



**League of Women Voters
Alameda County Council**

*Alameda
Berkeley/Albany/Emeryville
Eden Area
Fremont/Newark/Union City
Livermore/Amador Valley
Oakland
Piedmont*

Thursday, June 16, 2005

Keith Carson, President and
Alameda County Board of Supervisors
1221 Oak Street, Suite 536
Oakland, CA 94612

Dear President Carson and Members of the Board of Supervisors:

We, the Alameda County Council, made up of the seven Alameda County chapters of the League of Women Voters, write to support the recent Grand Jury criticisms of and recommendations for reform of the Alameda County Medical Center (ACMC). This is our second letter on this topic. On August 10, 2004, we wrote to County Board of Supervisors supporting the earlier Grand Jury recommendations regarding the operations, financial condition, and governance structure of the Alameda County Medical Center (ACMC). That letter is attached for your reference.

The Alameda County Council and its member Leagues supported Measure A. Our goal was that ACMC recover stability and continue its delivery of essential health care to those County residents least able to afford medical care. We supported Measure A because we trusted that the taxpayers' money (both Measure A and other County funds) would be appropriately spent and that the deficiencies within the ACMC system -- of organization, financial management, governance, and long-term sustainability-- would be directly and immediately addressed.

The Grand Jury's recent report finds that the ACMC Board of Trustees has not acted effectively to repair the ACMC system and has mismanaged its funds. The Grand Jury lists many particular failures, including that the ACMC has been "preoccupied with infighting," "made no progress in balancing the ACMC budget," and "broken Measure A's promise of long-term financial stability." We attach a more extensive list of failures cited in the Grand Jury report of May 25, 2005.

The Grand Jury report notes that the continuing failures of the ACMC Board will lead quickly to the collapse of the ACMC "...crushed by the weight of its own debt..." The ACMC Board has broken faith with Alameda County voters and supporters of Measure A. The Board of Supervisors is responsible for appointing members to that Board.

Therefore, we call on the Board of Supervisors to immediately replace the current Board of Trustees with competent, committed members who will act responsibly and expeditiously to balance the ACMC budget and develop a reasonable plan to meet the coming reductions of County General Fund money in the next five years. We refer you to the recommendations noted in our August 10, 2004 letter and emphasize that the Board of Supervisors must ensure that ACMC immediately (1) develop and implement a viable strategic plan involving all stakeholders and (2) implement and monitor performance measures for the Board of Trustees, ACMC executives, and all divisions of ACMC.

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The process for replacing the Board of Trustee members should be done in an open and transparent manner. The Board of Supervisors should publicly recruit and appoint candidates who will not be influenced by special interest groups and who have the skills, background and commitment to correct the problems of the ACMC, including those cited by the Grand Jury.

Further, the Board of Supervisors must act to clarify lines of authority and accountability within ACMC and between the Supervisors and the Trustees. The Board of Supervisors must take responsibility for ensuring prudent management of taxpayers' money, stewardship of County assets, and delivery of critical services to a vulnerable population.

We continue to support an independent Board of Trustees. However, there must be regular public reporting from the Trustees to the Supervisors; the Supervisors must require diligent accountability from the Trustees. There are no alternatives to this model. Similarly, ACMC and County staff must be required to cooperate and work collegially and to provide verifiable evidence of effective collaboration to the Trustees and, through the regular reports from the Trustees, to the Board of Supervisors.

We urge the Board of Supervisors to act immediately. We agree with the Grand Jury report that, if this does not happen, the ACMC will collapse, a vulnerable population will go without critical medical services, and the County itself will suffer a severe financial crisis well beyond its current problems. We request that the Board of Supervisors respond to this letter by August 2, 2005 by putting the ACMC's financial and governance problems on your agenda for public discussion at the earliest possible date. Once this discussion has taken place, we urge you to act immediately to replace the current ACMC Board members with members who will act promptly correct its financial and management problems.

Sincerely,
Nancy Bickel
nkbickel@lmi.net
Chair

2 Enclosures:
Quotations from Grand Jury May 25, 2005 report
ACC letter of August 10, 2004

Copies by e-mail to:
Alameda County Board of Supervisors, all members
ACMC Board of Trustees, all members

The following descriptions of the ACMC Board of Trustees are quoted from the Grand Jury in their May 25, 2005 Report:

1. Preoccupied with infighting
2. Incapable of acting
3. Insecure about its authority
4. Continued to manage poorly
5. Ignored its responsibility to shore up management
6. Made no progress in balancing the ACMC budget
7. Failed to take action to reduce costs and broken Measure A's promise of long-term financial stability
8. Shown an amazing lack of fortitude
9. Exhibited a weak-kneed approach to solving problems
10. Taken the head-in-the-sand approach of ignoring obvious alternatives
11. Exhibited a snail-like approach to completing crucial executive recruitments
12. Embraced and encouraged destructive cultural perspectives
13. Employed a finger-in-the-dike approach to solving problems that threaten the very existence of ACMC
14. Abdicated their responsibility to exercise leadership
15. Encouraged a silo mentality within the organization, which is characterized by a total lack of personal responsibility
16. Allowed workers compensation claims to rage totally out of control
17. Demonstrated a complete lack of responsibility to the community and to their appointments as Trustees
18. Done little to inspire taxpayer confidence
19. Shown more interest in petty squabbling than with vital issues like the budget
20. Demonstrated an astonishing lack of personal accountability
21. Taken the passage of Measure A as a signal to engage in irresponsible spending
22. Hidden from problems
23. Failed to demonstrate any of the responsibility or courage required to address the trust and duties they accepted upon appointment

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August 10, 2004

Gail Steele, President
Alameda County Board of Supervisors
1221 Oak Street, Suite 536
Oakland, CA 94612

Re: Management and Governance of Alameda County Medical Center

Dear President Steele:

The Alameda County Council, an organization comprised of the seven Alameda County chapters of the League of Women Voters, has been following the issues surrounding the Alameda County Medical Center (ACMC) for some time. The State and National levels of the League have conducted studies of health care service, particularly as regards equal access to health care services, and the Local Leagues have relied on these studies in taking positions on initiatives.

The Alameda County Council recently supported Measure A in hopes that additional funds would help to stabilize the financial situation facing health care services throughout the County. Our support for Measure A was with the understanding that deficiencies within the APMC system with respect to organization, financial management, and governance would be addressed to ensure that the money was appropriately spent.

Our comments on the recently published Grand Jury report (2003-04) findings 04-01 through 04-04 are noted on Attachments 1. In summary, we concur with the following recommended actions:

- ❑ Development of an updated, strategic plan to guide decisions made by the Trustees.
- ❑ Improved communications between the Supervisors and the Trustees in order to implement APMC's vision, mission, and goals.
- ❑ Development and utilization of mutually agreed upon performance criteria for the Medical Facility between the Supervisors and the Trustees
- ❑ Establishment of a multi-year budget (2-year minimum) agreed upon by the Supervisors, Trustees, and CEO.

The League is not assuming that the APMC management or the Supervisors and Trustees have not already developed plans and performance measures summarized above. We are suggesting that the

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plans and performance described be fully updated, agreed upon by the major stakeholders, and shared with the public.

In addition to our response to the Grand Jury recommendations, the Alameda County Council urges the Supervisors and the Trustees to immediately appoint the Citizen's Oversight Committee required by Measure A to review the appropriateness of the expenditures garnered from the ½ cent sales and use tax increase.

In addition to providing the oversight originally envisioned, the Citizen's Oversight Committee (COC) could assist the Board of Supervisors in developing a fair and equitable distribution of the remaining 25% of Measure A funds.. The Alameda County's FAQ sheet on Measure A dated 1/12/04 states, "...*the other 25% of the funds collected would be distributed using a needs assessment and geographic equity criteria. Monies would be allocated among hospitals, clinics and community-based health care organizations to pay for medical, mental health, substance abuse services and uncompensated emergency care at hospitals throughout the County*".

The COC could be charged with providing recommendations to the Board for a public, transparent process for allocating these remaining funds and help with guiding the needs assessment and developing the referenced criteria.

In order to accomplish these critical objectives, the appointment process for the Citizen's Committee must result in a committee with a balanced perspective. Appointees must be free of any self-interest in the process and/or the outcome. Appointees must not have a connection to any contractual entities associated with, or who could benefit from, the process; must have no identifiable ties to the ACMC; and should be knowledgeable about health care needs across the full geographic spectrum of Alameda County.

We would appreciate your response to our recommendations by August 27, 2004. Should you have any questions, please contact me at 510-287-1240.

Very truly yours,

Lena L. Tam
Alameda County Council
League of Women Voters, Chair

Cc: Honorable Alice Lai-Bitker, Board of Supervisors, District 3
Honorable Nate Miley, Board of Supervisors, District 4
Honorable Keith Carson, Board of Supervisors, District 5
Honorable Scott Haggerty, Board of Supervisors, District 1
Alameda County Medical Center, Board of Trustees

Enclosure: Attachment 1

League of Women Voters Response to Grand Jury Recommendations

Recommendation 04-01: The governance of the Medical Center must remain the sole responsibility of the Board of Trustees without intervention from the Board of Supervisors as members of the Board of Trustees.

We concur that the Trustees should continue with their independent role. However, we must strongly recommend that performance criteria (based on the strategic and service plan) be immediately established by agreement between the Trustees and Supervisors. These objectives must be monitored on a timely and consistent basis by both bodies according to the agreed upon performance criteria. Clear lines of authority and responsibility for undertaking corrections to deficiencies should be established at the same time the performance criteria are agreed upon.

Recommendation 04-02: The Board of Trustees must carefully scrutinize CAMBIO recommendations, implementing those which improve financial efficiency without sacrificing medical care.

The Grand Jury notes that the CAMBIO contract is expensive. In order to assure that the money already committed is well spent, the turnaround team should be allowed to play out its review and formulation/execution of its recommendations adopted by the Board of Trustees. The Board of Trustees should adopt recommendations offered by CAMBIO using the criteria of their positive impact on patient services and care, and contribution to the viability of the institution.

Recommendation 04-03: The Board of Trustees must carefully review any proposed increase in fees and payments to CAMBIO.

Again, the criteria of cost/benefit in the conduct of this expensive contract should be applied when the Board of Trustees considers any addition. The benefit, simply stated, must be the goals of excellent and timely service and access for patients and the viability of the institution.

Recommendation 04-04: The Board of Trustees must make it a top priority to eliminate wasteful spending of public funds and hold Medical Center management accountable to spend those funds efficiently.

If the Trustees are to assume full, on-going responsibility for the Medical Center, they must do so with a known starting point, a plan, and with the trust and backing of the Board of Supervisors. Therefore, there must be an immediate, completed and published audit to determine the exact financial position of the Medical Center. We recommend that there be at least a two-year projected budget agreed upon by the CEO, the Trustees, and the Supervisors.

We recommend that there also be commitment from the CEO and the Trustees to honor their combined role of providers of community medical services and stewards of the public's assets. In other words, while improving the medical services delivered by the Medical Center, the Trustees should communicate that they also understand that they have to make those improvements while practicing sound fiscal management and remaining within budget. This would show that there is mutual accountability between the Supervisors and the Trustees.

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To establish trust between the Board of Supervisors and the Board of Trustees, the CEO and Trustees must continue their work to make service improvements within the allocated fiscal resources. We also recommend that the Supervisors step back from interference in the daily operations of the Medical Center. We believe that the establishment of trust will ensure the independence of the Board of Trustees, and the limitation of liability of the County.