



# Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111

*Nancy Farber, Chief Executive Officer*

*Board of Directors*  
*Patricia Danielson, RHIT*  
*Jacob Eapen, M.D.*  
*William F. Nicholson, M.D.*  
*Bernard Stewart, D.D.S.*  
*Michael J. Wallace*

## **BOARD OF DIRECTORS' MEETING**

**Wednesday, March 27, 2019– 6:00 P.M.**

**Board Room, 2000 Mowry Avenue**

### **AGENDA**

#### **PRESENTED BY:**

- |   |   |
|---|---|
| <b>I. CALL TO ORDER &amp;<br/>PLEDGE OF ALLEGIANCE</b>  | Bernard Stewart<br>Board Member         |
| <b>II. ROLL CALL</b>  | Dee Antonio<br>District Clerk           |
| <b>III. COMMUNICATIONS</b><br><br>A. Oral<br>B. Written   |   |
| <b>IV. CLOSED SESSION</b><br><br>A. Conference with Legal Counsel-Existing<br>Litigation pursuant to Government Code<br>section 54956.9(d)(2)<br><br>B. Conference involving a trade secret pursuant to<br>Health & Safety Code section 32106<br><br>C. Report on personnel matters, Cal Gov. Code<br>Section 54957 | Nancy Farber<br>Chief Executive Officer |
| <b>V. OPEN SESSION</b><br><br>Report on Closed Session  | Bernard Stewart<br>Board Member         |
| <b>VI. ACTION</b><br><br>A. Second Reading: Ordinance 19-01 Revenue<br>Bond Series 2019   | <i>Motions Required</i>                 |
| <b>VII. ADJOURNMENT</b>   | Bernard Stewart<br>Board Member         |



# Washington Hospital Healthcare System

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www.whhs.com

## DEVCO FINANCIAL STATEMENTS

Reporting Period 7

Month of January 2019

*Nancy Farber, Chief Executive Officer*

Washington Township Health Care District • Washington Hospital • Institute for Joint Restoration and Research  
Sandy Amos R.N. Infusion Center • Taylor McAdam Bell Neuroscience Institute • Washington Center for Wound Healing and Hyperbaric Medicine  
Washington Outpatient Imaging Center • Washington Outpatient Rehabilitation Center • Washington Outpatient Surgery Center  
Washington Radiation Oncology Center • Washington Special Care Nursery • Washington Urgent Care • Washington Women's Center



**Washington Township Hospital  
Development Corporation  
Summary Income Statement  
January 2019**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	%				Variance	%
3,628	3,993	(365)	(9.1%)	(1) Visits	23,265	24,406	(1,141)	(4.7%)
260	249	11	4.4%	(2) Treatments & Procedures	2,095	2,006	89	4.4%
<b>3,888</b>	<b>4,242</b>	<b>(354)</b>	<b>(8.3%)</b>	(3) Total	<b>25,360</b>	<b>26,412</b>	<b>(1,052)</b>	<b>(4.0%)</b>
				Gross Revenue				
4,615,212	4,599,963	15,249	0.3%	(4) Patient Revenue	27,740,999	31,201,667	(3,460,668)	(11.1%)
864,813	849,165	15,648	1.8%	(5) Other Revenue	5,893,370	5,936,281	(42,911)	(0.7%)
<b>5,480,025</b>	<b>5,449,128</b>	<b>30,897</b>	<b>0.6%</b>	<b>(6) Total Gross Revenue</b>	<b>33,634,369</b>	<b>37,137,948</b>	<b>(3,503,579)</b>	<b>(9.4%)</b>
				Deductions				
2,285,684	2,290,947	5,263	0.2%	<b>(7) Total Deductions</b>	<b>14,392,966</b>	<b>15,255,207</b>	<b>862,241</b>	<b>5.7%</b>
49.5%	49.8%	0.3%		Contractual Percentage	51.9%	48.9%	(3.0%)	
<b>3,194,341</b>	<b>3,158,181</b>	<b>36,160</b>	<b>1.1%</b>	<b>(8) Net Revenue</b>	<b>19,241,403</b>	<b>21,882,741</b>	<b>(2,641,338)</b>	<b>(12.1%)</b>
				Expenses				
899,236	878,587	(20,649)	(2.4%)	(9) Purchased Labor	5,954,846	6,018,042	63,196	1.1%
298,090	306,899	8,809	2.9%	(10) Purchased Benefits	1,932,871	2,131,987	199,116	9.3%
367,507	377,854	10,347	2.7%	(11) Supplies	2,291,450	2,554,343	262,893	10.3%
318,492	294,475	(24,017)	(8.2%)	(12) Professional Fees	1,909,749	1,947,168	37,419	1.9%
212,381	220,752	8,371	3.8%	(13) Purchased Services	1,401,761	1,509,468	107,707	7.1%
90,117	99,402	9,285	9.3%	(14) Depreciation and Amort	630,510	686,352	55,842	8.1%
19,026	23,809	4,783	20.1%	(15) Utilities	160,824	168,086	7,262	4.3%
463,088	439,204	(23,884)	(5.4%)	(16) Building Lease	3,111,204	3,074,419	(36,785)	(1.2%)
127,922	139,959	12,037	8.6%	(17) Other Expenses	902,016	907,934	5,918	0.7%
<b>2,795,859</b>	<b>2,780,941</b>	<b>(14,918)</b>	<b>(0.5%)</b>	<b>(18) Total Expenses</b>	<b>18,295,231</b>	<b>18,997,799</b>	<b>702,568</b>	<b>3.7%</b>
<b>398,482</b>	<b>377,240</b>	<b>21,242</b>	<b>5.6%</b>	<b>(19) Net Operating Income/Loss</b>	<b>946,172</b>	<b>2,884,942</b>	<b>(1,938,770)</b>	<b>(67.2%)</b>
<b>216,182</b>	<b>210,473</b>	<b>(5,709)</b>	<b>(2.7%)</b>	<b>(20) Minority Interest</b>	<b>641,310</b>	<b>1,666,002</b>	<b>1,024,692</b>	<b>61.5%</b>
<b>182,300</b>	<b>166,767</b>	<b>15,533</b>	<b>9.3%</b>	<b>(21) Net Income/Loss</b>	<b>304,862</b>	<b>1,218,940</b>	<b>(914,078)</b>	<b>(75.0%)</b>

**STRATEGIC PLANNING**  
**PRIORITIES & PROGRESS REPORT**  
**March 22, 2019**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains cautiously optimistic, but guarded. The national labor market data showed a notable decline in hiring in February, however, the unemployment rate and unemployment claims remain low, and wages show favorable annual growth for the fifth straight month. Global economic indicators continue to show signs that the international economy is heading into a period of slower economic growth in 2019, due in large part to ongoing trade tensions, a slowdown in China's economy, and continued concerns associated with Brexit.

The Bureau of Labor Statistics job report showed the U.S. economy created just 20,000 jobs in February, as the unemployment rate ticked down to 3.8% from 4.0% in the previous month. The slowdown in hiring was impacted by harsh winter weather as well as a weakening U.S. and global economy. The decline in the unemployment rate is essentially due to a correction of the higher January rate, which was primarily driven by the partial government shutdown that boosted the unemployment rate in January. Hourly wage growth showed year-over-year growth of 3.4%, the fifth straight month above 3.0% and the highest annual rate since April 2009. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 229,000. The four-week moving average, a less volatile measure, declined to 223,750. The national housing market continues to show signs of a housing market slowdown, as higher interest rates, coupled with high home values, continue to impact sales figures.

The California economy showed a slowdown in job growth in January (state unemployment data lags national data by a month), adding just 3,000 jobs as the state's unemployment rate remained at 4.2%. Economists are anticipating a continued slowdown in the California job market, due primarily from impacts of a slowing national and international economy, with the unemployment rate expected to rise to 4.5% by the end of 2019. Similar to the national market, the California housing market is generally strong overall, however there are continued signs that we have entered into a market slowdown as affordability continues to plague sales activity growth.

Locally, the District's unemployment rate increased in January (local unemployment data lags national data by a month) rising to 3.0% from 2.5% in the previous month. Approximately 5,900 District residents in the labor force are unemployed.

Analysis of all of the economic measures included above is ongoing and carefully monitored for potential impacts to hospitals and opportunities for Washington to contribute expertise and advocacy through our elected officials.

## **State and Federal Legislative Update**

### **CA Legislature**

Now that all bills for consideration during this session have been introduced, policy committees in the house of origin must hear and report bills to the appropriate fiscal committee by April 26, and each house must pass bills introduced in that house by May 31.

Staff continues to monitor the bills that have been introduced, and some of the bills worth highlighting include:

#### **AB 329 (Rodriguez) Hospitals, Assaults and Batteries**

As reported previously, Washington has been working with Assembly member Rodriguez and his staff to introduce a bill aimed at increasing the criminal penalties and fines for assaults against all health care workers engaged in providing services inside a hospital, including the emergency department. Last week, the Assembly Public Safety Committee provided feedback that the bill may not be necessary due to a 2002 update to the penal code, which states that “when a battery is committed on school property, park property, or the grounds of a public or private hospital, against any person, the battery is punishable by a fine not exceeding two thousand dollars (\$2,000), or by imprisonment in the county jail not exceeding one year, or by both the fine and imprisonment.” Staff is currently working with the Assembly member’s office and key stakeholder groups to determine whether the existing penal code accomplishes the goal of AB 329.

#### **AB 890 (Wood) Nurse Practitioners**

This bill would authorize a nurse practitioner who holds a certification as a nurse practitioner from a national certifying body to practice without the supervision of a physician and surgeon if the nurse practitioner meets specified requirements, including having practiced under the supervision of a physician and surgeon for an unspecified number of hours. The bill would authorize a nurse practitioner to perform specified functions in addition to any other practices authorized by law, including ordering and interpreting diagnostic procedures, certifying disability, and prescribing, administering, and dispensing controlled substances.

#### **SB 758 (Portantino) Hospitals: Seismic Safety**

The Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 establishes, under the jurisdiction of the Office of Statewide Health Planning and Development, a program of seismic safety building standards for certain hospitals constructed on and after March 7, 1973. This bill would state the intent of the Legislature to enact legislation to evaluate seismic safety building standards applicable to hospitals. The bill does not have any details at this time; however, the legislature will be working on the seismic safety standard regulations and potentially updating them.

### **SB 567 (Caballero) Workers' Compensation: Hospital Employees**

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law creates a rebuttable presumption that specified injuries sustained in the course of employment of a specified member of law enforcement or a specified first responder arose out of and in the course of employment. This bill would define "injury," for a hospital employee who provides direct patient care in an acute care hospital, to include infectious diseases, cancer, musculoskeletal injuries, post-traumatic stress disorder, and respiratory diseases. The bill would create rebuttable presumptions that these injuries that develop or manifest in a hospital employee who provides direct patient care in an acute care hospital arose out of and in the course of the employment. The bill would extend these presumptions for specified time periods after the hospital employee's termination of employment.

### **Federal Legislation**

Senate Finance Committee Chairman Charles Grassley (R-Iowa) has launched a new review of nonprofit hospitals, continuing a longstanding oversight in the sector. Last month, the chairman wrote to Internal Revenue Service (IRS) Commissioner Charles Rettig requesting a wide range of information concerning the IRS' oversight of nonprofit hospitals and their compliance with Internal Revenue Code (IRC) Section 501(r), which established new requirements on hospitals organized under IRC Section 501(c)(3).

The Affordable Care Act (ACA) added IRC Section 501(r), imposing significant new requirements on nonprofit hospitals. Grassley was a driving force behind Section 501(r)'s inclusion in the ACA.

At a summary level, this section requires charitable hospitals to:

- conduct a Community Health Needs Assessment (CHNA) every three years and adopt an implementation strategy to meet the needs identified;
- establish a written Financial Assistance Policy (FAP) and a policy relating to emergency medical care;
- limit the amounts that it can charge individuals eligible for financial assistance under the FAP;
- limit the way that it collects outstanding charges prior to making a reasonable effort to determine whether an individual is eligible for financial assistance under the FAP.

Section 501(r) provides that a hospital will not be treated as a tax-exempt organization as described in Section 501(c)(3) if it fails to meet these new requirements. In addition, a nonprofit hospital that fails to meet requirements around conducting a CHNA must pay an excise tax of \$50,000.

## **II. FOUNDATION**

### **Critical Care Capital Campaign**

The capital campaign has been under way for two years now and has raised \$5.56 million from community donors, physicians and employees. Our stretch goal for the campaign is \$7 million. Staff is in the process of applying to the Hearst Foundation (\$500,000 request), and the Wayne and Gladys Valley Foundation (\$1.5 million request) for grants supporting the critical care capital campaign.

### **Gene Angela Pessagno Golf Tournament**

Planning is under way for the Foundation's annual golf tournament, which is scheduled this year on Thursday, May 2, 2019 at Castlewood Country Club. \$44,500 has been raised towards our \$90,000 sponsorship goal, and 44 golfers have been recruited. The committee has decided to add a long-drive professional on one course and a golf ball launcher on the other.