp employee said have never felt like they ever had choices.

Perhaps they were the ones picking their parents up off the ground or hearing that school isn’t necessary. Maybe they saw their relatives in abusive relationships and thought that was how life works. The concept of just using common sense to avoid trouble doesn’t apply, said camp employee Tanganyika Adams.

Trujillo, though, told the teens that, despite her experience, there is a lot of good men still out there and she found one.

“You have to be responsible for who you choose,” she said.

Teens also have to be responsible if they are the aggressor, the speakers said.

About 15 percent of domestic violence victims are men, according to Collins.

“No matter what side of the domestic violence situation you’re on, there are consequences,” Deputy Probation Officer Cherlene Wright said.

Probation Officer Tequila Webb ticked off standard punishments: 104 hours of counseling at a minimum cost of $25 to $50 a week, court appearances, jail time, search and seizure conditions that might prove embarrassing when friends and loved ones find their car or home upended because of their association.

Webb urged the audience to keep their hands to themselves and not to do so much as toss an object in anger. One of her clients was convicted for throwing a box of pizza.

Wright, who is the domestic violence court officer, said just that morning four convicted offenders had less than stellar showings at their progress reviews. Two left in handcuffs, one for 90 days because he snuck into his victim’s home and beat her again, she said.

Teen A. (the Daily Journal is withholding her name) said she was moved by the speakers and the exercises in
finding her own sense of self.

"I found it motivational because it made me realize I still have a voice," she said. "Sometimes I forget who I am in here."

A. said she’s seen abuse in her own life.

“This is a good reminder that it’s not OK,” she said.

The Community Overcoming Relationship Abuse 24-hour hotline is 800-300-1080.

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(650) 344-5200 ext. 102
San Mateo County’s property values are a historic high for the third year in a row, one of several factors illustrating that local finances remain sound, according to the annual economic snapshot released by Controller Bob Adler.

As of June, the median house and condominium price is up 9.8 percent to $617,000 and the property assessment roll is up 5.61 percent to $164.9 billion. This means $1.65 million in tax revenue for local districts, cities and schools.

Adding to the “vibrant economic conditions” mentioned by Adler in the report released Monday is the county’s 4.2 percent unemployment rate being the second lowest in the state and a per capita personal income increase to $74,582 in 2012.

The county’s pensions liabilities also substantially decreased the past fiscal year. As of June, the pension liability was $804 million, down $150 million from the prior year. The county agreed to use an extra $50 million in reserves followed by an extra $10 million in each of the next nine years as additional contributions which would make the funded ratio 100 percent in 11 years and save about $304 million.

The comprehensive annual financial report containing these informational nuggets is a complete look at the county’s statements and other financial information for the fiscal year ending June 30, 2014. The report also includes information on the county’s financial future plans, policies and significant projects. A more condensed “popular” report on the fiscal year is released at different time.

While the report is largely positive, Adler did note that an expected reduction in excess property tax refunds, increased criminal realignment initiative responsibilities shifted from the state to the local level and expected increased costs with providing universal health care will “challenge” the county to continually assess how its financial resources are used.

The county tends to be very conservative with its educational revenue augmentation funds, or ERAF, which are the excess taxes left over after funding schools. In fiscal year 2013-14, the county’s share was $108 million but, over time, the revenue may winnow because of the new local control funding formula resulting in fewer basic aid school districts. In San Mateo County last year, 15 of 23 of its school districts were basic aid.

San Mateo County is also short $3.4 million from the so-called vehicle “triple flip” in which the state takes local funds to fill its own gap. In August, the state budget reimbursed the county and its cities $10.9 million for a previous shortfall and county leaders are again asking that the fiscal year 2015-16 budget do the same.

The last comprehensive annual financial report predicted losing millions of dollars because of large drops in state health realignment funds and reductions in hospital payments under the Affordable Care Act. The newest report doesn’t attach dollar figures but noted that the San Mateo Medical Center is serving 14,000 more Medi-Cal clients which has improved its finances but challenged the ability to provide care within mandated specified time frames. In July, Health Plan San Mateo said it has funding for the new members and services like substance abuse and mental illness now covered under the ACA.

During the last fiscal year, the voter-approved Measure A half-cent sales tax generated $75.6 million of which $24.3 million has been spent as of June 30, 2014. The $68 million Measure A budget for fiscal year 2014-15 includes funding for adult mental health care, implementing the North Fair Oaks General Plan, seismic upgrades at Seton Medical Center in Daly City and paratransit services through the San Mateo County Transit District.

The county budgeted $72 million in general fund money for countywide capital projects including replacement of Cordilleras Mental Health Facility, a new animal shelter, renovating the Maguire Correctional Facility and installing solar at the county hospital.

During the same time period, the county sold its two office towers known as Circle Star for $87.1 million, which has been set aside for future construction projects.
Harley lovers bring holiday cheer

December 15, 2014, 05:00 AM

At the conclusion of their annual Toy Run Saturday, the Golden Gate Chapter of the Harley Owners Group received a San Mateo County Board of Supervisors Proclamation congratulating its 25 years of delivering toys for distribution to children at the San Mateo Medical Center. The chapter has delivered over 20,000 toys and more than $15,000 in donations to the medical center to date. The celebration was attended by incoming and first woman Chapter Director Linda Settlemyer, left, former chapter director Neal McClurg, current chapter Director Jeff Frishof and event sponsor Tom Perkins, third generation owner and operator of Dudley Perkins, a Harley Davidson dealership currently celebrating its 100th anniversary.