



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, September 13, 2017 – 6:00 P.M.

Conrad E. Anderson, MD Auditorium

AGENDA

- | | PRESENTED BY: |
|---|--|
| I. CALL TO ORDER & PLEDGE OF ALLEGIANCE | William Nicholson, MD
Board Member |
| II. ROLL CALL | Dee Antonio
District Clerk |
| III. EDUCATION SESSION:
4-H | Chris Henry
Sr. Associate Administrator &
Chief Financial Officer |
| IV. CONSIDERATION OF MINUTES
August 9, 21, 23, 28, and 29, 2017 | <i>Motion Required</i> |
| V. COMMUNICATIONS | |
| A. Oral | |
| B. Written | |
| From Timothy Tsoi, MD Chief of Staff,
dated August 28, 2017 requesting approval
of Medical Staff Credentialing Action
Items. | <i>Motion Required</i> |
| VI. INFORMATION | PRESENTED BY: |
| A. Service League Report | Debbie Jackson
Service League |
| B. Medical Staff Report | Timothy Tsoi, MD
Chief of Staff – Elect |
| C. Hospital Calendar | Nancy Farber
Chief Executive Officer |
| D. Lean/Kaizen Report:
Presentation of Lean Certificates and Pins | Kimberly Hartz
Senior Associate Administrator
Donald Pipkin
Chief of Strategic Management |

- E. Construction Report
Ed Fayen
Senior Associate Administrator
- F. Quality Report:
Quality Dashboard
Quarter Ending June 2017
Mary Bowron, DNP, RN, CIC
Senior Director of Quality & Resource
Management
- G. Finance Report
Chris Henry
Senior Associate Administrator and
Chief Financial Officer
- H. Hospital Operations Report
Nancy Farber
Chief Executive Officer

VII. ACTION

- A. Consideration of Chief Executive Officer
Employment Agreement and At-Risk
Compensation *Motion Required*
- B. Xper System Upgrade
- C. Radiology Decision Support

VIII. ADJOURN TO CLOSED SESSION

In accordance with Section 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.

- A. Report and discussion regarding California Government Code section 54957:
Personnel matters
- B. Conference regarding medical audit reports, quality assurance reports and privileging pursuant to Health & Safety Code Section 32155.
- C. Report involving a trade secret pursuant to Health & Safety Code section 32106

IX. RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

William Nicholson, MD
Board Member

X. ADJOURNMENT

William Nicholson, MD
Board Member

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, August 9, 2017 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:03 pm and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken: Directors present: William Nicholson, MD; Bernard Stewart, DDS; Patricia Danielson, RHIT; Jacob Eapen, MD. Directors absent: Michael Wallace.

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Timothy Tsoi, Chief of Medical Staff; Debbie Jackson, Service League 1st President; Dee Antonio, District Clerk

Guests: Ed Fayen, Kimberly Hartz, Chris Henry, Bryant Welch, Stephanie Williams, Tina Nunez, Kristin Ferguson, Mary Bowron, Albert Brooks MD, Dan Nardoni, Larry Bowen

Nancy Farber, Chief Executive Officer, introduced Jacquelyn Chyu MD, Medical Director of the Washington Prenatal Diagnostic Center to present the education session. Dr. Chyu is a perinatologist and Professor of Medicine at UCSF in the Department of Obstetrics, Gynecology and Reproductive Science and is board certified in Obstetrics and Gynecology with a subspecialty in Maternal-Fetal Medicine.

*EDUCATION SESSION:
Washington Prenatal
Diagnostic Center*

Dr. Chyu reviewed the mission of the Washington Prenatal Diagnostic Clinic” To provide prenatal diagnosis, counseling, and treatment in order to achieve the best possible outcome for the baby and her mother. The PDC’s services are available to parents-to-be with uncomplicated low-risk pregnancies as well as couples at high-risk for fetal or maternal complications.

Part of a strategic vision of the WHHS leadership is to provide state-of-the art medical services in our local community and to combine the existing clinical excellence in obstetric and neonatal care with resources of one of the leading academic centers in the nation.

PDC services include Advanced 2D and 3-dimensional fetal ultrasound; Doppler flow studies; Fetal echocardiography; Genetic carrier screening; Comprehensive genetic counseling; Non-invasive fetal DNA testing in maternal blood; Invasive fetal testing; Multidisciplinary coordination of the delivery and neonatal care with Obstetricians and the Neonatal Intensive Care Unit (NICU); and Fetal therapy in utero (at UCSF).

Dr. Chyu talked about Fetal Medicine as the “new kid on the block” and reviewed the various applications of 3D ultrasound technology. She explained that the fetus has become a patient in all aspects of medicine, not only for pregnancy and birth, but also for adult life.

In closing, the purpose of the new Washington Hospital PDC is to bring the most advanced prenatal diagnosis and treatment to the community. This is a unique collaboration between one of the leading academic centers in the nation and community based excellent in care.

Director Stewart moved for approval of the minutes of July 12, 17, 24, and 26, 2017.

*APPROVAL OF
MINUTES OF July 12,
17, 24, and 26, 2017*

Director Danielson seconded the motion.

Roll call was taken:

William Nicholson, MD - aye
Bernard Stewart, DDS - aye
Michael Wallace – absent
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion carried.

There were no oral communications.

*COMMUNICATIONS:
ORAL*

The following written communication received from Timothy Tsoi, MD., Chief of Staff, dated July 24, 2017 requesting approval of Medical Staff Credentialing Action Items as follows:

*COMMUNICATIONS:
WRITTEN*

Appointments

Bhimani, Meenesh MD; Gupta, Nisha MD; Holley, David MD; Ing, Jessica MD; Kiringoda, Ruwan MD; Loh, John MD; Madderla, Jayanth MD; Nguyen, Myleen MD; Penner, Mark MD; Randazzo, Marco MD; Wood, William MD

Temporary Privileges

Gupta, Nisha MD; Holley, David MD; Ing, Jessica MD; Kiringoda, Ruwan MD; Loh, John MD; Nguyen, Myleen MD;

Reappointments – Two Year

Amendola, Krista MD; Brown, William MD; Castro, Melanie PA-C; Dai, Jing MD; Engers, John MD; Ezzati, Mohammad MD; Kurkjian, Elizabeth MD; LaRock, Kristi PA-C; Macdonald, Stacie MD; Marwaha, Dimple DPM; Nguyen, Tam MD; Nord, Russell MD; Pang, Donald MD; Patel, Kaveri MD; Reddy, Thirupathi MD; Saxton, Kathryn DO; Schmidt, Bernd MD; Sethi, Saurabh MD; Shah, Mili MD; Shariat, Cyrus MD; Su, Robert MD; Tang, Jevon MD; Win, Htay MD; Wu, Ming-Hsein MD; Yang, Lanshin MD; Yee, Kevin MD; Zonner, Steven DO

Reappointments – One Year

Dickler, Neal MD; Erasmus, Desmond MD; Hussain, Karim MD

Conditional Reappointments

Reen, GS MD

Non-Reappointments – Deemed to have Resigned

Varjavand, Bahram MD

Transfer in Staff Category

Belay, Abren MD; Ezzati, Mohammad MD; Kwok, Joseph MD; LaRock, Kristi PA-C; Shah, Mili MD; Wang, Yi-Chiun MD; Yang, Lanshin MD

Completion of Proctoring & Advancement in Staff Category

Belay, Abren MD; LaRock, Kristi PA-C; Kwok, Joseph MD; Wang, Yi-Chiun MD

Extension of Proctorship and Provisional Category

Beg, Sumbal MD; Franzino, Stephen MD; Gadea, William PA-C; Goldman, Robin MD; Khok, Nee York PA-c; Lee, Simon MD; Paro, John MD; Srinivas, Shekar MD

New Privilege Requests

Arora, Rohit MD; Lee, Patricia MD

Delete Privilege Requests

Hussain, Karim MD; Shariat, Cyrus MD; Saxton, Kathryn DO

Leave of Absence

Tafti, Mona MD

Resignations

Blood, David MD; Henderson, Fiona MD; Knox, Christie MD; Padrez, Ryan MD; Poonacha, Melania MD; Shah, Tushar MD; Sweeney, Daniel MD

Director Stewart moved for approval of the credentialing action items presented by Dr. Tsoi.

Director Danielson seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Bernard Stewart, DDS – aye
Michael Wallace – absent
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion carried.

Debbie Jackson, Service League, presented the Service League Report. The Service League is trying to recruit new volunteers. There were 25 new volunteers in orientation, ten college and fifteen high school students; no adults. The total volunteer staffing hours for the month of July 2017: 3,844.

*SERVICE LEAGUE
REPORT*

Dr. Timothy Tsoi reported there are 605 Medical Staff members which includes 345 active members.

*MEDICAL STAFF
REPORT*

The Hospital Calendar video highlighted the following events:

*HOSPITAL CALENDAR:
Community Outreach*

Past Health Promotions & Outreach Events

On Wednesday, July 12th as part of the Speaker's Bureau, Kristi Caracappa, Health Insurance Information Service Coordinator, presented "What You Need to Know About Medicare" to residents of Pacifica Senior Living facility in Union City. 18 people attended

On Saturday, July 15th, Washington Hospital hosted a Peripheral Vascular Disease screening event. This free screening included a Doppler study of the circulation in

the legs. Dr. Ash Jain, cardiologist, and Dr. John Thomas Mehigan, vascular surgeon, provided interpretation of results. This event was co-sponsored by Fremont Bank Foundation. A total of 137 people were screened. Of the 137, 25 were found to have possible arterial disease of the lower extremities and 41 were found to have other vascular issues requiring follow up.

On Wednesday, July 19th, Washington Sports Medicine provided sports physical exams for local student athletes at Irvington High School. Drs. Russell Nord, Michael Goldin and Steven Zonner along with help from athletic trainers and volunteers met with athletes to record their height, weight, vision, blood pressure, agility and overall health. Each athlete paid \$20 which will be donated to the schools for sports medicine supplies. 122 students received sports physicals.

On Thursday, July 20th, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, presented "Healthy Living: Tips on Weight Management." The presentation included a body fat percentage screening. 12 people attended

On Tuesday, August 1st, as part of the Stroke Education Series, Melissa Reyes, RN, presented, "Stroke Prevention." 13 people attended

Also on Tuesday, August 1st Washington Hospital's Birthing Center hosted an ice cream social in celebration of World Breastfeeding Week. During the event families and future families learned more about the benefits of breastfeeding for baby and mom. "Participants met with pediatricians, nurses, lactation consultants and other experts," said Nancy Farber, chief executive officer at Washington Hospital. "It's a wonderfully skilled staff. They have a tremendous passion for newborn education, and for giving babies the best possible start in life." 275 people attended

The 2017 Central Park Summer Concert Series presented by Washington Hospital Healthcare System concluded on Thursday, August 3rd with an estimated attendance of 4,500. Washington Hospital provided health information and health screenings.

Also on Thursday, August 3rd from 6:00 to 8:00 pm, as part of the Diabetes Matters Series, , Dr. Steven Zonner, family practice, presented "Exercise IS Medicine."

Upcoming Health Promotions & Community Outreach Events

On Tuesday, August 15th from 10 am to 12 pm, as part of the Stroke Education Series, Melissa Reyes, RN, will present, "Life After a Stroke."

On Thursday, August 16th from 6 to 8 pm, Dr. Mary Maish, thoracic surgeon, will present "Surgery Options for the Treatment of Obesity."

Also on Thursday, August 16th from 7 to 8:30 pm, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, will present "Throw on Your Athletic Shoes and Let's Get Moving." This special presentation includes a half mile walk to Shinn Historic Park where participants will practice tai chi before returning to Washington West.

On Tuesday, August 29th from 1 to 3 pm, Dr. Kadeer Halimi, emergency medicine,

and Dr. Rohit Arora, intensivist hospitalist will present "Learn the Signs and Symptoms of Sepsis."

On Friday, September 15th, from 3 to 5 pm, Dr. Alexander Sah, orthopedic surgeon, will be presenting "Updated Treatments for Knee Pain and Arthritis."

Washington Hospital Healthcare Foundation

On Saturday, October 14th, the Washington Hospital Healthcare Foundation will host the 31st annual Top Hat dinner dance. This year's gala will be chaired by Debbie Jackson, President of the Washington Hospital Service League, Dr. William Dugoni, general surgeon, Washington Township Medical Foundation, medical director of the women's center, and Gary Charland, President and CEO of Masonic Homes. Proceeds from the evening will benefit Washington Hospital's Radiation Oncology Center by supporting the purchase of a new linear accelerator. This treatment modality will increase the Hospital's ability to provide advanced radiation therapy to patients right here in our own community. The Foundation accepted sponsorships for the gala. Thanks are due to the following returning sponsors:

- Fremont Bank
- Professional Home Care Associates/ Neurosport Rehabilitation Associates
- Gonsalves & Kozachenko
- Masonic Homes of California
- Palo Alto Medical Foundation
- VALIC
- Bank of America Merrill Lynch
- Dutra Enterprises

The grand raffle is sponsored this year by Dale Hardware, who are offering the winner a \$2,500 gift card to the store.

Girl Scout and member of The Space Cookies Robotics Club, Ria Shah, worked to earn the Gold Award, the highest achievement in Girl Scouts. In order to accomplish this recognition, she had to identify a need in the community and create and implement a plan to address that need. A few years ago, Ria's young brother was a patient at Washington Hospital for five days. During that time, Ria tried to keep him entertained with books and games. Recalling how this helped her brother, Ria decided to make the pediatrics department of Washington Hospital the benefactor of her Gold Award project. On the behalf of the pediatrics department, Carmen Williams received Ria's donation of fifty activity bags that included, coloring books, crayons, stickers, and card games. Ria also donated books and a bookshelf for the pediatric playroom. She said, "I am proud of giving back to the community which has given me so much throughout my life. I look forward to start volunteering again and maybe one day work at Washington Hospital." Congratulations to Ria on this exceptional accomplishment and many thanks for her donation.

Washington Hospital Employee Association, W.H.E.A.

From July 17th thru August 9th WHEA held a Back Pack Challenge for the Back to School drive. Each department was asked to donate items to fill a back pack for a student in need. The students range from kindergarten to college. Items collected

*HOSPITAL CALENDAR:
Washington Hospital
Foundation Report*

*WASHINGTON
TOWNSHIP
HEALTHCARE
DISTRICT:
Washington Hospital*

will be donated to Abode and SAVE.

*Employee Association,
W.H.E.A.*

On the August 5th and 6th, WHEA held their biggest fundraiser of the year. During the Fremont Festival of the Arts, employees requested a \$5 donation for festival attendees to park in the Washington West parking lot. The event raised over \$5,700. Proceeds will benefit charitable projects and organizations in the District.

Washington On Wheels Mobile Health Clinic, W.O.W.

During the month of July, the Washington On Wheels Mobile Health Clinic (W.O.W.) continued to serve community members at the Fremont Senior Center, Fremont Family Resource Center and the Ruggieri Senior Center in Union City. Washington On Wheels continued with the Summer's free glucose screenings at the Central Park Summer Concert Series in Fremont on July 6th, Centro De Servicios in Union City on July 12th, and Viola Blythe Community Center in Newark on July 27th, in addition to all regularly scheduled community sites. In July, W.O.W. provided 148 glucose screenings and of those 25% had higher than normal glucose levels and are undergoing further testing and treatment for Diabetes. The total number of community members receiving health care from the Washington On Wheels Clinic during the month of July was 173.

*HOSPITAL CALENDAR:
Washington On Wheels
Mobile Health Van*

Internet and Social Media Marketing

Washington Hospital's website serves as a central source of information for the communities the District serves and beyond. The most viewed pages include: Employment, About WHHS, Programs and Services, and Volunteers.

*HOSPITAL
CALENDAR:
Internet and Social
Media Marketing*

InHealth - Channel 78

During the month of July, Washington Hospital's cable channel 78, InHealth, aired five Women's Health Conference programs titled "Updates on the Women's Center," "Preventing Cardiovascular Disease in Women," "Heart Health Nutrition," "Meditation, and "The Patient's Playbook." InHealth also aired the July Board of Directors meeting.

*HOSPITAL
CALENDAR:
InHealth*

Additional Events and Announcements

On Saturday, July 15th the Special Care Nursery team hosted a special reunion. Families of former Special Care Nursery babies joined Neonatologists Dr's. Nahid Rostami and James McGuire and many members of SCN staff as they celebrated the good health of their children. These special children who began their lives at our Hospital played games, enjoyed face-painting and lots of love from our staff members. As Dr. Rostami noted, "We not only care for these babies during their stay, we also care about them for the rest of their lives."

*HOSPITAL
CALENDAR:
Additional Events and
Announcements*

Each year Washington Hospital receives many letters from members of the local 4-H clubs requesting our support in the animal auction at the Alameda County Fair. This year, we received nearly 100 letters. Some of these letters included creative images of the animals; some included carefully researched information, specifically addressing why Washington Hospital should be interested in their animals. Most of the letters emphasized the role raising these animals through 4-H has played in

personal development. Through this organization, Washington Hospital is contributing to the youth of our community. It is our hope that in the years to come, these same youth, will be in a position to "give back." One 4-Her wrote "4-H is a big component of my life, but education has always come first...I want to work in the medical field... This is why all of the money I gain through auctioning off my animal at the fair is put into my savings account for college." Senior Associate Administrator and Chief Financial Officer, Chris Henry, attended the auction. He met with several of the kids, and successfully bid on 21 animals: two goats, four lambs, 14 hogs, and one Grand Champion Steer. The meat from these animals is used by our Food and Nutrition Services department, providing fresh, locally raised food.

Employee of the Month

Enrico started working for WHHS in 2002 as a member of the Lift Team. He worked in this capacity for thirteen years. He is familiar to everyone in the hospital and they describe him as a quiet, respectful, hardworking employee. He was never too busy to lend a hand and always did so with a smile.

In 2015, Enrico joined the Perioperative Services team as a Surgical Support Tech on the afternoon shift. This was a new position for Enrico with many new skills to be learned. He jumped in with both feet and was a very attentive student of his new position. In a few short years he has become the go to guy on the PM shift. He always arrives to work on time and with a smile on his face. His quiet, unassuming ways have won the hearts of all of his co-workers.

Enrico enjoys sports cars, attends St. James Catholic Church and has family in Las Vegas which he likes to visit whenever he is able to.

Nancy Farber introduced Donald Pipkin and Bettina Kurkjian who presented Lean Leadership. Mr. Pipkin reviewed the Lean Tools: Value Stream Mapping, A-3 as a roadmap for improvement; Kaizen workshops, Standard Work, and the Lean Management/Visibility Boards. He also gave an overview of the roles Lean management: Frontline leaders, Executive sponsors, and Process owners.

Dr. Kurkjian reviewed the goals of a successful Lean management system: focusing on continued proactive management, identifying opportunities to facilitate improvement in the organization, engaging all staff to become problem solvers; aligning improvement work with organizational objectives, and committing to improvement in every part of the organization every day. She discussed the LLD education program and the use of the visibility boards at the executive level, department leadership level, and front line level with the purpose being to have the frontline staff understand the business and to promote problem solving. Both successes and challenges were presented.

Ed Fayen presented the construction update on the Morris Hyman Critical Care Pavilion sharing photographs of the closing and finishing of walls in the PBX Room ground floor; installing ceiling tile on the ground floor; door frame in place on

*HOSPITAL
CALENDAR:
Employee of the Month –
Enrico Macalino*

*LEAN/KAIZAN
UPDATE
Lean Leadership*

*CONSTRUCTION
REPORT
Construction Update*

Elevator #5 ground floor; the flooring in place in resuscitation room 1224 on the ground floor; containment area for lead-lined dry wall installation in X-ray and CT rooms on the first floor; lockers installed in the men's locker room on the first floor; CCU room 2031 on the second floor; flooring installation in the ICU on the second floor; a nurse station on the third floor; low voltage cabling in and out of IDF room 3254 on the third floor; the atrium skylight on the penthouse roof; and the current Site View. The construction timelines was reviewed and Mr. Fayen noted that the construction is proceeding on time.

Mary Bowron, Senior Director of Quality and Resource Management presented the Quality Report: Infection Prevention Update August 2017. According to the Centers for Disease Control, there are 1.7 million healthcare infections in America every year. Healthcare associated infections (HAI) are among the top ten leading causes of death in the U.S. Ms. Bowron reviewed the history of the Washington Hospital Infection Prevention Committee and its program focus on Prevention and elimination of infections, Surveillance of the hospital environment, Real-time reporting and analysis, and Surveillance software to discover clinically meaningful patterns in complex data.

*QUALITY REPORT:
Infection Prevention
Update August 2017*

Dr. Dianne Martin then presented the identified focus areas for 2017: Antimicrobial Stewardship, Hand Hygiene Compliance, and C. Difficile Infection Prevention. She reviewed the elements of Washington Hospital's active surveillance of infections and the specific hospital acquired infections that are assessed annually which include: Central line associated blood stream infections, Ventilator associated events, Catheter associated urinary tract infections, Vancomycin-resistant enterococci infections, MRSA infections, C. difficile infections, Surgical site infections, and Carbapaneum-resistant enterobacteriaceae infections.

Dr. Martin noted that a risk assessment tool is utilized to evaluate patient safety related to all new construction/renovation projects, such as the current construction of the Morris Hyman Critical Care Pavilion. She reviewed the regular surveillance of environmental services and the relationship with Employee Health and Safety to improve employee workplace safety on an ongoing basis. She also reviewed the new Epic Infection Prevention module created by Information Services and the Infection Prevention team.

Dr. Martin closed with a review of patient education on drug resistant organisms and community outreach as well as the infection prevention module required to be completed annually as part of staff education.

Chris Henry, Chief Financial Officer, presented the Finance Report for June 2017. The average daily census was 159.6 with admissions of 1,005 resulting in 4,787 patient days. Outpatient observation equivalent days were 147. The average length of stay was 4.90 days. The case mix index was 1.522. Deliveries were 148. Surgical cases were 348. Joint Replacement cases were 148. Neurosurgical cases were 16. Cardiac Surgical cases were 8. The Outpatient visits were 7,089 and Emergency visits were 4,358. Total productive FTEs were 1,400.1. FTEs per adjusted occupied bed were 6.50.

FINANCE REPORT

Nancy Farber presented the Hospital Operations Report for July 2017. Preliminary information indicated gross revenue for the month of July at approximately \$154,071,000. The Average Length of Stay of 4.53 and there were 4,362 patient days. There were 308 Surgical Cases and 274 Cath Lab procedures at the Hospital. Deliveries for June were 156. Non-Emergency Outpatient visits were 6,889. FTEs per Adjusted Occupied Bed were 7.30. The Washington Outpatient Surgery Center had 436 cases and the clinics saw approximately 3,418 patients.

*HOSPITAL
OPERATIONS REPORT*

In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Section 54954.5(h) Director Nicholson adjourned the meeting to closed session at 8:10 pm, as the discussion pertained to Hospital trade secrets, Human Resources matters, and Risk Management.

*ADJOURN TO CLOSED
SESSION*

Director Nicholson reconvened the meeting to open session at 9:05 pm and reported no action was taken in closed session.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, Director Nicholson adjourned the meeting at 9:05 pm.

ADJOURNMENT

William Nicholson, MD
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, August 21, 2017 in the Anderson C Conference Room, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:00 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart, DDS; Michael Wallace; Jacob Eapen; MD Patricia Danielson, RHIT
Excused:

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Ed Fayen, Sr. Associate Administrator; Kimberly Hartz, Sr. Associate Administrator; Chris Henry, Sr. Associate Administrator; Tina Nunez, Associate Administrator; Stephanie Williams, Associate Administrator; Bryant Welch, Associate Administrator; Paul Kozachenko, Attorney; Martin Alsip, CFO, WTMF; Dee Antonio, District Clerk

There were no oral communications.

COMMUNICATIONS

There were no written communications.

In accordance with Health & Safety Code Sections 32106, and Government Section 54956.9 and 54957, Director Nicholson adjourned the meeting to closed session at 6:01 p.m., as the discussion pertained to Hospital trade secrets, Human Resource matters, and Conference with Legal Counsel regarding existing litigation pursuant to Cal. Gov. Code Section 54956.9.

ADJOURN TO CLOSED SESSION

Director Nicholson reconvened the meeting to open session at 9:17 p.m. and reported no reportable action was taken in closed session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, Director Nicholson adjourned the meeting at 9:17 p.m.

ADJOURNMENT

William Nicholson, MD
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, August 23, 2017 in the Anderson C Conference Room, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:03 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart, DDS; Patricia Danielson, RHIT; Jacob Eapen, MD
Excused: Michael Wallace

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Ed Fayen, Sr. Associate Administrator; Tina Nunez, Associate Administrator; Bryant Welch, Associate Administrator; Paul Kozachenko, Attorney; Dee Antonio, District Clerk

There were no oral communications.

COMMUNICATIONS

There were no written communications.

In accordance with Health & Safety Code Sections 32106 and California Government Code 54957, Director Nicholson adjourned the meeting to closed session at 7:30 p.m., as the discussion pertained to Hospital trade secrets, Human Resource matters, Risk Management, and Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9.

ADJOURN TO CLOSED SESSION

Director Nicholson reconvened the meeting to open session at 7:30 p.m. and reported no reportable action was taken in closed session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

In accordance with District Law, Policies and Procedures, Director Danielson moved for the denial of a claim presented on July 31, 2017 on behalf of Xin Li and that the Chief Executive Officer be directed to provide notice in accordance with government code section 94956.

CONSIDERATION OF CLAIM: Xin Li

Director Stewart seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Bernard Stewart, DDS – aye
Michael Wallace – absent
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion carried.

There being no further business, Director Nicholson adjourned the meeting at 7.33 p.m.

ADJOURNMENT

William Nicholson, MD
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, August 28, 2017 in the Cardiovascular Conference Room, Washington Hospital, 2000 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 7:30 a.m.

*CALL
TO
ORDER*

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart DDS; Patricia Danielson, RHIT; Jacob Eapen, MD
Excused: Michael Wallace,

*ROLL
CALL*

Also present: Timothy Tsoi, MD; Kranthi Achanta, MD; Peter Lunny, MD; Jan Henstorf, MD; Albert Brooks, MD; Nancy Farber, Chief Executive Officer; John Romano, MD; Stephanie Williams, Associate Administrator

There were no oral or written communications.

COMMUNICATIONS

Director Nicholson adjourned the meeting to closed session at 7:30 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Sections 1461 and 32155. Director Nicholson reconvened the meeting to open session at 9:00 a.m. and reported no reportable action was taken in closed session.

*ADJOURN TO CLOSED
SESSION*

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, the meeting was adjourned at 9:00 a.m.

ADJOURNMENT

William Nicholson, MD
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Tuesday, August 29, 2017 in the Anderson C Conference Room, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:02 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart, DDS; Michael Wallace; Patricia Danielson, RHIT; Jacob Eapen, MD
Excused:

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Chris Henry, Sr. Associate Administrator; Ed Wohlieb, Finance Consultant; Larry Tramutola, Consultant; Paul Kozachenko, Attorney; Dee Antonio, District Clerk

There were no oral communications.

COMMUNICATIONS

There were no written communications.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of the hardware, software, and implementation services for the Epic Beacon Project for a total amount not to exceed \$1,469,497.00.

*CONSIDERATION OF
EPIC BEACON
PROJECT*

Director Stewart seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Bernard Stewart, DDS – aye
Michael Wallace – aye
Patricia Danielson, RHIT – aye
Jacob Eapen, MD – aye

The motion unanimously carried.

In accordance with Health & Safety Code Sections 32106 and California Government Code 54957, Director Nicholson adjourned the meeting at 6:04 pm to closed session at 7:30 p.m., as the discussion pertained to Hospital trade secrets, personnel matters, and Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9.

*ADJOURN TO CLOSED
SESSION*

Director Nicholson reconvened the meeting to open session at 8:55 p.m. and reported no reportable action was taken in closed session.

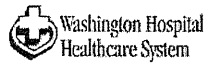
*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, Director Nicholson adjourned the meeting at 8:55 p.m.

ADJOURNMENT

William Nicholson, MD
President

Patricia Danielson, RHIT
Secretary



WASHINGTON HOSPITAL
MONTHLY OPERATING REPORT

July 2017



**WASHINGTON HOSPITAL
INDEX TO BOARD FINANCIAL STATEMENTS
July 2017**

<u>Schedule Reference</u>	<u>Schedule Name</u>
Board - 1	Statement of Revenues and Expenses
Board - 2	Balance Sheet
Board - 3	Operating Indicators



Memorandum

DATE: September 7, 2017
TO: Board of Directors
FROM: Nancy Farber
SUBJECT: Washington Hospital – July 2017
Operating & Financial Activity

SUMMARY OF OPERATIONS – (Blue Schedules)

1. Utilization – Schedule Board 3

<u>ACUTE INPATIENT:</u>	<u>July Actual</u>	<u>Budget</u>	<u>Current 12 Month Avg.</u>
Average Daily Census	140.7	145.4	166.4
# of Admissions	970	921	1,021
Patient Days	4,362	4,508	5,057
Discharge ALOS	4.53	4.89	4.89

<u>OUTPATIENT:</u>	<u>July Actual</u>	<u>Budget</u>	<u>Current 12 Month Avg.</u>
OP Visits	6,904	7,071	6,900
ER Visits	4,349	4,292	4,451
Observation Equivalent Days – OP	149	172	210

Comparison of July acute inpatient statistics to those of the budget showed a higher level of admissions and a lower level of patient days. The average length of stay (ALOS) based on discharged days was below budget. Outpatient visits were lower than budget. Emergency Room visits were above budget for the month.

2. Staffing – Schedule Board 3

Total paid FTEs were 23.1 above budget. Total productive FTEs for July were 1,185.2, 22.5 above the budgeted level of 1,162.7. Nonproductive FTEs were 0.6 above budget. Productive FTEs per adjusted occupied bed were 6.16, 0.20 above the budgeted level of 5.96. Total FTEs per adjusted occupied bed were 7.31, 0.21 above the budgeted level of 7.10.

3. Income - Schedule Board 1

For the month of July the Hospital realized a loss of \$762,000 from operations.

Total Gross Patient Service Revenue of \$154,071,000 for July was 3.4% below budget.

Deductions from Revenue of \$116,711,000 represented 75.75% of Total Gross Patient Service Revenue. This percentage is below the budgeted amount of 76.84%, primarily due to a favorable payor mix.

Total Operating Revenue of \$37,869,000 was \$412,000 (1.1%) above the budget.

Total Operating Expense of \$38,631,000 was \$319,000 (0.8%) above the budgeted amount.

The Total Non-Operating Income of \$1,874,000 for the month includes an unrealized gain on investments of \$193,000 and property tax revenue of \$1,344,000. This property tax revenue will be used to pay the debt service for the general obligation bonds.

The Total Net Income for July was \$1,112,000, which was \$208,000 more than the budgeted gain of \$904,000.

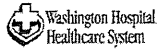
The Total Net Loss for July using FASB accounting principles, in which the unrealized loss or gain on investments and property tax revenues are removed from the non-operating income and expense, was \$425,000 compared to a budgeted loss of \$440,000.

4. **Balance Sheet – Schedule Board 2**

There were no noteworthy changes in assets and liabilities when compared to June 2017.

NANCY FARBER
Chief Executive Officer

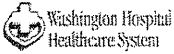
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WASHINGTON HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
 July 2017
GASB FORMAT
 (In thousands)

JULY				YEAR TO DATE				
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.		ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
				1	OPERATING REVENUE			
\$ 112,641	\$ 118,929	\$ (6,288)	-5.3%	2	INPATIENT REVENUE	\$ 112,641	\$ 118,929	\$ (6,288) -5.3%
41,430	40,585	845	2.1%	3	OUTPATIENT REVENUE	41,430	40,585	845 2.1%
154,071	159,514	(5,443)	-3.4%	4	TOTAL PATIENT REVENUE	154,071	159,514	(5,443) -3.4%
(116,711)	(122,565)	5,854	4.8%	5	CONTRACTUAL ALLOWANCES	(116,711)	(122,565)	5,854 4.8%
75.75%	76.84%			6	CONTRACTUAL AS % OF REVENUE	75.75%	76.84%	
37,360	36,949	411	1.1%	7	NET PATIENT REVENUE	37,360	36,949	411 1.1%
509	508	1	0.2%	8	OTHER OPERATING INCOME	509	508	1 0.2%
37,869	37,457	412	1.1%	9	TOTAL OPERATING REVENUE	37,869	37,457	412 1.1%
				10	OPERATING EXPENSES			
16,036	15,468	(568)	-3.7%	11	SALARIES & WAGES	16,036	15,468	(568) -3.7%
6,082	5,894	(188)	-3.2%	12	EMPLOYEE BENEFITS	6,082	5,894	(188) -3.2%
4,118	4,500	382	8.5%	13	SUPPLIES	4,118	4,500	382 8.5%
4,469	4,587	118	2.6%	14	PURCHASED SERVICES & PROF FEES	4,469	4,587	118 2.6%
1,407	1,590	183	11.5%	15	INSURANCE, UTILITIES & OTHER	1,407	1,590	183 11.5%
2,949	2,871	(78)	-2.7%	16	PROVISION FOR DOUBTFUL ACCOUNTS	2,949	2,871	(78) -2.7%
2,751	2,751	-	0.0%	17	DEPRECIATION	2,751	2,751	- 0.0%
819	651	(168)	-25.8%	18	INTEREST EXPENSE	819	651	(168) -25.8%
38,631	38,312	(319)	-0.8%	19	TOTAL OPERATING EXPENSE	38,631	38,312	(319) -0.8%
(762)	(855)	93	10.9%	20	OPERATING INCOME (LOSS)	(762)	(855)	93 10.9%
-2.01%	-2.28%			21	OPERATING INCOME MARGIN %	-2.01%	-2.28%	
				22	NON-OPERATING INCOME & (EXPENSE)			
235	294	(59)	-20.1%	23	INVESTMENT INCOME	235	294	(59) -20.1%
18	-	18	0.0%	24	REALIZED GAIN/(LOSS) ON INVESTMENTS	18	-	18 0.0%
268	305	(37)	-12.1%	25	RENTAL INCOME, NET	268	305	(37) -12.1%
(184)	(184)	-	0.0%	26	AMORTIZATION OF INTANGIBLE ASSETS	(184)	(184)	- 0.0%
1,344	1,344	-	0.0%	27	PROPERTY TAX REVENUE	1,344	1,344	- 0.0%
193	-	193	0.0%	28	UNREALIZED GAIN/(LOSS) ON INVESTMENTS	193	-	193 0.0%
1,874	1,759	115	6.5%	29	TOTAL NON-OPERATING INCOME & EXPENSE	1,874	1,759	115 6.5%
\$ 1,112	\$ 904	\$ 208	23.0%	30	NET INCOME (LOSS)	\$ 1,112	\$ 904	\$ 208 23.0%
2.94%	2.41%			31	NET INCOME MARGIN %	2.94%	2.41%	
				32	NET INCOME (LOSS) USING FASB PRINCIPLES**	\$ (425)	\$ (440)	\$ 15 3.4%
-1.12%	-1.17%				NET INCOME MARGIN %	-1.12%	-1.17%	

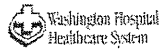
**NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS



**WASHINGTON HOSPITAL
BALANCE SHEET
July 2017
(In thousands)**

SCHEDULE BOARD 2

ASSETS AND DEFERRED OUTFLOWS			JULY 2017	UNAUDITED JUNE 2017	LIABILITIES, NET POSITION AND DEFERRED INFLOWS			JULY 2017	UNAUDITED JUNE 2017
CURRENT ASSETS					CURRENT LIABILITIES				
1	CASH & CASH EQUIVALENTS	\$ 29,188	\$ 49,180	1	CURRENT MATURITIES OF L/T OBLIG	\$ 7,241	\$ 5,306		
2	ACCOUNTS REC NET OF ALLOWANCES	58,200	61,160	2	ACCOUNTS PAYABLE	34,690	42,211		
3	OTHER CURRENT ASSETS	8,102	7,728	3	OTHER ACCRUED LIABILITIES	55,957	55,681		
4	TOTAL CURRENT ASSETS	95,490	118,068	4	INTEREST	8,571	10,245		
				5	TOTAL CURRENT LIABILITIES	106,459	113,443		
ASSETS LIMITED AS TO USE					LONG-TERM DEBT OBLIGATIONS				
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	169,503	141,155	6	REVENUE BONDS AND OTHER	232,275	238,414		
7	GENERAL OBLIGATION BOND FUNDS	73,941	73,744	7	GENERAL OBLIGATION BONDS	340,579	340,646		
8	REVENUE BOND FUNDS	47,002	46,956						
9	BOND DEBT SERVICE FUNDS	16,635	24,812	OTHER LIABILITIES					
10	OTHER ASSETS LIMITED AS TO USE	15,541	15,427	10	NET PENSION LIABILITY	62,440	61,754		
11	TOTAL ASSETS LIMITED AS TO USE	322,622	302,094	11	WORKERS' COMP	8,814	8,671		
				12	SUPPLEMENTAL MEDICAL RETIREMENT	41,414	41,235		
13	OTHER ASSETS	159,211	156,106						
14	NET PROPERTY, PLANT & EQUIPMENT	657,046	668,477	14	NET POSITION	466,381	465,268		
15	TOTAL ASSETS	\$ 1,234,369	\$ 1,244,745	15	TOTAL LIABILITIES AND NET POSITION	\$ 1,258,362	\$ 1,269,431		
16	DEFERRED OUTFLOWS	32,074	33,232	16	DEFERRED INFLOWS	8,081	8,546		
17	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,266,443	\$ 1,277,977	17	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$ 1,266,443	\$ 1,277,977		



**WASHINGTON HOSPITAL
OPERATING INDICATORS**

July 2017

12 MONTH AVERAGE	JULY						YEAR TO DATE			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
<u>PATIENTS IN HOSPITAL</u>										
166.4	140.7	145.4	(4.7)	-3%	1	ADULT & PEDIATRIC AVERAGE DAILY CENSUS	140.7	145.4	(4.7)	-3%
6.9	4.8	5.5	(0.7)	-13%	2	OUTPATIENT OBSERVATION AVERAGE DAILY CENSUS	4.8	5.5	(0.7)	-13%
10.4	10.7	10.6	0.1	1%	3	WELLBORN NURSERY AVERAGE DAILY CENSUS	10.7	10.6	0.1	1%
183.7	156.2	161.5	(5.3)	-3%	4	TOTAL	156.2	161.5	(5.3)	-3%
4.1	3.4	3.5	(0.1)	-3%	5	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	3.4	3.5	(0.1)	-3%
5,057	4,362	4,508	(146)	-3%	6	ADULT & PEDIATRIC PATIENT DAYS	4,362	4,508	(146)	-3%
1,021	970	921	49	5%	7	ADMISSIONS-ADULTS & PEDIATRIC	970	921	49	5%
4.89	4.53	4.89	(0.36)	-7%	8	AVERAGE LENGTH OF STAY-ADULTS & PEDIATRIC	4.53	4.89	(0.36)	-7%
<u>OTHER KEY UTILIZATION STATISTICS</u>										
1,523	1,520	1,531	(0.011)	-1%	9	OVERALL CASE MIX INDEX (CMI)	1,520	1,531	(0.011)	-1%
<u>SURGICAL CASES</u>										
138	120	137	(17)	-12%	10	JOINT REPLACEMENT CASES	120	137	(17)	-12%
25	25	27	(2)	-7%	11	NEURO SURGICAL CASES	25	27	(2)	-7%
10	8	9	(1)	-11%	12	CARDIAC SURGICAL CASES	8	9	(1)	-11%
197	155	173	(18)	-10%	13	GENERAL SURGICAL CASES	155	173	(18)	-10%
370	308	346	(38)	-11%	14	TOTAL SURGICAL CASES	308	346	(38)	-11%
362	274	283	(9)	-3%	15	TOTAL CATH LAB PROCEDURES	274	283	(9)	-3%
146	156	147	9	6%	16	DELIVERIES	156	147	9	6%
6,900	6,904	7,071	(167)	-2%	17	OUTPATIENT VISITS	6,904	7,071	(167)	-2%
4,451	4,349	4,292	57	1%	18	EMERGENCY VISITS	4,349	4,292	57	1%
<u>LABOR INDICATORS</u>										
1,238.0	1,185.2	1,162.7	(22.5)	-2%	19	PRODUCTIVE FTE'S	1,185.2	1,162.7	(22.5)	-2%
178.6	221.9	221.3	(0.6)	0%	20	NON PRODUCTIVE FTE'S	221.9	221.3	(0.6)	0%
1,416.6	1,407.1	1,384.0	(23.1)	-2%	21	TOTAL FTE'S	1,407.1	1,384.0	(23.1)	-2%
5.54	6.16	5.96	(0.20)	-3%	22	PRODUCTIVE FTE/ADJ. OCCUPIED BED	6.16	5.96	(0.20)	-3%
6.35	7.31	7.10	(0.21)	-3%	23	TOTAL FTE/ADJ. OCCUPIED BED	7.31	7.10	(0.21)	-3%

* included in Adult and Peds Average Daily Census



Memorandum

DATE: September 13, 2017
TO: Board of Directors, Washington Township Health Care District
FROM: Nancy Farber, Chief Executive Officer
SUBJECT: Summary: Fiscal Year 2016-2017

Summary and Key Highlights

Washington Hospital's fiscal year end 2016-2017 results were again exemplary and the numerous successes across the board demonstrated the collegial effort exerted by all levels and functions in our organization.

From the financial perspective, the consolidated results overall were once again strong. Income from operations was over budget by 102.8% at \$12.6 million. This included Washington Hospital overcoming an \$8.7 million operating budget deficit that existed at the end of October 2016. The total bottom line of \$17.9 million was 17% over budget. This is also despite patient net revenue being below budget by \$8.5 million or 1.7%. These results are all the more exceptional given the current challenging reimbursement environment, and the financial struggles experienced by neighboring hospitals that share some of the same market dynamics. Also of great important to note is that \$66.7 million of revenue bond financing was refinanced to save the district \$9.3 million over the remaining life of the bonds. We also secured \$38.5 million in new revenue bond financing to complete the funding for the construction of the Morris Hyman Critical Care Pavilion. Finally, our strong financial position allowed us to take advantage of the sale of the Fremont Office Center, which will become the home of the Washington Township Medical Foundation and provide room for growth for years to come. The Fremont Office Center will also add an estimated \$2 million annual income to our bottom line.

The Information Systems Department was very busy during this fiscal year 2016-2017 and completed many projects. Some of the larger projects completed include the implementation of the Stratajazz decision support solution; the rollout of WeLink Epic access for community physician office staff, partners, and vendors; the migration of our Epic platform from a Unix to Linux operating system; the rollout of Statit for Physician Ongoing Professional Practice Evaluation (OPPE); the rollout of Epic's Infection Control module; the rollout of a data loss prevention security solution; and a double version upgrade of our Epic enterprise healthcare record WeCare to version 2017.

In October 2016, the Board of Directors approved and adopted the Washington Hospital Healthcare System Strategic Map: 2016-19. The strategic map depicts the key elements of Washington's three-year strategy with the understanding that adjustments may need to be made as the environment changes.

Washington Township Medical Foundation adopted and implemented a plan for same day appointments for current WTMF patients for specific specialties. From July 1, 2016 through

June 30, 2016 active patient charts have remained stable at 37,934 while we experienced some turnover in physicians. We have recruited two new primary care physicians and have developed a plan to expand the primary care base which will allow for expanded capacity for providing health care to our community. This is a continued indication of the confidence in the Foundation model.

We are continuing to move forward with the implementation of our Lean transformation journey which is based on the extensively proven Toyota Production System. This journey will help to enable Washington to be the high quality, low cost provider of choice and is critical to our mission of successfully serving the health care needs of the residents of the District now and into the future by focusing on improving patient safety and quality while reducing non-value added services from our operations. From July 1, 2016 through June 30, 2017, we completed 22 Kaizen workshops and ten staff members achieved certification. Cohort #1 completed all Lean Leadership Development sessions and Cohort #4 completed the initial five-day education session.

Additional Accomplishment for 2016-2017 Fiscal Year

- The Joint Commission Survey: We received a full three year accreditation.
- Fremont Office Building: WHHS engaged Anderson Brule Architects (ABA) in May 2017 to complete a fit-test and phasing plan for moving the WTMF clinics into the Fremont Office Building. Planning meetings kicked off in June of 2017 and the final fit-test and phased plan for the WTMF clinics is expected from ABA in October 2017. It will be presented to the CEO and then the Board of Directors.
- Marketing Plan / Branding: An Ad agency has been selected and we have received conceptual designs for a marketing/branding campaign. We will be developing and implementing a "Meet one of our Owners" 60th Anniversary branding campaign to launch in the summer of 2018 that will focus on the benefits of being a district hospital and will "spotlight" community members. On August 28, 2017, we will also be implementing the UCSF/Washington "We Believe" campaign that will cover radio, print, outdoor billboard, AC Transit and Digital/Online content. We also focused this year on the further development of Washington's social media presence including Facebook, Twitter, and Instagram and implemented two to three posts per week highlighting Healthcare System teams, programs, services, awards, and patient stories.
- Construction: We continue to manage the construction of the Morris Hyman Pavilion, on time and on budget. We are also developing the transition plan for occupancy of the Morris Hyman Pavilion.
- Prenatal Diagnostic Clinic: After the design and permitting processes, construction of the Prenatal Diagnostic Clinic began in April 2017 and substantial completion occurred June 23, 2017. A temporary permit of occupancy was issued by the City of

Fremont on June 26, 2017. All staff was hired before the end of June, Dr. Chyu was granted medical staff privileges by the Board of Directors on April 12, 2017, all policies and procedures were completed and approved, all capital equipment purchased and installed, and the PDC was ready for state inspection. A date for inspection has not been provided by the State, despite staff having submitted the application for inspection months before the completion of construction. As an interim solution, the clinic has been temporarily located in the Gamma Knife suite where patients have been seen since July 24, 2017.

- Observation Program: The Observation Program went live with the Sound Physician group in January 2017.
- UCSF-Washington Medical Oncology Program: Dr. Eftimie, Dr. Lee, and Richelle McCarthy were recruited and opened the UCSF-Washington Cancer Center in January 2017.

Achievements

- Opened Parking Garage on time and on budget in August 2016
- Implemented the Intensivist Program in October 2016
- The Local 6 agreement and Local 39 contracts were completed, accepted by membership and signed pursuant to the Board's direction.

Recognitions

During Fiscal Year 2016-2017, Washington Hospital Healthcare System was recognized by numerous outside organizations for the quality of care provided. These included:

OVERALL, QUALITY & SAFETY

Magnet® Status by the American Nurses Credentialing Center

The American Nurses Credentialing Center has recognized the high level of care that Washington Hospital's nurses provide to patients and families. The Magnet Status designated is for a four-year period. Magnet designation for another four years was again earned in 2016, with the first one in 2011. (August 2016)

Healthgrades

Washington Hospital is an honored, four-year recipient of the Healthgrades Distinguished Hospital Award for Clinical Excellence for consistently providing comprehensive and clinically excellent care. (January 2014 – January 2017)

Best of Fremont Award

Washington Hospital is the recipient of the Best of Fremont Award. (April 2017)

Practice Greenhealth Partner for Change

Washington Hospital has received the Practice Greenhealth Partner for Change Award in recognition of its achievements in developing programs to prevent pollution, reduce and recycle

solid waste, eliminate mercury, reduce water and energy consumption and establish "green" purchasing policies. (April 2012 – April 2017)

Practice Greenhealth Greening the OR

For the first time, Washington Hospital has earned Practice Greenhealth's Greening the OR Award for demonstrating success in reducing the environmental impact of its surgical suites. (April 2017)

NEUROSCIENCES / STROKE

American Heart Association/American Stroke Association's Get with the Guidelines Gold Plus Quality Achievement and Target Stroke Honor Roll.

AHA acknowledges Washington Hospital's commitment and success in implementing a higher standard of stroke care by ensuring that stroke patients receive treatment according to nationally accepted standards and recommendations. The Target Stroke Honor recognizes hospitals that treat acute ischemic stroke in the most effective way possible using evidence-based guidelines. (August 2016)

Healthgrades

For three consecutive years, Washington Hospital earned a five-star rating from Healthgrades for Treatment of Stroke, the highest rating a medical center can receive from Healthgrades. (October 2014 – October 2016)

ORTHOPEDIC CARE

Healthgrades

As a recipient of the Orthopedic Surgery Excellence Award for the fourth year in a row, Healthgrades named Washington Hospital one of America's 100 Best Hospitals for Joint Replacement and ranked it among the top 10% in the nation for overall orthopedic services. (October 2014 – October 2017)

For 11 consecutive years, Washington Hospital has been a recipient of the Healthgrades Joint Replacement Excellence Award, earning it a place among the top 5% in the nation for joint replacement as one of America's 100 Best Hospitals for Joint Replacement surgery. In addition, Washington Hospital received a five-star designation for total hip replacement for the 14th year in row (2004-2017), and total knee replacement for the 12th year in a row. (October 2006 – October 2017)

GASTROINTESTINAL CARE

Healthgrades

Healthgrades named Washington Hospital one of America's 100 Best Hospitals for General Surgery for three consecutive years (2014 – 2016), ranking it within the top 10% of the nation for general surgery and earning it the esteemed General Surgery Excellence Award for the fourth year in a row. (February 2014 – February 2017)

For the fourth consecutive year, a five-star rating was awarded to Washington Hospital by Healthgrades for its esophageal and stomach surgeries. (October 2014 – October 2017)

CARDIAC CARE

Healthgrades

For the second consecutive year, Washington Hospital received a five-star rating from Healthgrades for its Treatment of Heart Attacks. (October 2016 – October 2017)

CRITICAL CARE

Healthgrades

Washington Hospital is a recipient of Healthgrades' five-star rating for sepsis treatment for three years in a row. (October 2015 – October 2017)

PULMONARY CARE

Healthgrades

Healthgrades recognized Washington Hospital with a five-star rating for its treatment of pneumonia. (October 2016)

Sincerely,

A handwritten signature in cursive script that reads "Nancy Farber".

Nancy Farber
Chief Executive Officer



GONSALVES & KOZACHENKO
ATTORNEYS AT LAW

Gonsalves & Kozachenko
1133 Auburn Street
Fremont, CA 94538
P: 510-770-3900 F: 510-657-9876

September 8, 2017

To: Board of Directors
From: Paul Kozachenko, Legal Counsel

RE: *Consideration of the Chief Executive Officer's Employment Agreement: Base Salary and At-Risk Compensation*

Background

The Chief Executive Officer is the only employee of the District who is hired directly by the Board. Annually, the Board reviews the CEO's performance as required by the employment agreement. As a part of that process, the Board considers data provided by an independent healthcare compensation consultant and any and all other factors the Board considers important. The Board then decides whether or not base salary should be adjusted and whether to make an award of "at-risk" compensation. At this time, the Board also considers whether to make any other revisions to the Chief Executive Officer's Employment Agreement.

On July 8, 2015, the Board agreed to amend the Chief Executive Officer's Employment Agreement to adjust the timeline for the annual review, base salary adjustment and "at risk" compensation to more closely coincide with the end of the District's fiscal year, i.e., June 30th. As a consequence, rather than conduct the review at the end of the calendar year or the beginning of the following calendar year, the Board's review will occur by September of each year.

The District has a long-standing philosophy of wage parity for all employees, which includes the CEO. Wage parity means the CEO is not paid at the top of the scale nor is she compensated towards the bottom. The District's compensation philosophy of marketplace parity establishes a base salary for the CEO at around the 65th percentile of her peer group and total cash compensation for the CEO in the range of the 75th percentile of her peer group with a maximum possible "at-risk" award of 20% of base salary. Benchmarking executive compensation based on peer group data is a standard practice for establishing reasonable compensation for executives working for non-profits. The District's compensation philosophy not only reflects the District's long standing philosophy of wage parity for all employees but also acknowledges the CEO's 30-plus years of experience as a healthcare chief executive officer.

For purposes of applying its compensation philosophy, in January 2015, the Board decided to adopt a peer group consisting of California peers rather than continue using the previously designated "blended peer group." The Board felt the change was appropriate and more in line with the California market.

Attached to this memorandum is Integrated Healthcare Strategies/Arthur J. Gallagher & Company's ("IHS") report entitled *CEO Total Cash Compensation Review ("IHS Report")* dated

August 2017 for use by the Board during its review of the CEO's Employment Agreement and cash compensation. The memo follows the format used in prior years. The goal of the *IHS Report* is to provide the Board with a report, from an independent consultant, regarding compensation levels paid by similarly situated organizations for functionally comparable positions. Appendix B includes a list of a similarly situated California organizations in IHS's proprietary database.

Integrated Healthcare Strategies/Arthur J. Gallagher & Company is a leading healthcare compensation consultant in the United States. Hundreds of healthcare systems use IHS' services, as an independent consultant, to satisfy Internal Revenue regulations for determining the range of reasonable compensation.

The *IHS Report* provides the Board with appropriate comparability data in accordance with IRS regulations. In its report, IHS reviewed background data on the District for the 2016-2017 fiscal year. IHS then compiled data on compensation levels for California healthcare systems similar to WHHS in size and complexity using data from IHS's proprietary database and salary surveys. Based on the foregoing, IHS prepared market charts summarizing compensation survey data at the 50th percentile, the 65th percentile, 75th percentile and the 90th percentile for the California peer group. The charts are prepared for both base salary and total cash compensation (which includes the potential "at-risk" award.)

As the chart on page 13 shows, the CEO's current base salary of \$808,000 is actually 3.47% below the 65th percentile target of \$836,000.

With regard to consideration of an award of "at-risk" compensation, as described above, the District's compensation philosophy provides for a maximum possible "at-risk" award of 20% of base salary with total cash compensation in the range of the 75th percentile of the California peer group. The chart on Page 17 of the *IHS Report* shows if the Board chooses to award 20% of base salary (\$161,600) the CEO's total cash compensation would be \$969,000 which would not exceed the 75th percentile of the California peer group.

Historically, the Board has considered a number of factors in determining the amount of the "at-risk" portion of the CEO's compensation. These factors include a consideration of various accomplishments during the past fiscal year. The Board has received a separate memorandum from the CEO which includes a list of accomplishments for the Board's consideration in determining an award of "at-risk" compensation.

In addition to reviewing cash compensation, the Board typically agrees to extend the CEO's Employment Agreement by one year. The Board also considers other revisions to the CEO's Employment Agreement but none are proposed at this time.

In summary, the Board should consider the following for action:

1. A base salary adjustment based on the existing compensation philosophy.
2. An award of "at-risk" compensation based on the Board's compensation philosophy.
3. Any other modifications the Board determines are appropriate to the CEO's Employment Agreement, including, but not limited to, extension of the term of the agreement by one year.



Integrated Healthcare Strategies
ARTHUR J. GALLAGHER & CO.

CEO TOTAL CASH COMPENSATION REVIEW

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT BOARD OF DIRECTORS

ERIC REEHL, SENIOR CONSULTANT | AUGUST 2017

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INTRODUCTION

Gallagher Integrated Healthcare Strategies

The leading specialist in executive compensation consulting for not-for-profit health care organizations

- Services include analysis and design of all aspects of executive compensation
- Clients include:
 - 1,200 major health care providers
 - 1,800 hospitals
 - 500 integrated systems
 - 300 physician groups
 - Large, multi-specialty group practices
 - National and state health care associations

Washington Township Health Care District / Washington Hospital Healthcare System

- Washington Township Health Care District
 - Operates Washington Hospital and employs the CEO
 - Governed by a five member publicly elected Board of Directors
 - Self funded and receives no parcel or other tax revenue to fund operations
- Washington Hospital Healthcare System is a complex integrated healthcare delivery system that includes the 341-bed acute care Washington Hospital
- Washington Hospital Healthcare System's primary service area encompasses 124 square miles of Alameda County with a population of more than 320,000 residents
- Scope information is as follows:
 - Net revenue – \$509 million
 - Operating expenses – \$493 million
 - Full-time employees – 1,671

Washington Township Health Care District / Washington Hospital Healthcare System

- Washington Hospital Healthcare System includes:
 - The Institute for Minimally Invasive and Robotic Surgery
 - The Gamma Knife® Center/Taylor McAdam Bell Neuroscience Institute
 - Joint Commission Certified Stroke Program
 - American Diabetes Association (ADA) Certified Diabetes Program
 - The Cardiovascular Institute
 - The Washington Women’s Center
 - The Washington Special Care Nursery
 - Washington Outpatient Imaging Center
 - Washington Radiation Oncology Center
 - Washington Outpatient Surgery Center
 - Washington Outpatient Rehabilitation Center
 - Washington Radiation Oncology Center
 - UCSF –Washington Cancer Center
 - Washington Cancer Center Genetics Program
 - Advanced Heart Failure Evaluation and Therapies Program
 - Liver Transplant Clinic
 - Pediatric Surgery Clinic

Washington Township Health Care District / Washington Hospital Healthcare System

- Washington Hospital Healthcare System includes:
 - Washington Outpatient Catheterization Laboratory
 - Institute for Joint Replacement and Research
 - Washington Urgent Care
 - Washington Township Medical Foundation
 - The Morris Hyman Critical Care Pavilion, currently under construction projected opening Fall 2018
 - Ohlone Student Health Center
 - Washington Properties – a 4 acre retail center
 - Fremont Office Center – 190,638 Square Foot Office Complex Adjacent to the Morris Hyman Pavilion
 - Medical Office Building – 1900 Mowry Avenue and 2500 Mowry Avenue
 - Washington On Wheels
 - Washington Clinic for Wound Healing and Hyperbaric Medicine

Best Practices

The IRS recommends the following best practices

- Executive compensation should be approved by a board or committee made up entirely of independent directors
- Board or committee should use appropriate comparability data to make its decisions
 - Data should be collected by a reputable third-party consulting firm
 - Data should represent like jobs and like organizations
- Decisions, rationale, and process must be documented in contemporaneous minutes

History

- Integrated Healthcare Strategies, a division of Gallagher Benefit Services, Inc., last reviewed the base compensation of the CEO of Washington Hospital Healthcare System in 2016
 - Report and recommendations presented to Board in September 2016
 - The Chief Executive Officer's last salary increase was in 2016
- WHHS's compensation philosophy targets the CEO's base salary at around the 65th percentile of a peer group of California healthcare organizations with an opportunity to earn an incentive award of up to 20% of salary

WHHS' Request

This year Gallagher Integrated was asked to:

- Assess the competitiveness of WHHS' CEO compensation by comparing market data with the Chief Executive Officer's cash compensation
- Provide appropriate suggestions, if necessary, for modifying the compensation program to support WHHS' compensation philosophy

Data Source

Gallagher Integrated developed a California peer group from our proprietary database

- California peer group data shown in Appendix A
- A list of California peer group organizations is included in Appendix B

Study Process

Gallagher Integrated completed the following steps:

- Reviewed background data on WHHS
- Compiled data on compensation levels of California health care organizations similar to WHHS in size and complexity using data from Gallagher Integrated's proprietary database
- Compared the CEO's salary to peer group salaries
- Prepared a market chart summarizing the compensation survey data at the 50th percentile (median), 65th percentile, 75th percentile, and 90th percentile (see Appendix A)
- Prepared this report to present our analysis and conclusions

BASE SALARY ANALYSIS

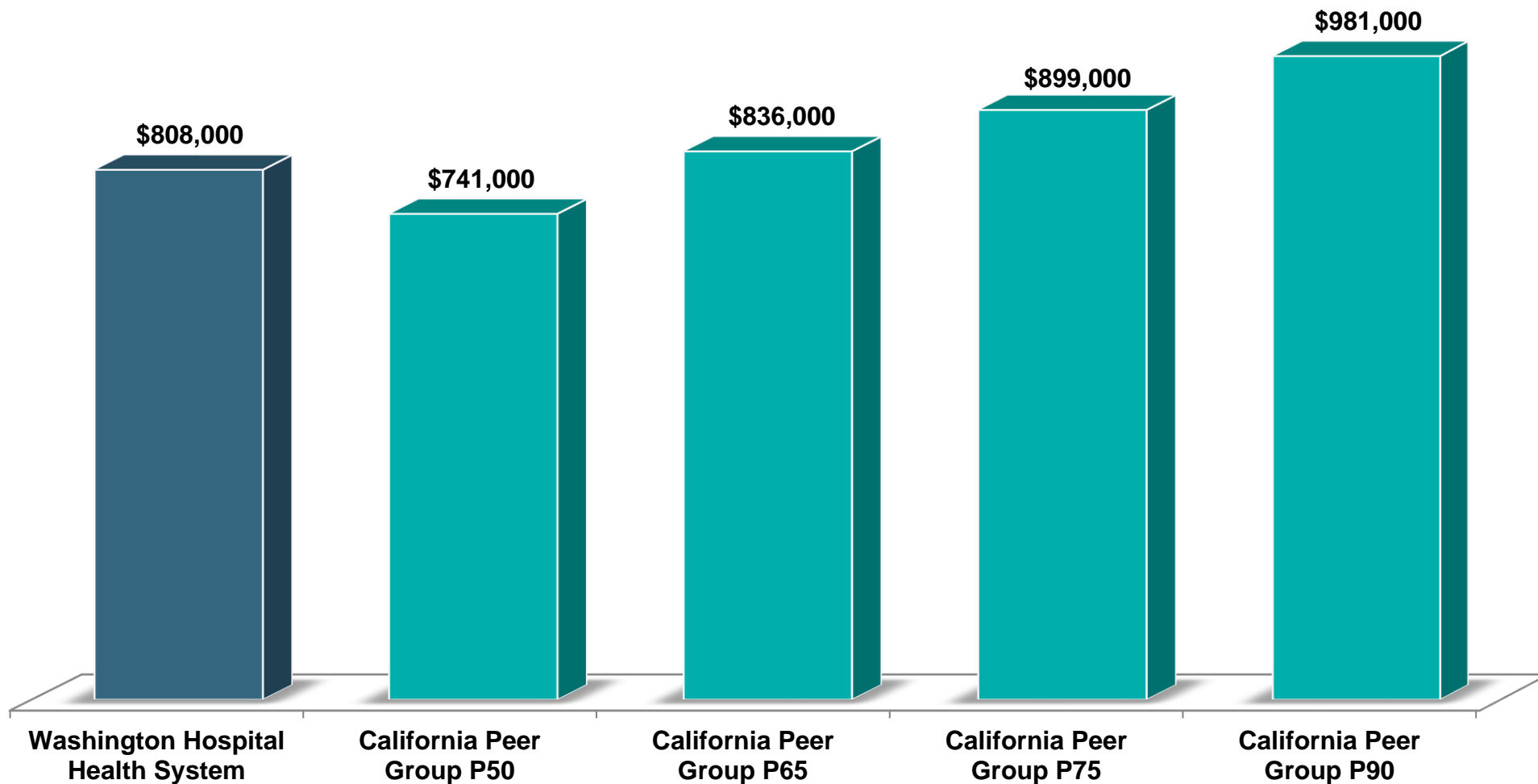
Salary Comparisons

The following table compares the CEO's salary to 50th percentile (P50), 65th percentile (P65), and 75th percentile (P75) salary levels from the California peer group

WHHS CEO Salary	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65	Peer Group P75	WHHS as a % of P75
\$808,000	\$741,000	109%	\$836,000	97%	\$899,000	90%

- The Chief Executive Officer's salary is positioned :
 - 9% above the California peer group P50 salary level
 - 3% below the California peer group P65 salary level
 - 10% below the California peer group P75 salary level

Salary Comparison Summary – Chief Executive Officer (Farber)



TOTAL CASH COMPENSATION ANALYSIS

Incentive Plan Analysis

Prevalence

- Over 75% of the organizations in WHHS' peer group have an annual executive incentive plan

Incentive Opportunity

- The following table compares WHHS' maximum incentive opportunity with median maximum incentive opportunity for CEOs in the peer group:

Position	WHHS Maximum Opportunity	Median Target Opportunity	Median Maximum Opportunity
Chief Executive Officer	20%	25%	35%

- The maximum incentive opportunity for WHHS' CEO is below both the median target and median maximum opportunity for CEOs in WHHS' peer group

Total Cash Comparisons – Structure

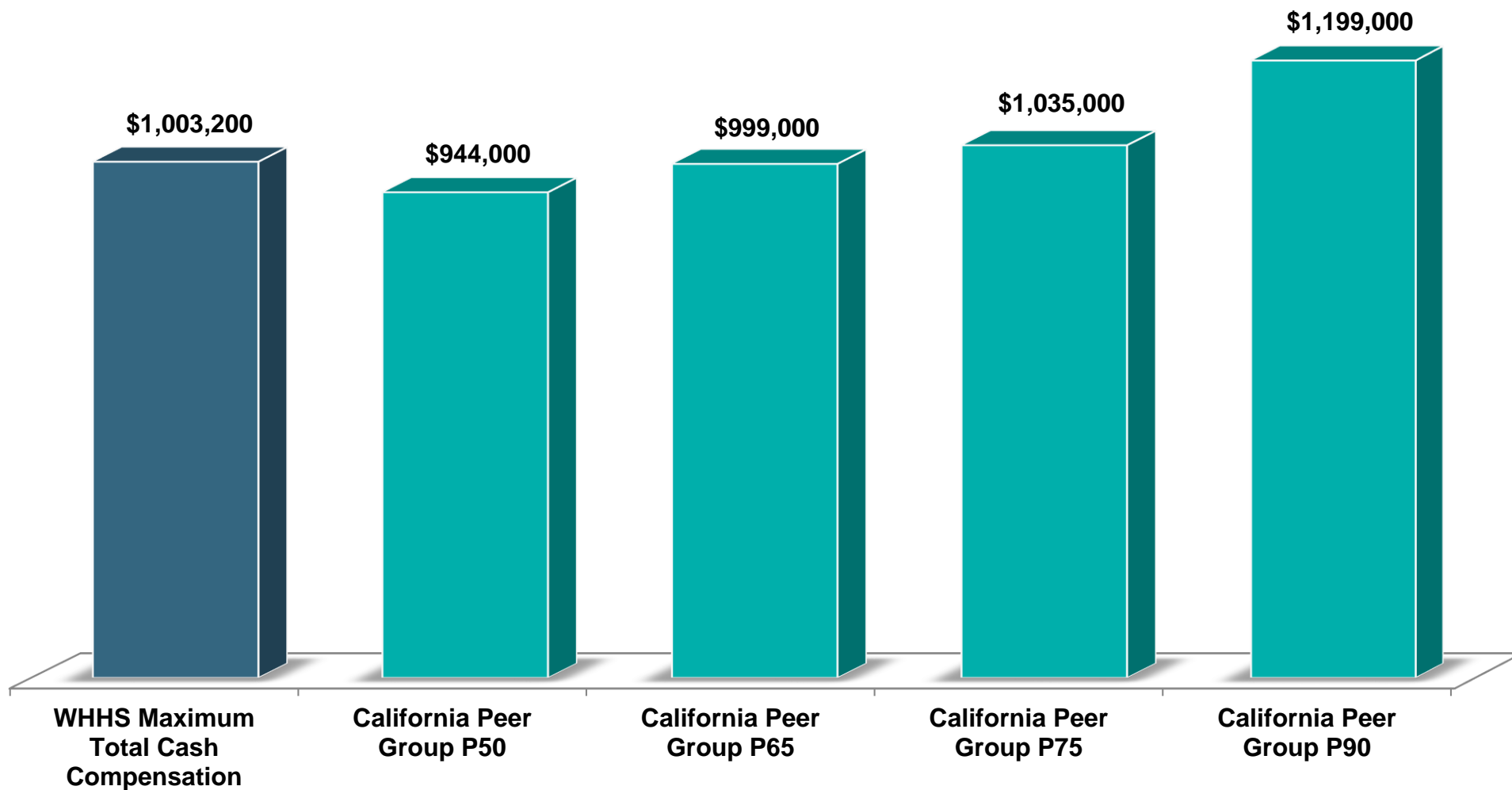
WHHS’s compensation philosophy targets the CEO’s base salary at the 65th percentile of the California peer group with an opportunity to earn an incentive award of up to 20% of salary

The following table compares CEO’s total cash compensation (TCC) based on WHHS’s compensation philosophy (P65 salary plus 20% incentive award) to 50th percentile (P50), 65th percentile (P65), and 75th percentile (P75) total cash levels from the California peer group

WHHS CEO TCC	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65	Peer Group P75	WHHS as a % of P75
\$1,003,200	\$944,000	106%	\$999,000	100%	\$1,035,000	97%

- Under WHHS’s compensation philosophy, the CEO’s maximum total cash compensation is positioned:
 - 6% above the California peer group total cash compensation P50
 - Less than 1% above the California peer group total cash compensation P65
 - 3% below the California peer group total cash compensation P75

Structural Total Cash Comparison Summary – Chief Executive Officer (Farber)



ISSUES FOR CONSIDERATION

Executive Salary Trends

Executive salary increases

- Salary increases for 2017 averaged about 3.0%
- Gallagher Integrated and other sources are predicting average salary increases of 3.0% for 2018

Next Step

- The Board should receive and consider this market data as it makes its decision on CEO compensation

APPENDIX A

Market Data

Chief Executive Officer (Farber)

Washington Hospital Healthcare System

Competitive Pay Analysis

Data Effective Date: 7/1/2017

Demographics:

Net Revenue: \$509M

Position: Chief Executive Officer
 Incumbent: Nancy Farber
 Base Salary: \$808,000
 Incentive Award: \$155,000
 Total Cash Comp: \$963,000
 Position Match: Chief Executive Officer

Survey	Description	n=	Base Salary				Total Cash			
			50th %ile	65th %ile	75th %ile	90th %ile	50th %ile	65th %ile	75th %ile	90th %ile
California Peer Group										
Gallagher Integrated	Systems, \$250M-\$1.5B Net Revenue, Average = \$521M	17	740.7	835.8	899.2	981.1	943.8	998.8	1035.4	1199.4
	<i>Averages:</i>		741	836	899	981	944	999	1035	1199

APPENDIX B

Peer Group List

California Peer Group

System	City	St	Net Rev
Community Medical Centers	Clovis	CA	\$1,497.1
Community Memorial Health System	Ventura	CA	\$353.2
Cottage Health System	Santa Barbara	CA	\$853.0
Eisenhower Medical Center	Rancho Mirage	CA	\$631.0
El Camino Hospital	Mountain View	CA	\$795.9
Hollywood Presbyterian Medical Center	Los Angeles	CA	\$269.0
Huntington Hospital	Pasadena	CA	\$534.0
Marin General Hospital	Greenbrae	CA	\$360.0
Montage Health	Monterey	CA	\$576.0
NorthBay Healthcare	Vacaville	CA	\$490.7
Palomar Pomerado Health	San Diego	CA	\$521.0
PIH Health	Whittier	CA	\$847.0
Pomona Valley Hospital Medical Center	Pomona	CA	\$462.7
Salinas Valley Memorial Healthcare System	Salinas	CA	\$346.0
Tri-City Medical Center	Oceanside	CA	\$337.0
Valley Presbyterian Hospital	Van Nuys	CA	\$389.0
Verity Health System	Los Altos Hills	CA	\$1,090.8



Memorandum

DATE: August 11, 2017

TO: Nancy Farber, Chief Executive Officer

FROM: Edward Fayen, Sr. Associate Administrator

SUBJECT: Xper System Upgrade

The Philips Xper Information Management system is used to document and manage data for cardiovascular workflows by our Cath Lab clinicians and support staff. Our current version will no longer be support as of December of this year and an upgrade is needed to keep software current for security, compliance and interoperability purposes.

The Xper system upgrade will migrate our solution from version 1.5 to 2.2 and enable interface improvements as well an upgraded physiomonitoring system called Xper Flex Cardio. This system allows for monitoring the patient's vital signs as well as allows hemodynamic measurements required during interventional procedures.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of implementation services in an amount not to exceed **\$397,518.00**. These monies are included in the Fiscal Year 2018 Capital Budget.



Memorandum

DATE: August 14, 2017
TO: Nancy Farber, Chief Executive Officer
FROM: Edward Fayen, Sr. Associate Administrator
SUBJECT: Radiology Decision Support

The Centers for Medicare & Medicaid Services (CMS) issued an imaging clinical decision support mandate that is scheduled to go into place on January 1, 2018. The mandate requires providers to consult appropriate use criteria when ordering all outpatient advanced imaging exams. To meet this requirement, we plan to implement a solution that integrates with our Epic electronic medical record system and helps providers choose and document the most appropriate medical imaging exam for a patient's clinical condition.

ACR Select imaging decision support brings in American College of Radiology (ACR) Appropriateness Criteria to physicians at the time of ordering. It also includes American College of Cardiology content specific for cardiac imaging. Finally, the ACR Select solution is provided by a fully qualified clinical decision support mechanism company per CMS.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of implementation services in an amount not to exceed **\$76,591.00**. These monies are included in the Fiscal Year 2018 Capital Budget.