



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, August 27, 2014
6:00 p.m., Boardroom

AGENDA

- | | | |
|-------------|---|---|
| I. | CALL TO ORDER &
PLEDGE OF ALLEGIANCE | Bernard Stewart, DDS
Board Member |
| II. | ROLL CALL | Christine Flores
Executive Assistant |
| III. | COMMUNICATIONS | |
| | A. Oral | |
| | B. Written | |

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, portions of this meeting may be held in closed session.

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|------------|---|---|
| IV. | CLOSED SESSION | |
| | A. HUMAN RESOURCES
Discussion of Human Resources
Matters, pursuant to California
Government Code Section 54956. | Nancy Farber
Chief Executive Officer |
| | B. RISK MANAGEMENT
Conference regarding Risk
Management Matters, pursuant to
Health & Safety Code Section 32155.

Discussion of Claims Liabilities
pending and anticipated Litigation,
pursuant to Government Code Section
54956. | |

C. **STRATEGIC PLANNING**
Discussion of Hospital Trade Secrets applicable to institution of new hospital services and facilities. No action will be taken, pursuant to Health & Safety Code Sections 1461, 1462 and 32106 and Government Code Section 54954.5(h). Likely date of release of information to be public: February 2015.

D. **EMERGENCY ITEMS**
Emergency situations may be discussed in Closed Session if agreed to by a 2/3 vote of the members of the Board present, or if less than 2/3 of the Board members are present, by a unanimous vote of the Board members present, pursuant to California Government Code Sections 54956.6 and 54957(a).

V. OPEN SESSION

A. Report on Closed Session

Bernard Stewart, DDS
Board Member

VI. ADJOURNMENT

Bernard Stewart, DDS
Board Member

STRATEGIC PLANNING PRIORITIES & PROGRESS REPORT August 15, 2014

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic. The national employment figures continue to show improved job growth, with the sixth straight month of more than 200,000 new jobs. The national housing market appears to have stabilized, as home prices have recovered to their pre-bubble norms and the number of foreclosure filings working their way through the system has fallen significantly. Reversing the decline in Gross Domestic Product growth for the first Quarter of 2014, the second Quarter saw an estimated four percent annual GDP growth rate.

The Bureau of Labor Statistics job report showed the US economy added 209,000 jobs in July, as the unemployment rate ticked up slightly to 6.2%. Over the past six months, the economy has added 1.5 million jobs, marking the strongest six months for hiring since 2006. However, wages remain depressed as over the past twelve months wages rose just two percent, which is not enough to surpass inflation. Claims for U.S. jobless benefits declined significantly recently by 14,000 to a seasonally adjusted 289,000. The four-week moving average, a less volatile measure, fell by 4,000 to 293,500, which is the lowest level since February 2006. The national housing market does appear to have stabilized in terms of home values, however sales volumes remain a mixed message. Last month, the number of properties that received a foreclosure filing in the U.S. was 2% lower than the previous month and 16% lower than the same time last year. Home sales were up 13% compared with the previous month, and down 19% compared to a year ago.

The California economy showed positive signs in June (state unemployment data lags national data by a month), as the state added more than 24,000 jobs. California's unemployment rate declined to 7.4% in June, down from 7.6% in the previous month. California has finally recovered all of the jobs lost during the recession, driven in large part by the fast-paced job growth seen in the San Francisco Bay Area. Last month, the number of properties that received a foreclosure filing in California was 1% higher than the previous month and 15% lower than the same time last year. Home sales were up 15% compared with the previous month, and down 19% compared with a year ago.

Locally, the District's unemployment rate ticked up slightly in June, (local unemployment data lags national data by a month), increasing to 4.6% from 4.4% in the previous month. Just over 8,200 District residents in the labor force are unemployed. Foreclosure activity in the District declined last month to 35 foreclosures, down from 50 in the previous month. Home sales figures in the District continue to show a somewhat better sales activity rate than that seen at the national and state level.

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

Federal Legislature

Inpatient Prospective Payment System

This month, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that will update fiscal year (FY) 2015 Medicare payment policies and rates under the Inpatient Prospective Payment System (IPPS) and the Long-Term Care Hospital Prospective Payment System (LTCH PPS). The rule is scheduled to take effect Oct. 1. It affects 3,400 acute care hospitals and about 435 long-term care hospitals.

The final rule will increase IPPS operating payment rates by 1.4 percent for FY 2015. This reflects the projected hospital market basket update of 2.9 percent adjusted by -0.5 percentage point for multi-factor productivity and an additional adjustment of -0.2 percentage point in accordance with the Affordable Care Act (ACA). Like last year, the rate is further decreased by 0.8 percent for a documentation and coding recoupment adjustment required by the American Taxpayer Relief Act of 2012. CMS projects that the rate increase, together with reductions under the Hospital Readmissions Reduction Program, changes to Medicare disproportionate share hospital payments, the expiration of certain statutory provisions that provided special temporary increases in payments to hospitals, and other changes to IPPS payment policies will decrease IPPS operating payments by approximately 0.6 percent.

The rule also makes ACA-mandated reductions to Medicare Disproportionate Share Hospital (DSH) payment reductions, reducing overall Medicare DSH payments by 1.3% in FY 2015. Overall, CMS will distribute \$7.65 billion in DSH payments, a drop from the initially proposed \$8.56 billion. The agency said that the decrease in DSH spending was linked to lowered estimates on hospital inpatient spending, as well as revised estimates for the number of uninsured patients.

The rule also provides the date in which hospitals and health insurers would be required to transition to the International Classification of Diseases, 10th Revision (ICD-10) as October 1, 2015, the first date for adoption allowed under the Protecting Access to Medicare Act of 2014 (SGR patch).

In FY 2015, hospitals face increases or decreases in Medicare payments based on their performance in three ACA-created quality programs:

- **Readmissions Reduction Program:** The rule also increases the maximum payment reduction from 2% to 3% under the program, which aims to reduce payment for hospital-acquired conditions and readmissions.

- Value-Based Purchasing Program: In the FY 2015, the program will adjust up to 1.5% of the base operating Medicare payments based on each hospital's performance on certain quality of care measures.
- Hospital-Acquired Condition Reduction Program: Acute care hospitals that report the most hospital-acquired conditions will see Medicare reimbursement reductions of 1% in FY 2015, the first year of the program.

CA Legislature

The California Legislature returned from Summer Recess on August 4th. All bills currently in consideration must pass through the appropriate fiscal committees by August 15th, after which the Floor Session will commence on August 18th. The last day for each house to pass bills is August 31st, after which the Governor must sign or veto bills passed by the Legislature by September 30th.

A few bills worth highlighting include:

SB 455 (Hernandez) General Acute Care Hospitals: Nurse-to-Patient Ratios

This bill was recently amended and currently sits in the Assembly Appropriations Committee. Current law requires the State Department of Public Health to adopt regulations governing the operation of a health facility, including, but not limited to, regulations that require prescribed health facilities to meet minimum nurse-to-patient ratios, and to assign additional staff according to a documented patient classification system for determining nursing care requirements. This bill would, with respect to this patient classification system, require that a committee for each general acute care hospital review the reliability of this system for validating staffing requirements at least annually to determine whether the system accurately measures patient care needs. In addition, during every periodic state inspection of a general acute care hospital, the department shall inspect for compliance with the established nurse-to-patient ratios.

SB 1311 (Hill) Hospitals: Antimicrobial Stewardship

This bill currently sits in the House of Origin for concurrence in amendments after being approved by both the Senate and Assembly. The bill would require all general acute care hospitals to adopt and implement, by July 1, 2015, an antimicrobial stewardship policy in accordance with guidelines established by the federal government and professional organizations and that includes a process to evaluate the judicious use of antibiotics, as specified.

SB 1276 (Hernandez) Health Care: Fair Billing Policies

This bill currently sits in the House of Origin for concurrence in amendments after being approved by both the Senate and Assembly. The bill would require a hospital to negotiate with a patient regarding a payment plan, taking into consideration the patient's family income and essential living expenses. This bill would require the hospital to use a specified formula to create a reasonable payment plan if the hospital and the patient cannot agree to a payment plan. This bill would change the definition of a person with high medical costs to

include those persons who do receive a discounted rate from the hospital as a result of 3rd-party coverage.

II. FOUNDATION

Capital Campaign

To date, \$5.1 million has been raised for the Critical Care Campaign, which represents 85 percent of the \$6 million goal.

IJRR Research and Education Fund

The Foundation has recently established a fund to support the research and education function within the IJRR. To date, the fund has received over \$70,000 in contributions. With the help of Dr. Alex Sah, a candidate for the position has been identified and a contract is being developed for her.

Top Hat Dinner Dance

The Top Hat Committee has met twice and is working on securing raffle prizes and live-auction items. The look this year will be based on a Gatsby/Twenties theme. Funds from the event were designated by Foundation trustees to support equipment needs in the Washington Special Care Nursery and to establish a Family Assistance fund for families of patients in the special care nursery who are transferred to out-of-district hospitals. To date, \$148,000 in sponsorships (against a goal of \$252,000) has been raised and 222 attendees have registered.



Washington Hospital Healthcare System

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www.whhs.com

DEVCO FINANCIAL STATEMENTS

Reporting Period 12

Month of June 2014

Nancy Farber, Chief Executive Officer

Washington Township Health Care District • Washington Hospital • Washington Urgent Care
Washington Radiation Oncology Center • Washington Outpatient Surgery Center
Washington Cardiovascular Institute • Washington Outpatient Rehabilitation Center • Institute for Joint Restoration and Research
Taylor McAdam Bell Neuroscience Institute • Institute for Minimally Invasive and Robotic Surgery
Sandy Amos R.N. Infusion Center • Washington Outpatient Imaging Center • Washington Women's Center

**Washington Township Hospital District
Development Corporation
Combined Income Statement
June 2014**

Current Month				Year - To - Date			
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)	
		Variance	%			Variance	%
3,488	3,305	183	5.5%	41,840	42,226	(386)	(0.9%)
353	293	60	20.5%	4,760	5,201	(441)	(8.5%)
3,841	3,598	243	6.8%	46,600	47,427	(827)	(1.7%)
Gross Revenue							
3,981,171	4,068,792	(87,621)	(2.2%)	47,993,140	46,465,434	1,527,706	3.3%
810,809	783,747	27,062	3.5%	10,068,897	9,599,529	469,368	4.9%
4,791,980	4,852,539	(60,559)	(1.2%)	58,062,037	56,064,963	1,997,074	3.6%
Deductions							
1,952,490	2,219,955	267,465	12.0%	25,243,254	25,255,120	11,866	0.0%
49.0%	54.6%	5.5%		52.6%	54.4%	1.8%	
2,839,490	2,632,584	206,906	7.9%	32,818,783	30,809,843	2,008,940	6.5%
Expenses							
822,918	880,826	57,908	6.6%	10,519,576	10,484,373	(35,203)	(0.3%)
274,825	295,783	20,958	7.1%	3,453,444	3,553,600	100,156	2.8%
350,346	316,866	(33,480)	(10.6%)	3,750,048	3,659,119	(90,929)	(2.5%)
40,800	42,325	1,525	3.6%	505,667	507,900	2,233	0.4%
210,353	219,127	8,774	4.0%	2,645,175	2,593,673	(51,502)	(2.0%)
198,332	218,341	20,009	9.2%	2,605,968	2,602,624	(3,344)	(0.1%)
34,539	32,292	(2,247)	(7.0%)	204,168	387,500	183,332	47.3%
97,720	81,563	(16,157)	(19.8%)	1,033,214	1,013,898	(19,316)	(1.9%)
22,611	22,558	(53)	(0.2%)	222,006	233,225	11,219	4.8%
413,022	421,598	8,576	2.0%	5,136,263	5,163,339	27,076	0.5%
70,840	80,530	9,690	12.0%	925,001	1,006,938	81,937	8.1%
2,536,306	2,611,809	75,503	2.9%	31,000,530	31,206,189	205,659	0.7%
303,184	20,775	282,409	1,359.4%	1,818,253	(396,346)	2,214,599	558.8%
226,341	106,581	(119,760)	(112.4%)	1,711,843	954,897	(756,946)	(79.3%)
76,843	(85,806)	162,649	189.6%	106,410	(1,351,243)	1,457,653	107.9%