



Washington Township Health Care District

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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, September 27, 2017 – 6:00 P.M.
Conrad E. Anderson, MD Auditorium**

AGENDA

PRESENTED BY:

- | | |
|---|---|
| I. CALL TO ORDER &
PLEDGE OF ALLEGIANCE | William Nicholson
Board Member |
| II. ROLL CALL | Dee Antonio
District Clerk |
| III. COMMUNICATIONS

A. Oral

B. Written | |
| IV. CLOSED SESSION

A. Conference with Legal Counsel-Anticipated
Litigation pursuant to Government Code
section 54956.9(d)(2) (1 matter)

B. Conference involving a trade secret pursuant to
Health & Safety Code section 32106

C. Report on personnel matters, Cal Gov. Code
Section 54957 | Nancy Farber
Chief Executive Officer |
| V. OPEN SESSION

Report on Closed Session | William Nicholson
Board Member |
| VI. ADJOURNMENT | William Nicholson
Board Member |



DEVCO FINANCIAL STATEMENTS

Reporting Period 1

Month of July 2017

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
Development Corporation
Summary Income Statement
July 2017**

Current Month				Year - To - Date			
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)	
		Variance	%			Variance	%
3,176	3,041	135	4.4%	3,176	3,041	135	4.4%
214	261	(47)	(18.0%)	214	261	(47)	(18.0%)
3,390	3,302	88	2.7%	3,390	3,302	88	2.7%
3,347,190	3,476,290	(129,100)	(3.7%)	3,347,190	3,476,290	(129,100)	(3.7%)
756,847	763,523	(6,676)	(0.9%)	756,847	763,523	(6,676)	(0.9%)
4,104,037	4,239,813	(135,776)	(3.2%)	4,104,037	4,239,813	(135,776)	(3.2%)
1,610,937	1,822,460	211,523	11.6%	1,610,937	1,822,460	211,523	11.6%
48.1%	52.4%	4.3%		48.1%	52.4%	4.3%	
2,493,100	2,417,353	75,747	3.1%	2,493,100	2,417,353	75,747	3.1%
772,705	741,893	(30,812)	(4.2%)	772,705	741,893	(30,812)	(4.2%)
239,933	256,265	16,332	6.4%	239,933	256,265	16,332	6.4%
279,097	304,498	25,401	8.3%	279,097	304,498	25,401	8.3%
262,341	292,430	30,089	10.3%	262,341	292,430	30,089	10.3%
186,520	200,402	13,882	6.9%	186,520	200,402	13,882	6.9%
81,770	80,442	(1,328)	(1.7%)	81,770	80,442	(1,328)	(1.7%)
25,485	25,105	(380)	(1.5%)	25,485	25,105	(380)	(1.5%)
433,821	432,085	(1,736)	(0.4%)	433,821	432,085	(1,736)	(0.4%)
122,270	124,548	2,278	1.8%	122,270	124,548	2,278	1.8%
2,403,942	2,457,668	53,726	2.2%	2,403,942	2,457,668	53,726	2.2%
89,158	(40,315)	129,473	321.2%	89,158	(40,315)	129,473	321.2%
113,368	40,169	(73,199)	(182.2%)	113,368	40,169	(73,199)	(182.2%)
(24,210)	(80,484)	56,274	69.9%	(24,210)	(80,484)	56,274	69.9%

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
September 22, 2017

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic. National labor figures continue to show strong hiring patterns and unemployment claims remain at historically low levels. The Federal Reserve decided to not raise the target interest rate during their September meeting, but continue to indicate they may do so before the end of the calendar year.

The Bureau of Labor Statistics job report showed the U.S. economy added 156,000 jobs in August, as the unemployment rate ticked up to 4.4% from 4.3% in the previous month. Similar to previous reports, there is still no indication of an upturn in wage growth. However, the unemployment figure remains just shy of a 16-year low, and the economy this summer entered its ninth year of expansion. Claims for U.S. jobless benefits remain at historically low levels, coming in at 259,000 recently. Economists had expected over 300,000 claims due to the impact of Hurricanes Harvey and Irma. The four-week moving average, a less volatile measure, rose to 268,750. The national housing market remains strong, however, there are concerns that price appreciation across the nation is outpacing that of wage growth. Homes sales remain low as demand continues to far exceed supply.

The California economy showed robust hiring recently, as the latest jobs report showed payroll jobs decreased in July (state unemployment data lags national data by a month) by 82,600 jobs as the state's unemployment rate ticked up to 4.8% from 4.7% in the previous month. This was the biggest month of hiring in the state in more than a year as the state continues its steady economic growth. The California real estate market remains hot, however, similar to the national housing market, price appreciation is occurring at a faster rate than wages may be able to sustain given recent economic indicators. In order to attempt to address the housing shortage issue, the state legislature recently passed a package of bills aimed at addressing the affordability and shortage issues.

Locally, the District's unemployment rate ticked up in July (local unemployment data lags national data by a month) to 3.7% from 3.3% in the previous month. Just over 6,850 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 reconvened from recess on August 21 and had until September 15 to send bills to the Governor's desk. The Governor has until October 15 to sign or veto bills.

Some of the bills worth highlighting include:

SB 432 (Pan) Emergency Medical Services

This bill currently sits on the Governor's desk. The Prehospital Emergency Medical Care Personnel Act requires a county health officer to immediately notify prehospital emergency medical care personnel that they have been exposed to a reportable disease or condition that the county health officer determines can be transmitted through oral contact or bodily secretions. This bill would require the health facility infection control officer to give that notice immediately to a designated officer upon determining that the person to whom the prehospital emergency medical care personnel provided emergency medical or rescue services is diagnosed as being afflicted with a reportable communicable disease or condition, as specified, and to give notice to the county health officer with the name and telephone number of the prehospital emergency medical care personnel.

SB 687 (Skinner) Health Facilities: Emergency Services

This bill currently sits on the Governor's desk. This bill would require nonprofit organizations that provide emergency services to obtain the attorney general's written consent before reducing the level of services provided. These provisions would be applied retroactively to January 2015. The bill would also prohibit the licensure of freestanding emergency rooms that are not part of a hospital.

AB 1014 (Cooper) Health Facilities: Diesel Backup Generators

This bill has been signed by the Governor. This bill aligns health care facility testing and maintenance requirements related to diesel generators with the current edition of NFPA 110: Standard for Emergency and Standby Power Systems, as adopted by the Life Safety Code and CMS. The previous law expired in 2016. This is currently being discussed with our Facilities management team.

AB 210 (Santiago) Homeless Multidisciplinary Personnel Team

This bill currently sits on the Governor's desk. This bill would establish a homeless adult, child and family multidisciplinary personnel team within counties to allow provider agencies to share confidential information for the purpose of coordinating housing and supportive services to ensure continuity of care for the homeless population. Service providers include, but are not limited to, social services, child welfare services, health services, mental health services, substance abuse services, probation, law enforcement, veteran services, homeless services and housing.

AB 402 (Thurmond) Occupational Safety and Health Standards: Plume

This bill currently sits on the Governor's desk. This bill would require Cal/OSHA to convene by June 1, 2018, an advisory committee to develop regulations requiring hospitals to evacuate or remove plume (noxious airborne contaminants generated as byproducts from specific devices used during surgical procedures). The proposed regulations would be required to be submitted to the Cal/OSHA Standards Board by June 1, 2019, and the board would be required to adopt regulations by July 1, 2020.

Federal Legislation

On September 13, Senators Lindsay Graham (R-SC) and Bill Cassidy (R-LA) released legislation (HR 1628) to repeal and replace the Affordable Care Act (ACA). The GOP needs only 50 Senate votes, plus a tie-breaker from Vice President Pence, to pass its legislation under budget reconciliation rules that expire at the end of the month. The proposal incorporates some of the concepts of the Better Care Reconciliation Act (BCRA), legislation advanced by Senate leaders in July, which failed to garner majority support in August, but replaces the current insurance exchange market and Medicaid expansion with a state grant program that would be funded through 2026.

The provisions contained in the Graham-Cassidy legislation that are similar to BCRA include:

- Repeal of the individual and employer mandates (2016) and premium and cost sharing subsidies (2020).
- Repeal of the medical device tax (2018).
- Suspension of the Cadillac tax on high-cost employer-sponsors group health (2020-2025).
- Conversion of federal Medicaid funding to a per capita allotment and limiting growth in federal Medicaid spending beginning in 2020. State per-enrollee amounts for 4 groups would increase at a rate of medical CPI for children and adults and medical CPI plus one percentage point for the elderly and disabled adults for 2020 – 2024 and then by CPI-Urban for children and adults and medical CPI for elderly and disabled adults for 2025 and beyond. States could opt to receive federal Medicaid funding as a block grant for nonelderly, non-disabled adults. States, however, cannot opt to receive block grant funding for elderly and disabled participants.
- Allowing a state option to require Medicaid work requirements as a condition of Medicaid eligibility for nonelderly adults who are not disabled or pregnant.
- Establishing a Medicaid and CHIP quality performance bonus program for states that have lower than expected annual expenditures compared to their spending target and have submitted required information to HHS. The bonus pool includes a total of \$8 billion in funding for 2023 through 2026, and the formula for distribution will be determined by HHS.
- Phasing down the Medicaid provider tax threshold from the current amount of 6 percent to 4 percent in 2025 and subsequent fiscal years.

- Retaining ACA's insurance market regulations, but permitting states more flexibility through Section 1332 waivers to premium rating rules, health status rating, essential health benefits and medical loss ratio rebate requirements.
- Inclusion of \$25 billion in stabilization funding for FYs 2019 and 2020.
- Changes to liberalize rules regarding Health Savings Accounts (HSAs), including eliminating the prohibition on their use for over-the-counter medications and increasing the annual tax-free contribution limit.
- Repeal of the Prevention and Public Health Fund.
- Providing an additional \$422 million for FY 2017 to the Community Health Center Fund.
- Prohibits federal Medicaid funding for Planned Parenthood clinics for one year.

Significantly different from BCRA is the bill's somewhat complex proposal to create a new "Market-Based Health Care Grant Program" that would "equalize" over a period of years the provision of federal support to states for health care services. This proposal would work as follows:

- The existing premium tax credits and cost sharing reduction subsidies would be repealed at the end of 2019.
- The enhanced (90%) Medicaid matching funds for the adult "expansion" population would not be provided to any expansion state after 2019 (31 States and the District of Columbia are currently expansion states). No non-expansion state could receive expansion funding effective in 2017.
- In place of Medicaid expansion and the insurance subsidies, a new Market-Based Health Care Grant Program would be funded with \$1.176 trillion over Fiscal Years 2020-2026. States would receive an allocation of these dollars based on a measure of their population with incomes between 50% and 138% of the federal poverty level and with an evolving measure of their success in providing health care coverage to this population. States could use these funds to design health care delivery programs for their citizens.
- No block grant program funding is authorized or appropriated after 2026. The authors of the bill state that this is for budget legislation-related reasons and that the assumption is that Congress would continue the funding in the future.

In essence, the new block grant program seeks to "equalize" federal support to the States regardless of their expansion or non-expansion status. It provides increasing overall funds compared to the starting "baseline" amount based on inflation adjustments. However, the net effect would be to decrease funding as compared to current law for the residents of expansion states and increase funding for non-expansion states.

II. FOUNDATION

Critical Care Capital Campaign

The capital campaign has been under way for over a year now and has raised over \$3 million from twenty-six gifts. We are currently briefing and soliciting medical directors and community members capable of making significant leadership gifts to the campaign. Major donor prospects are taking tours of the Hyman Pavilion worksite.

The employee fundraising campaign has commenced with the members of the Management Staff Committee now soliciting their colleagues.

Top Hat XXXI

The Foundation's annual Top Hat dinner dance will take place on October 14. Proceeds from the event have been earmarked to support the Radiation Oncology Program. Co-chairs for the event will be Debbie Jackson, president of the Service League, Gary Charland, president and CEO of Masonic Homes of California, and William Dugoni, M.D. To date, \$197,00 has been raised in sponsorship support and 430 attendees are confirmed.