



# 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, July 25, 2018– 6:00 P.M.**  
**Board Room, 2000 Mowry Avenue**

### **AGENDA**

#### **PRESENTED BY:**

- |  |   |
|--|---|
| <b>I. CALL TO ORDER &amp;<br/>PLEDGE OF ALLEGIANCE</b>   |   |
| <b>II. ROLL CALL</b>   |   |
| <b>III. COMMUNICATIONS</b>   |   |
| A. Oral  |   |
| B. Written   |   |
| <b>IV. CLOSED SESSION</b>  |   |
| A. Conference with Legal Counsel-Anticipated<br>Litigation pursuant to Government Code<br>section 54956.9(d)(2) (1 matter) | Nancy Farber<br>Chief Executive Officer |
| B. Conference involving a trade secret pursuant to<br>Health & Safety Code section 32106                                   |   |
| C. Report on personnel matters, Cal Gov. Code<br>Section 54957   |   |
| <b>V. OPEN SESSION</b>   |   |
| Report on Closed Session   | Michael Wallace<br>Board Member         |
| <b>VI. ADJOURNMENT</b>   | Michael Wallace<br>Board Member         |

*In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the District Clerk at (510) 818-6500. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.*

**STRATEGIC PLANNING**  
**PRIORITIES & PROGRESS REPORT**  
**July 20, 2018**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains cautiously optimistic. The latest national labor figures continue to show strong job growth and very low unemployment claims. Key economic indicators show strong economic growth in the last quarter, with projections placing expected annualized GDP growth in the April to June quarter as high as 4%. International markets continue to monitor the potential impact that the recent tariff actions by the United States, China, and other European nations will have on global markets in the coming quarters.

The Bureau of Labor Statistics job report showed the U.S. economy created 213,000 jobs in June, as the unemployment rate increased slightly to 4.0% from 3.8% in the previous month as more Americans entered the labor market. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 207,000, which is the lowest level in more than forty-eight years. The four-week moving average, a less volatile measure, declined to 220,500. The national housing market continues to remain strong with demand outpacing supply, however home building declined sharply in June due in part to construction labor shortages and rising material costs. Rising interest rates and growing home prices continue to test the durability of the housing market.

The California economy continued to show job growth in May (state unemployment data lags national data by a month), adding 5,500 jobs as the state's unemployment rate remained at a historically low 4.2%. Similar to the national market, the California housing market remains strong and housing affordability continues to be an issue as strong demand far exceeds supply.

Locally, the District's unemployment rate remained the same in May (local unemployment data lags national data by a month) at 2.4%. Just over 4,600 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**

The Legislature is currently on recess and will resume the current session on August 6. Fiscal committees will then have until August 16 to hear bills, and each house has until August 31 to pass bills and send them to the Governor. The Governor then has until September 30 to sign or veto bills.

One bill that has been introduced worth highlighting:

### **AB 1971 (Santiago) Mental Health Services: Involuntary Detention and “gravely disabled”**

This bill currently sits in the Senate Appropriations Committee with a hearing scheduled for August 6. Existing law, the Lanterman-Petris-Short Act, authorizes the involuntary commitment and treatment of persons with specified mental health disorders for the protection of the persons so committed. Under the act, if a person, as a result of a mental health disorder, is a danger to others, or to himself or herself, or is gravely disabled, he or she may, upon probable cause, be taken into custody by a peace officer, a member of the attending staff of an evaluation facility, designated members of a mobile crisis team, or another designated professional person, and placed in a facility designated by the county and approved by the State Department of Social Services as a facility for 72-hour treatment and evaluation. For these purposes, existing law defines “gravely disabled” to mean either a condition in which a person, as a result of a mental health disorder or chronic alcoholism, is unable to provide for his or her basic personal needs or a condition in which a person has been found mentally incompetent. This bill would, until January 1, 2024, expand the definition of “gravely disabled” to also include a condition in which a person, as a result of a mental health disorder, is unable to provide for his or her basic personal needs for medical treatment and if the failure to receive medical treatment would result in a deteriorating physical condition that a medical professional, in his or her best medical judgment, attests in writing will more likely than not lead to death within 6 months.

### **Federal Legislature**

*CMS CY2019 Proposed Rule for Medicare Physician Fee Schedule (MPFS) and Quality Payment Program (QPP)*

Last week, CMS published the CY2019 Proposed Rule for the Medicare Physician Fee Schedule (PFS). While in previous years regulations for the Quality Payment Program (QPP) were released independently, the 2019 Medicare PFS proposed rule includes proposals related to Medicare physician payment as well as the QPP.

The MPFS dictates Medicare rates and policies under Part B, while the QPP implements two key value-based payment programs: the Merit-Based Incentive Payment System (MIPS) and Alternative Payment Models (APMs).

Among notable changes, the proposal would reduce provider reimbursement rates for new drugs under the Medicare Part B by three percent during the first quarter of sales when the average sales price (ASP) is unavailable. The Administration first floated the change in its fiscal 2019 budget proposal released in February, and the idea has been previously recommended by the Medicare Payment Advisory Committee (MedPAC).

The Proposed Rule also includes a number of increases related to telehealth. Specifically, CMS proposes distinguishing between Medicare telehealth services and "communication technology-based and remote evaluation services." This distinction would permit Medicare reimbursement for three services that do not meet the statutory requirements for Medicare-reimbursable telehealth services. Additionally, CMS proposes paying clinicians for virtual check-ins and for evaluations made from patient-submitted photos/images.

The proposals would also purportedly scale back the amount of information providers must submit, by simplifying the billing process and collapsing four separate levels of documentation requirements into just one. The change would also eliminate a series of varying Medicare pay rates in favor of a single payment level. To support this change, CMS proposes allowing clinicians to use their own medical decision-making or the time spent with a patient to determine the level of a patient's care needs, instead of relying on the evaluation and management (E/M) codes.

The regulations also seek feedback on the creation of a new Medicare bundled payment for the care and management of substance use disorders to aid the fight against the opioid crisis.

## II. FOUNDATION

### **Critical Care Capital Campaign**

The capital campaign has been under way for over a year now and has raised \$5.34 million towards the stretch goal of \$7.5 million. The total amount raised to date includes \$605,000 from the employee giving campaign.

### **32<sup>nd</sup> Annual Top Hat Dinner Dance**

The Foundation's annual Top Hat gala will be held on Saturday, October 13. The co-chairs for this year's event are Marsha Badella, Foundation trustee, Dr. Carmen Agcaoili, and Dr. Kadeer Halimi. The dinner dance will raise funds for medical equipment needed in the new ICU/CCU in the Morris Hyman Critical Care Pavilion.



# Washington Hospital Healthcare System

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www.whhs.com

## DEVCO FINANCIAL STATEMENTS

Reporting Period 11

Month of May 2018

*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  
May 2018**

| Current Month    |                  |                         |                | Year - To - Date  |                   |                         |               |
|------------------|------------------|-------------------------|----------------|-------------------|-------------------|-------------------------|---------------|
| Actual           | Budget           | Favorable/(Unfavorable) |                | Actual            | Budget            | Favorable/(Unfavorable) |               |
|                  |                  | Variance                | %              |                   |                   | Variance                | %             |
| 3,390            | 3,364            | 26                      | 0.8%           | 37,077            | 37,664            | (587)                   | (1.6%)        |
| 199              | 224              | (25)                    | (11.2%)        | 2,661             | 3,433             | (772)                   | (22.5%)       |
| 3,589            | 3,588            | 1                       | 0.0%           | 39,738            | 41,097            | (1,359)                 | (3.3%)        |
|                  |                  |                         |                |                   |                   |                         |               |
| 3,867,542        | 3,862,966        | 4,576                   | 0.1%           | 40,260,811        | 42,762,211        | (2,501,400)             | (5.8%)        |
| 814,225          | 772,411          | 41,814                  | 5.4%           | 8,990,800         | 8,609,249         | 381,551                 | 4.4%          |
| <b>4,681,767</b> | <b>4,635,377</b> | <b>46,390</b>           | <b>1.0%</b>    | <b>49,251,611</b> | <b>51,371,460</b> | <b>(2,119,849)</b>      | <b>(4.1%)</b> |
|                  |                  |                         |                |                   |                   |                         |               |
| 2,076,321        | 1,987,541        | (88,780)                | (4.5%)         | 19,754,279        | 22,017,747        | 2,263,468               | 10.3%         |
| 53.7%            | 51.5%            | (2.2%)                  |                | 49.1%             | 51.5%             | 2.4%                    |               |
| <b>2,605,446</b> | <b>2,647,836</b> | <b>(42,390)</b>         | <b>(1.6%)</b>  | <b>29,497,332</b> | <b>29,353,713</b> | <b>143,619</b>          | <b>0.5%</b>   |
|                  |                  |                         |                |                   |                   |                         |               |
| 846,575          | 807,148          | (39,427)                | (4.9%)         | 8,608,894         | 8,605,479         | (3,415)                 | (0.0%)        |
| 254,705          | 265,441          | 10,736                  | 4.0%           | 2,827,228         | 2,877,558         | 50,330                  | 1.7%          |
| 312,503          | 317,704          | 5,201                   | 1.6%           | 3,323,723         | 3,500,579         | 176,856                 | 5.1%          |
| 273,731          | 259,732          | (13,999)                | (5.4%)         | 2,865,426         | 2,992,016         | 126,590                 | 4.2%          |
| 212,335          | 200,479          | (11,856)                | (5.9%)         | 2,181,718         | 2,215,000         | 33,282                  | 1.5%          |
| 75,737           | 93,348           | 17,611                  | 18.9%          | 902,312           | 1,045,617         | 143,305                 | 13.7%         |
| 22,817           | 22,619           | (198)                   | (0.9%)         | 241,905           | 248,529           | 6,624                   | 2.7%          |
| 430,261          | 423,043          | (7,218)                 | (1.7%)         | 4,754,423         | 4,689,089         | (65,334)                | (1.4%)        |
| 116,112          | 126,492          | 10,380                  | 8.2%           | 1,430,460         | 1,420,199         | (10,261)                | (0.7%)        |
| <b>2,544,776</b> | <b>2,516,006</b> | <b>(28,770)</b>         | <b>(1.1%)</b>  | <b>27,136,089</b> | <b>27,594,066</b> | <b>457,977</b>          | <b>1.7%</b>   |
| 60,670           | 131,830          | (71,160)                | (54.0%)        | 2,361,243         | 1,759,647         | 601,596                 | 34.2%         |
| 60,397           | 120,922          | 60,525                  | 50.1%          | 1,377,937         | 1,311,594         | (66,343)                | (5.1%)        |
| <b>273</b>       | <b>10,908</b>    | <b>(10,635)</b>         | <b>(97.5%)</b> | <b>983,306</b>    | <b>448,053</b>    | <b>535,253</b>          | <b>119.5%</b> |