



Colleen Chawla
Director

AGENDA _____ October 22, 2024

October 9, 2024

The Honorable Board of Supervisors
County of Alameda
1221 Oak Street
Oakland, CA 94612

SUBJECT: APPROVE MEASURE A BASE ALLOCATION IN THE AMOUNT OF \$7 MILLION TO BENEFIT ST. ROSE HOSPITAL; AND APPROVE THE AUDITOR-CONTROLLER TO AUTHORIZE PAYMENTS TO ST. ROSE HOSPITAL

Dear Board Members:

RECOMMENDATIONS:

- A. Approve Measure A Base Allocation in the amount of \$7,000,000 to benefit Hayward Sisters Hospital Inc. dba St. Rose Hospital; and
- B. Approve the Auditor-Controller to authorize payments to Hayward Sisters Hospital Inc. dba St. Rose Hospital as needed

DISCUSSION/SUMMARY:

On December 14, 2021, your Board approved a three-year base allocation totaling \$43,808,364 in Measure A funds each year beginning in Fiscal Year (FY) 2022-2023 and ending in FY 2024-2025 to provide essential health care services to Alameda County residents (Item No. 9). The three-year base allocation included an annual allocation in the amount of \$7,000,000 for St. Rose Hospital.

Hayward Sisters Hospital Inc. dba St. Rose Hospital is an independent community hospital located in Hayward that has provided critical safety-net services to the residents of Southern and Central Alameda County for over 50 years. St. Rose Hospital has experienced financial difficulties for years because it serves a large proportion of Medi-Cal and uninsured patients. St. Rose Hospital is facing insolvency issues which may impact its operations at the end of October 2024.

The \$7,000,000 Measure A base funds allocated to St. Rose Hospital have been historically utilized as nonfederal share for SB1100 Intergovernmental Transfer (IGT), which allows St. Rose Hospital to pull down federal match funds for its uncompensated Medi-Cal care costs.

In recent communication with Alecto leadership, the County has learned of emerging cashflow issues as the hospital awaits potential affiliation with Alameda Health System. Alameda County Health (AC Health) is working closely with St. Rose Hospital's Finance leadership in identifying cashflow needs on a weekly basis. To avoid interruption of critical services provided by St. Rose Hospital as part of Alameda County's safety net system, AC Health requests your Board to approve \$7,000,000 Measure A allocation to be utilized for St. Rose Hospital's operational expenses. As of the writing of this Board letter, AC Health



Alameda County Health

The Honorable Board of Supervisors

October 9, 2024

Page 2 of 3

understands from St. Rose Hospital that their additional operational funding need through October 2024 is approximately \$2,500,000. St. Rose Hospital will submit backup material to AC Health to determine the amount of funding that is needed to support operations through October 2024. Any balance remaining from the \$7,000,000 will be utilized for nonfederal share for the SB1100 IGT.

AC Health requests your Board to approve the Auditor-Controller to authorize payments to St. Rose Hospital upon receipt of instruction and request for payment from AC Health, to ensure continuity of operations, with the not-to-exceed-amount of \$7,000,000.

AC Health, together with St. Rose Hospital and in collaboration with Alameda Health System, will work on ensuring participation in the SB1100 IGT, anticipated in April 2025. Both systems are aware of the need to identify additional matching funds to pull down federal matching funds up to the approved upper payment limit.

These recommendations are in support of the continued efforts among County of Alameda, Alameda Health System, St. Rose Hospital and other community partners in transitioning St. Rose Hospital as part of the Alameda Health System.

St. Rose Hospital is currently party to an Amended Management Services Agreement (MSA) with Alecto Healthcare Services Hayward LLC (Alecto Hayward), which is a for-profit hospital management company. Under the terms of the MSA, Alecto Hayward has an option to purchase the assets of St. Rose Hospital and Saint Rose Medical Building, Inc., for a purchase price that shall not exceed the outstanding amount of St. Rose Hospital's debts. To ensure these County funds will not be used to decrease St. Rose Hospital's outstanding debt and reduce the potential purchase price by Alecto, the County and St. Rose Hospital executed a Memorandum of Understanding (MOU), which was approved by your Board on March 28, 2017 (File No. 29953, Item No. 8.2), requiring the supplemental funds be used only to offset Medi-Cal and indigent patient shortfall. This applies to all supplemental funding from the effective date of the MOU and forward.

In addition, this revenue will not factor into the management fee of 3.75% of the net operating revenues that St. Rose Hospital pays Alecto.

SELECTION CRITERIA/PROCESS:

Not applicable

FINANCING:

Funding for the recommendations (\$7,000,000) comes from Measure A and is included in the AC Health Fiscal Year 2024-2025 Approved Budget. Approval of these recommendations will have no impact on net County cost.



Alameda County Health

The Honorable Board of Supervisors

October 9, 2024

Page 3 of 3

VISION 2026 GOAL:

Maintaining critical safety net medical services for vulnerable populations in Alameda County meets the 10X goal pathway of **Healthcare for All** in support of our shared vision of a **Thriving and Resilient Population**.

Sincerely,

DocuSigned by:

A handwritten signature in blue ink that reads "Colleen".

CB284AE84C50405...

Colleen Chawla, Director

Alameda County Health