



# Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 | 510.797.1111

Kimberly Hartz, Chief Executive Officer

## Board of Directors

Jacob Eapen, MD  
William F. Nicholson, MD  
Bernard Stewart, DDS  
Michael J. Wallace  
Jeannie Yee

## BOARD OF DIRECTORS' MEETING

Wednesday, August 28, 2019– 6:00 P.M.  
Board Room, 2000 Mowry Avenue

### AGENDA

#### PRESENTED BY:

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

**DEVCO  
FINANCIAL STATEMENTS**

Reporting Period 12

Month of June 2019

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

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	%				Variance	%
3,120	3,399	(279)	(8.2%)	(1) Visits	40,659	42,615	(1,956)	(4.6%)
258	227	31	13.7%	(2) Treatments & Procedures	3,239	3,029	210	6.9%
3,378	3,626	(248)	(6.8%)	(3) Total	43,898	45,644	(1,746)	(3.8%)
				Gross Revenue				
3,728,350	4,888,170	(1,159,820)	(23.7%)	(4) Patient Revenue	46,557,271	54,655,274	(8,098,003)	(14.8%)
861,975	821,806	40,169	4.9%	(5) Other Revenue	10,068,381	10,144,043	(75,662)	(0.7%)
<b>4,590,325</b>	<b>5,709,976</b>	<b>(1,119,651)</b>	<b>(19.6%)</b>	<b>(6) Total Gross Revenue</b>	<b>56,625,652</b>	<b>64,799,317</b>	<b>(8,173,665)</b>	<b>(12.6%)</b>
				Deductions				
<b>2,130,009</b>	<b>2,467,795</b>	<b>337,786</b>	<b>13.7%</b>	<b>(7) Total Deductions</b>	<b>24,818,970</b>	<b>27,003,747</b>	<b>2,184,777</b>	<b>8.1%</b>
57.1%	50.5%	(6.6%)		Contractual Percentage	53.3%	49.4%	(3.9%)	
<b>2,460,316</b>	<b>3,242,181</b>	<b>(781,865)</b>	<b>(24.1%)</b>	<b>(8) Net Revenue</b>	<b>31,806,682</b>	<b>37,795,570</b>	<b>(5,988,888)</b>	<b>(15.8%)</b>
				Expenses				
817,263	846,250	28,987	3.4%	(9) Purchased Labor	10,242,771	10,279,251	36,480	0.4%
275,877	298,498	22,621	7.6%	(10) Purchased Benefits	3,293,678	3,628,632	334,954	9.2%
256,029	380,382	124,353	32.7%	(11) Supplies	3,712,654	4,426,528	713,874	16.1%
274,158	285,235	11,077	3.9%	(12) Professional Fees	3,325,466	3,281,280	(44,186)	(1.3%)
195,743	210,906	15,163	7.2%	(13) Purchased Services	2,458,360	2,608,165	149,805	5.7%
92,691	125,761	33,070	26.3%	(14) Depreciation and Amort	1,097,443	1,262,365	164,922	13.1%
28,763	41,937	13,174	31.4%	(15) Utilities	274,474	298,708	24,234	8.1%
434,011	406,147	(27,864)	(6.9%)	(16) Building Lease	5,197,614	5,174,459	(23,155)	(0.4%)
158,019	123,870	(34,149)	(27.6%)	(17) Other Expenses	1,539,366	1,544,528	5,162	0.3%
<b>2,532,554</b>	<b>2,718,986</b>	<b>186,432</b>	<b>6.9%</b>	<b>(18) Total Expenses</b>	<b>31,141,826</b>	<b>32,503,916</b>	<b>1,362,090</b>	<b>4.2%</b>
<b>(72,238)</b>	<b>523,195</b>	<b>(595,433)</b>	<b>(113.8%)</b>	<b>(19) Net Operating Income/Loss</b>	<b>664,856</b>	<b>5,291,654</b>	<b>(4,626,798)</b>	<b>(87.4%)</b>
<b>10,212</b>	<b>313,752</b>	<b>303,540</b>	<b>96.7%</b>	<b>(20) Minority Interest</b>	<b>636,002</b>	<b>3,039,276</b>	<b>2,403,274</b>	<b>79.1%</b>
<b>(82,450)</b>	<b>209,443</b>	<b>(291,893)</b>	<b>(139.4%)</b>	<b>(21) Net Income/Loss</b>	<b>28,854</b>	<b>2,252,378</b>	<b>(2,223,524)</b>	<b>(98.7%)</b>

# STRATEGIC PLANNING

## PRIORITIES & PROGRESS REPORT

August 23, 2019

### I. LEGISLATION

#### **Federal and Local Economic Update**

The national economic outlook remains optimistic, but increasingly guarded. The national labor market data continues to show relatively strong hiring, unemployment claims remain at historically low levels, and wages continued to show favorable annual growth. However, Global economic indicators continue to point to a general slowdown in international economic growth, as ongoing trade tensions continue to impact key economies in Asia and Europe. The U.S. bond and equity markets are beginning to show signs of recession concerns, even though the Federal Reserve recently lowered the target interest rate by a quarter point.

The Bureau of Labor Statistics job report showed the U.S. economy created 164,000 jobs in July, as the unemployment rate remained at 3.7%. Hourly wage growth showed year-over-year growth of 3.2%, the tenth straight month above 3.0% as wage growth continues to outpace inflation. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 216,000. The four-week moving average, a less volatile measure, declined slightly to 218,750. The national housing market continues to show signs of market normalization as housing price growth softens across the country, despite overall low mortgage rates, as affordability and tight supply remain barriers to market growth.

The California economy showed continued hiring in June (state unemployment data lags national data by a month), as the economy added 46,200 jobs and the state's unemployment rate remained at 4.2%. However, one worrisome indicator in the June data was a steep drop in the number of people working or looking for work as California faces a tight labor market. The California housing market is in a similar position as the national housing market, as tight supply and affordability concerns continue to put a damper on market activity and numerous markets across the state are showing a softening in home prices.

Locally, the District's unemployment rate increased in June (local unemployment data lags national data by a month) rising to 2.8% from 2.3% in the previous month. Approximately 5,350 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 state Legislature returned from recess this week on August 12, and therefore there has been little activity since last month's update. All bills that will go to the Governor's desk must pass out of the Legislature by September 13, and then the Governor must sign or veto bills by October 13.

Staff continues to monitor the bills that have been introduced, and one of the bills that is expected to have a floor vote soon and make it to the Governor's desk is:

### **SB 227 (Leyva) Health and Care Facilities: Inspections and Penalties**

This bill passed out of the Assembly Health Committee and currently sits in the Assembly for a floor vote before September 13. It is expected that the bill will make it to the Governor's desk, however, it is not yet clear whether the Governor will sign or veto the bill. Existing law generally requires the State Department of Public Health to license, regulate, and inspect health and care facilities. Existing law specifically requires the department to adopt regulations that require a general acute care hospital, an acute psychiatric hospital, and a special hospital to meet minimum nurse-to-patient ratios and assign additional staff according to a documented patient classification system for determining nursing care requirements. Existing law also generally requires the department to periodically inspect every health facility for which a license or special permit has been issued for compliance with state laws and regulations. This bill would require the periodic inspections of these specified health facilities to include reviews of compliance with the nurse-to-patient ratios and staff assignment regulations described above. The bill would require the department to ensure that these inspections are not announced in advance of the date of inspection, and would also increase financial penalties for failure to meet the required nurse-to-patient ratios.

### **Federal Legislature**

The Centers for Medicare & Medicaid Services (CMS) on July 29, 2019, published the Calendar Year (CY) 2020 Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System Proposed Rule.

Among notable changes, CMS proposes to continue payment reductions to hospitals purchasing 340B drugs, builds on price transparency guidance by including payer-specific negotiated rates and continues the last phase of site-neutral payment reductions for hospital outpatient clinic visits provided at the off-campus provider-based departments.

CMS also published on July 29 the CY2020 Proposed Rule for the Medicare Physician Fee Schedule (MPFS). The MPFS dictates Medicare rates and policies under Part B, while the Quality Payment Program (QPP) implements two key value-based payment programs: the Merit-Based Incentive Payment System (MIPS) and Alternative Payment Models (APMs). Among notable changes, CMS is updating several provisions, but making significant changes to evaluation and management (E/M) and chronic care management services, citing greater flexibility and increased accuracy in codifying services. Additional updates in

this year's MPFS includes new requirements for certain telehealth services and coverage for additional opioid treatment services. CMS is also proposing the creation of MIPS Value Pathways (MVPs) beginning with the 2021 performance year.

Comments on the proposed rules are due by September 27, and the Final Rule is likely to be released in early November.

## **II. FOUNDATION**

### **Critical Care Capital Campaign**

The Critical Care Campaign has raised a total of \$5.61 million. The Foundation is now focusing on raising funds for a new MRI machine for the Hyman Pavilion.

### **Top Hat Dinner Dance**

The Foundation will host the annual Top Hat dinner dance on Saturday, October 12 in the tent at Washington West. Proceeds from this, the 33rd annual Top Hat, have been designated to support the purchase of 3-D Mammography equipment (tomosynthesis) for the Women's Health Center. Sponsorship solicitations have begun, and we have raised just over \$173,000 to date. The co-chairs will be Kimberly Petersen, the police chief of the City of Fremont, and Drs. Rohit and Seema Sehgal.

### **Other Fundraising Activities**

The Foundation has been awarded a \$500,000 grant from the Stupski Foundation to support an outpatient palliative care program, payable over three years.