



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, November 14, 2018 – 6:00 P.M.

Conrad E. Anderson, MD Auditorium

AGENDA

- | | PRESENTED BY: |
|---|--|
| I. CALL TO ORDER & PLEDGE OF ALLEGIANCE | Michael Wallace
Board Member |
| II. ROLL CALL | Dee Antonio
District Clerk |
| III. EDUCATION SESSION:
High School Football Concussion Study | Steven Zonner, D.O.
Occupational and Sports Medicine |
| IV. CONSIDERATION OF MINUTES
October 10, 22, and 24, 2018 | <i>Motion Required</i> |
| V. COMMUNICATIONS
A. Oral
B. Written
From Bill Gallagher
California Nurses Association

From Timothy Tsoi, MD Chief of Staff,
dated October 22, 2018 requesting
approval of Medical Staff Credentialing
Action Items. | <i>Motion Required</i> |
| VI. INFORMATION
A. Service League Report
B. Medical Staff Report
C. Hospital Calendar
D. Lean Report:
Presentation of Lean Certificates and Pins | PRESENTED BY:
Jeannie Yee
Service League

Timothy Tsoi, MD
Chief of Staff

Nancy Farber
Chief Executive Officer

Kimberly Hartz
Senior Associate Administrator |

- E. Construction Report
Ed Fayen
Senior Associate Administrator
- F. Quality Report:
Quality Dashboard: Quarter Ending
September 2018
Mary Bowron, DNP, RN, CIC
Chief 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 ITEMS

Motions Required

- A. Resolution No. 1190 Washington Hospital
Medical Staff Bylaws and Policies
- B. Consideration of Chief Executive Officer
Employment Agreement and At-Risk
Compensation

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**

Michael Wallace
Board Member

X. ADJOURNMENT

Michael Wallace
Board Member

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, October 10, 2018 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Wallace called the meeting to order at 6:04 pm and led those present in the Pledge of Allegiance.

CALL TO ORDER

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

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Timothy Tsoi MD, Chief of Staff; Jeannie Yee, Service League President; Dee Antonio, District Clerk

Guests: Kimberly Hartz, Ed Fayen, Chris Henry, Tina Nunez, Stephanie Williams, Albert Brooks MD, John Lee, Donald Pipkin, Kristin Ferguson, Mary Bowron, John Zubiena, David Hayne, Rob Lanci, Paul Kozachenko

Nancy Farber, Chief Executive Officer and Chris Henry, Chief Financial Officer introduced Michael MacBryde of Price Waterhouse Cooper who presented the results of the 2018 Financial Statement Audit. Mr. MacBryde stated that the audit was substantially completed and expected to issue an unqualified opinion no later than October 26, 2018. There were no significant changes to their plan or risk assessments. A key event affecting the year was the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (GASB 75)*. Mr. MacBryde noted that as of this date, PWC is not aware of any control deficiencies to be considered a material weakness. He did comment on an identified reclassification of a deficiency in the controls over financial statement preparation which has been remedied.

*EDUCATION SESSION:
Result of Annual Audit*

Mr. MacBryde reviewed the summarized statements of Net Position, Revenues and Expenses and changes in Net Position, Audit Risks and Results, and Patient Service Revenues

Mr. MacBryde reported to the Board that the audit showed:

- No independence matters that occurred or were identified subsequent to June 2018, the date of PWC most recent independence communication to the Board of Directors
- No conditions or events indicating there is substantial doubt about the District's ability to continue as a going concern
- No disagreements with management
- No consultations with other accountants
- No significant difficulties encountered
- Other than the adoption of GASB 75, no significant unusual transactions outside the normal course of business for the District
- No potential or known fraud or illegal acts
- No non-compliance with laws and regulations
- No alternative treatments permissible under US GAAP for accounting policies and practices related to material items
- No other matters arose

Director Nicholson moved for approval of the minutes of September 12, 17, 24, and 24, 2018.

*APPROVAL OF
MINUTES OF September
12, 17, 24, and 24, 2018*

Director Stewart seconded the motion.

Roll call was taken:

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

The motion carried.

There were no oral communications.

*COMMUNICATIONS:
ORAL*

The following written communication received from Timothy Tsoi, MD, Chief of Staff, dated September 24, 2018 requesting approval of Medical Staff Credentialing Action Items as follows:

*COMMUNICATIONS:
WRITTEN*

Appointments

Borses, Mary MD; Chantachote, Soelet MD; Dao, Jackelynn NP; Fuller, Jessica MD; Kaur, Satinder MD; Sun, Jiwu MD

Temporary Privileges

Borses, Mary MD; Chantachote, Soelet MD; Dao, Jackelynn NP; Fuller, Jessica MD; Kaur, Satinder MD; Sun, Jiwu MD

Reappointments – Two Year

Shahzad, Ahmad MD; Amin, Nivek MD; Barry, Aaron MD; Blaurock, Madeleine MD; Caldwell, Katherine MD; Colburn, Gregory MD; Cotter, Brooke MD; Dobson, Anthony MD; Goldberg, Roger MD; Jones, Maggie MD; Kantamuneni, Uma MD; Kehl, Robert MD; Lee, Jennifer MD; Lin, Terence MD; Miller, Kelly MD; Moran-Gates, Taylor MD; Rasheed, Sabiha MD; Safaya, Rakesh MD; Sahota, Deepinder DDS; Salama, Nancy; Sanchez, Henry; Sharma, Padmaja MD; Shotkin, Alan MD; Silkiss, Rona MD; Song, James MD; Sunkavally, Rao MD; Tang, Heng MD; Tilley, Spencer MD; Tilley, Subena DO; Tsang, Nally MD; Wang, Jennifer MD; Wu, Emily MD

Reappointments – One Year

Andrews, Harry MD; Karipineni, Shakira MD; Kelson, Kenneth MD; Puri, Veena MD; Taghioff, Moses MD

Non-Reappointments – Deemed to have Resigned

Lee, Darlene MD; Lien, Kenneth MD

Transfer in Staff Category

Goldberg, Roger MD; Hsieh, Kisseng MD; Husain, Lubna MD; Meints, Robert MD

Completion of Proctoring & Advancement in Staff Category

Hsieh, Kisseng MD; Shain, Alana MD

Delete Privilege Requests

Ro, Jamie PA-C

Resignations

Kishiyama, Jeffrey MD; Navani, Annu MD; Sagoo, Daljeet DO; Wedekind, Cristian CCP

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

Director Stewart seconded the motion.

Roll call was taken:

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

The motion carried.

Jeannie Yee, Service League, reported on the Service League activities, including a clean audit and leading tours for the Ribbon Cutting and Open House. Ms. Yee reported on the use of volunteers as “victims” in the Active Shooter Drill conducted in concert with the Fremont Police and Fire Departments. She related her surprising internal reaction when, as an unconscious victim, she heard the ED staff say that she needed surgery immediately and needed to be taken by helicopter to another hospital; she didn’t want to leave WHHS, but without trauma designation, that would be her fate.

*SERVICE LEAGUE
REPORT*

Dr. Timothy Tsoi reported there are 604 Medical Staff members which includes 353 active members.

*MEDICAL STAFF
REPORT*

Nancy Farber announced that Washington Hospital Healthcare System was recognized by Beta Healthcare Group for meeting Tier 1 requirements of *BETA Healthcare Group’s Quest for Zero: ED initiative in 2018* and Tier 1 and Tier 2 requirements of *BETA Healthcare Groups Quest for Zero: OB initiative in 2018*.

*HOSPITAL CALENDAR:
Community Outreach*

The Hospital Calendar video highlighted the following events:

Past Health Promotions & Outreach Events

Outreach Events included:

- September 13th – Morris Hyman Critical Care Pavilion VIP Reception & Ribbon Cutting
- September 15th – Morris Hyman Critical Care Pavilion Community Open House
- September 20th – Securing Care Preferences through Advance Health Care Directives
- September 20th – Healthy Relationships

- September 22nd – Abdominal Aortic Aneurysm Screening
- September 22nd – WTMF participation in the Fremont Police Safety Fair
- September 23rd – WHHS and WTMF participation in the Community Information Faire at City of Newark's 63rd Annual Newark Days celebration
- September 25th – How to Stop Disease Before It Starts
- September 26th – Keeping Your Brain Healthy
- September 27th – City of Fremont Employee Health Fair
- September 29th – HERS Breast Cancer Foundation Keep Abreast 5 and 10 K walk/run event
- October 2nd and 10th – How to Navigate Your Medicare Plan
- October 3rd – Taking Charge of Your Health
- October 4th – Diabetes Matters: Filipino Cuisine
- October 6th – WTMF participation at Science in the Park, Hayward

Upcoming Health Promotions & Community Outreach Events

Health Promotions and Outreach Events will include:

- October 16th – Life After Stroke
- October 18th – Tenth Anniversary: Annual Think Pink Breast Health Awareness
- October 24th & 25th – Washington Sports Medicine: sports physical clinics
- October 24th – The Link between Hepatitis B and Liver Cancer: Prevention and Treatment
- October 27th – Advances in Neurosciences Bay Area Symposium
- November 8th – Caring for Someone with Dementia or Other Medical-related Memory Loss
- November 10th – Annual Diabetes Awareness Health Fair

Bay Area Healthier Together

In the month of September, Bay Area Healthier Together featured Health Insurance Information Service and articles on the Patient's Playbook and when to seek emergency or urgent care.

*HOSPITAL CALENDAR:
Bay Area Healthier
Together*

Washington Hospital Healthcare Foundation

On Saturday, October 13th, the Washington Hospital Healthcare Foundation will host the 32nd annual Top Hat dinner dance. This year's gala will be chaired by Marsha Badella, Dr. Carmen Agcaoili, medical director of the Intensive Care Unit, and Dr. Kadeer Halimi, medical director of the Emergency Department. Proceeds from this year's Top Hat gala will benefit the new Intensive Care Unit in the Morris Hyman Critical Care Pavilion.

*HOSPITAL CALENDAR:
Washington Hospital
Foundation Report*

Washington Township Healthcare District Board of Directors

Washington Township Healthcare District Board Members and members of the Washington Hospital Service League participated in the September 22nd Newark Days Parade.

*WASHINGTON
TOWNSHIP
HEALTHCARE
DISTRICT BOARD OF
DIRECTORS REPORT*

Board members also attended the SAVE's Evening of Empowerment Gala on September 22nd, Tri-City Elder Coalition's Seniors' Night Out on October 5th, One

Child's Annual fundraiser on October 5th, the New Haven Schools Foundation's Mutt Strut on October 6th, and Science in the Park on October 6th.

Washington on Wheels

The WOW Mobile Clinic provided first aid support during the HERS Breast Cancer Foundation Keep Abreast 5 and 10 K walk/run event on September 29th.

*WASHINGTON ON
WHEELS (W.O.W.)
MOBILE HEALTH
CLINIC*

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 page was About WHHS with 34,769 views.

*HOSPITAL CALENDAR:
Internet and Social Media
Marketing*

InHealth - Channel 78

During the month of August, Washington Hospital's cable channel 78, InHealth, aired these programs:

- Peripheral Vascular Disease: What You Need to Know
- How to Stop Disease Before It Starts
- Keeping Your Brain Healthy
- Securing Care Preferences through Advance Health Care Directives
- September District Board of Directors Meeting

*HOSPITAL CALENDAR:
InHealth*

Active Shooter Drill

On September 18th, in conjunction with the Fremont Police and Fremont Fire Departments, Washington Hospital hosted an active shooter drill in the Morris Hyman Critical Care Pavilion.

*HOSPITAL CALENDAR:
Additional Events &
Announcements*

Awards and Recognitions

On September 26th, during the annual State of the District Address and Award Ceremony, State Senator Bob Wieckowski presented District Board Member Pat Danielson with the 2018 Unity Award in recognition of all her service to Washington Township Health Care District and the City of Newark.

*HOSPITAL CALENDAR:
Awards & Recognitions*

Employee of the Month

Karen Ward, Registration Clerk in Admitting, joined Washington Hospital in 2004 after working in medical and dental offices. She works in both Admitting and the Emergency Department. She is dependable and conscientious. When not at the hospital, she is very involved with her church. Her hobby is roller skating.

*HOSPITAL CALENDAR:
Employee of the Month –
Karen Ward*

Nancy Farber introduced Walter Choto and Raju Thiara who presented an update on the Medical Imaging Department transition workshops covering the transport of patients to the Imaging Department as well as bringing imaging services to the patient bedside. Areas of focus included the transport process team, the schedule coordination team, the ultrasound procedure work flow, and the procedure flow team.

*LEAN UPDATE
Medical Imaging
Department Transition
Workshops*

Ed Fayen presented the construction update on the Morris Hyman Critical Care Pavilion sharing photographs of the ED Reception; first floor Atrium area; ICU/CCU, third floor visitor waiting room; striped north roadway with construction fence removed; pavement and striping at the new loading dock; floor installation at the entrance to the MHCCP passageway on the ground floor; public entrance canopy; bio-swale at Civic Center Drive; old helipad area; and ending with the Site View. We are ready for licensing.

*CONSTRUCTION
REPORT
Construction Update*

Nancy Farber introduced James McGuire, MD, Clinical Professor in Pediatrics, UCSF School of Medicine and Director of WHHS Special Care Nursery. WHHS established partnership with UCSF in March 2014. We average four patients per day with as many as ten patients on occasion. Quality and Strategic initiatives include: the development of an Emergency Blood Algorithm, Reducing Antibiotic Use, and Preventing Blood Stream Infections. Washington Hospital Prenatal Diagnostic Center was established in July 2017. Other initiatives include: Communication and Interdisciplinary Collaboration with the Birthing Center; staff training for Extremely Low Birthweight Infants; and TeamSTEPPS.

*QUALITY REPORT:
Washington Hospital
Special Care Nursery
Quality Update*

Plans for the future include a remodeling of the SCN, developing a plan for an antepartum unit, and a Donor Breast Milk program.

Chris Henry, Chief Financial Officer, presented the Finance Report for August 2018. The average daily census was 151.9 with admissions of 1,005 resulting in 4,710 patient days. Outpatient observation equivalent days were 171. The average length of stay was 4.75 days. The case mix index was 1.470. Deliveries were 148. Surgical cases were 368. Joint Replacement cases were 139. Neurosurgical cases were 18. Cardiac Surgical cases were 6. The Outpatient visits were 7,813 and Emergency visits were 4,053. Total productive FTEs were 1,223.7. FTEs per adjusted occupied bed were 6.60.

FINANCE REPORT

Nancy Farber presented the Hospital Operations Report for September 2018. Preliminary information indicated gross revenue for the month of September at approximately \$154,694,000. The Average Length of Stay of 4.81 and there were 4,386 patient days. There were 360 Surgical Cases and 309 Cath Lab procedures at the Hospital. Deliveries for September were 126. Non-Emergency Outpatient visits were 6,899. FTEs per Adjusted Occupied Bed were 6.61. The Washington Outpatient Surgery Center had 465 cases and the clinics saw approximately 3,319 patients. Total Government Sponsored Preliminary Payor Mix was 67.4%, above the budget of 71.2%.

*HOSPITAL
OPERATIONS REPORT*

In accordance with District Law, Policies and Procedures, Director Nicholson moved that the Board of Directors authorize the Chief Executive Officer to proceed with the purchase of thirty-eight Defibrillators for a total amount not to exceed \$787,000.00.

*CONSIDERATION OF
Thirty-eight Zoll Medical
Defibrillators*

Director Stewart seconded the motion.

Roll call was taken:

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

The motion carried.

In accordance with District Law, Policies and Procedures, Director Nicholson moved that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of Gaumard Simulation Mannequins in a total amount not to exceed \$165,122.00.

*CONSIDERATION OF
Gaumard Simulation
Mannequins*

Director Stewart seconded the motion.

Roll call was taken:

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

The motion carried.

In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Section 54954.5(h) Director Wallace adjourned the meeting to closed session at 7:56 pm, as the discussion pertained to Hospital trade secrets, Human Resources matters, and Risk Management.

*ADJOURN TO CLOSED
SESSION*

Director Wallace reconvened the meeting to open session at 8:30 pm and reported no action was taken in closed session.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, Director Wallace adjourned the meeting at 8:30 pm.

ADJOURNMENT

Michael Wallace
President

William Nicholson, MD
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, October 22, 2018 in the Board Room, Washington Hospital, 2000 Mowry Avenue, Fremont, California.
Director Stewart 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; Jacob Eapen
Excused: Patricia Danielson, RHIT; Michael Wallace

ROLL CALL

Also present: Timothy Tsoi, MD; Kranthi Achanta, MD; Peter Lunny, MD; Jan Henstorf, MD; Albert Brooks, MD; John Romano, MD; Nancy Farber, CEO

There were no oral or written communications.

COMMUNICATIONS

Director Stewart 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.

ADJOURN TO CLOSED SESSION

Director Stewart reconvened the meeting to open session at 8:30 a.m. and reported no reportable action was taken in closed session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, the meeting was adjourned at 8:30 a.m.

ADJOURNMENT

Michael Wallace
President

William Nicholson, MD
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, October 24, 2018 in the Board Room, 2000 Mowry Avenue, Fremont, California. Director Wallace 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: Michael Wallace; Bernard Stewart, DDS; William Nicholson, MD; Jacob Eapen, MD
Excused: Patricia Danielson, RHIT

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Tina Nunez, 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 Wallace adjourned the meeting to closed session at 6:03 p.m., as the discussion pertained to personnel matters, and Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9.

ADJOURN TO CLOSED SESSION

Director Wallace reconvened the meeting to open session at 6:50 p.m. and reported no reportable action was taken in closed session.

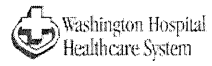
RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, Director Wallace adjourned the meeting at 6:50 p.m.

ADJOURNMENT

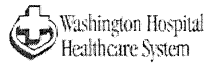
Michael Wallace
President

William Nicholson, MD
Secretary



WASHINGTON HOSPITAL
MONTHLY OPERATING REPORT

September 2018



**WASHINGTON HOSPITAL
INDEX TO BOARD FINANCIAL STATEMENTS
September 2018**

<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: November 9, 2018
TO: Board of Directors
FROM: Nancy Farber
SUBJECT: Washington Hospital – September 2018
Operating & Financial Activity

SUMMARY OF OPERATIONS – (Blue Schedules)

1. Utilization – Schedule Board 3

	September <u>Actual</u>	September <u>Budget</u>	Current 12 <u>Month Avg.</u>
<u>ACUTE INPATIENT:</u>			
Average Daily Census	146.2	147.2	158.2
# of Admissions	909	955	1,020
Patient Days	4,386	4,415	4,809
Discharge ALOS	4.81	4.62	4.67
<u>OUTPATIENT:</u>			
OP Visits	6,897	7,185	7,278
ER Visits	4,085	4,215	4,267
Observation Equivalent Days – OP	155	123	143

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

2. Staffing – Schedule Board 3

Total paid FTEs were 4.9 above budget. Total productive FTEs for September were 1,220.1, 8.1 above the budgeted level of 1,212.0. Nonproductive FTEs were 3.2 below budget. Productive FTEs per adjusted occupied bed were 5.77, 0.33 below the budgeted level of 6.10. Total FTEs per adjusted occupied bed were 6.61, 0.40 below the budgeted level of 7.01.

3. Income - Schedule Board 1

For the month of September the Hospital realized income of \$2,276,000 from operations.

Total Gross Patient Service Revenue of \$154,694,000 for September was 4.2% below budget.

Deductions from Revenue of \$118,572,000 represented 76.65% of Total Gross Patient Service Revenue. This percentage is below the budgeted amount of 77.89%, primarily due to payor mix.

Total Operating Revenue of \$37,780,000 was \$1,563,000 (4.3%) above the budget.

Total Operating Expense of \$35,504,000 was \$14,000 (0.0%) above the budgeted amount.

The Total Non-Operating Income of \$400,000 for the month includes an unrealized loss on investments of \$393,000 and property tax revenue of \$1,439,000.

The Total Net Income for September was \$2,676,000, which was \$1,039,000 more than the budgeted income of \$1,637,000.

The Total Net Income for September using FASB accounting principles, in which the unrealized loss or income on investments and property tax revenues are removed from the non-operating income and expense, was \$1,630,000 compared to budgeted income of \$198,000.

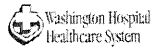
4. Balance Sheet – Schedule Board 2

In September, \$30.5 million was reclassified from the long-term liability for supplemental medical retirement obligations to deferred inflows. This reclassification is based on the impact of using a long-term rate of return to discount these liabilities in fiscal year 2019, rather than the municipal rate of return that was required to be used in fiscal year 2018. This change was the result of the establishment of an Other Post-Employment Benefits Trust in June 2018. The related deferred inflows will be amortized as a reduction to annual supplemental retirement expense over the next five to six years.

There were no other noteworthy changes in assets and liabilities when compared to August 2018.

NANCY FARBER
Chief Executive Officer

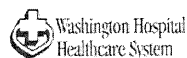
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WASHINGTON HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
 September 2018
 GASB FORMAT
 (In thousands)

September				YEAR TO DATE				
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.		ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
				OPERATING REVENUE				
\$ 106,902	\$ 119,547	\$ (12,645)	-10.6%	1 INPATIENT REVENUE	\$ 334,825	\$ 354,004	\$ (19,179)	-5.4%
47,792	41,902	5,890	14.1%	2 OUTPATIENT REVENUE	141,267	124,306	16,961	13.6%
154,694	161,449	(6,755)	-4.2%	3 TOTAL PATIENT REVENUE	476,092	478,310	(2,218)	-0.5%
(113,553)	(122,368)	8,815	7.2%	4 CONTRACTUAL ALLOWANCES	(359,459)	(362,560)	3,101	0.9%
(5,019)	(3,386)	(1,633)	-48.2%	5 PROVISION FOR DOUBTFUL ACCOUNTS	(12,796)	(10,030)	(2,766)	-27.6%
(118,572)	(125,754)	7,182	5.7%	6 DEDUCTIONS FROM REVENUE	(372,255)	(372,590)	335	0.1%
76.65%	77.89%			7 DEDUCTIONS AS % OF REVENUE	78.19%	77.90%		
36,122	35,695	427	1.2%	8 NET PATIENT REVENUE	103,837	105,720	(1,883)	-1.8%
1,658	522	1,136	217.6%	9 OTHER OPERATING INCOME	3,237	1,564	1,673	107.0%
37,780	36,217	1,563	4.3%	10 TOTAL OPERATING REVENUE	107,074	107,284	(210)	-0.2%
				OPERATING EXPENSES				
16,026	15,798	(228)	-1.4%	11 SALARIES & WAGES	48,428	47,618	(810)	-1.7%
6,120	6,356	236	3.7%	12 EMPLOYEE BENEFITS	18,314	19,179	865	4.5%
4,463	4,534	71	1.6%	13 SUPPLIES	13,649	13,231	(418)	-3.2%
4,768	4,521	(247)	-5.5%	14 PURCHASED SERVICES & PROF FEES	14,138	14,035	(103)	-0.7%
1,629	1,783	154	8.6%	15 INSURANCE, UTILITIES & OTHER	4,979	5,083	104	2.0%
2,498	2,498	-	0.0%	16 DEPRECIATION	7,560	7,560	-	0.0%
35,504	35,490	(14)	0.0%	17 TOTAL OPERATING EXPENSE	107,068	106,706	(362)	-0.3%
2,276	727	1,549	213.1%	18 OPERATING INCOME (LOSS)	6	578	(572)	-99.0%
6.02%	2.01%			19 OPERATING INCOME MARGIN %	0.01%	0.54%		
				NON-OPERATING INCOME & (EXPENSE)				
334	336	(2)	-0.6%	20 INVESTMENT INCOME	1,062	1,031	31	3.0%
(120)	-	(120)	0.0%	21 REALIZED GAIN/(LOSS) ON INVESTMENTS	(189)	-	(189)	0.0%
(477)	(497)	20	4.0%	22 INTEREST EXPENSE	(1,467)	(1,507)	40	2.7%
269	264	5	1.9%	23 RENTAL INCOME, NET	771	817	(46)	-5.6%
(184)	(184)	-	0.0%	24 AMORTIZATION OF INTANGIBLE ASSETS	(553)	(553)	-	0.0%
(468)	(448)	(20)	-4.5%	25 MHCCP TRANSITION	(1,168)	(1,181)	13	1.1%
1,439	1,439	-	0.0%	26 PROPERTY TAX REVENUE	4,234	4,234	-	0.0%
(393)	-	(393)	0.0%	27 UNREALIZED GAIN/(LOSS) ON INVESTMENTS	(220)	-	(220)	0.0%
400	910	(510)	-56.0%	28 TOTAL NON-OPERATING INCOME & EXPENSE	2,470	2,841	(371)	-13.1%
\$ 2,676	\$ 1,637	\$ 1,039	63.5%	29 NET INCOME (LOSS)	\$ 2,476	\$ 3,419	\$ (943)	-27.6%
7.08%	4.52%			30 NET INCOME MARGIN %	2.31%	3.19%		
				31 NET INCOME (LOSS) USING FASB PRINCIPLES**	\$ (1,538)	\$ (815)	\$ (723)	-88.7%
4.31%	0.55%			NET INCOME MARGIN %	-1.44%	-0.76%		

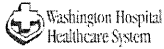
**NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS



WASHINGTON HOSPITAL
BALANCE SHEET
September 2018
(In thousands)

SCHEDULE BOARD 2

ASSETS AND DEFERRED OUTFLOWS			September 2018	Unaudited June 2018	LIABILITIES, NET POSITION AND DEFERRED INFLOWS			September 2018	Unaudited June 2018
CURRENT ASSETS					CURRENT LIABILITIES				
1	CASH & CASH EQUIVALENTS	\$ 35,983	\$ 31,346	1	CURRENT MATURITIES OF L/T OBLIG	\$ 8,550	\$ 7,200		
2	ACCOUNTS REC NET OF ALLOWANCES	55,979	58,517	2	ACCOUNTS PAYABLE	29,788	43,344		
3	OTHER CURRENT ASSETS	12,171	11,100	3	OTHER ACCRUED LIABILITIES	47,818	53,279		
4	TOTAL CURRENT ASSETS	<u>104,133</u>	<u>100,963</u>	4	INTEREST	5,338	12,090		
				5	TOTAL CURRENT LIABILITIES	<u>91,494</u>	<u>115,913</u>		
ASSETS LIMITED AS TO USE					LONG-TERM DEBT OBLIGATIONS				
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	173,474	172,782	6	REVENUE BONDS AND OTHER	224,901	231,469		
7	GENERAL OBLIGATION BOND FUNDS	2,522	15,355	7	GENERAL OBLIGATION BONDS	336,373	338,739		
8	REVENUE BOND FUNDS	42,525	47,409						
9	BOND DEBT SERVICE FUNDS	9,832	29,413	OTHER LIABILITIES					
10	OTHER ASSETS LIMITED AS TO USE	12,075	12,161	10	NET PENSION LIABILITY	44,661	42,389		
11	TOTAL ASSETS LIMITED AS TO USE	<u>240,428</u>	<u>277,120</u>	11	WORKERS' COMP	8,325	8,118		
13	OTHER ASSETS	181,722	175,600	12	SUPPLEMENTAL MEDICAL RETIREMENT	36,138	70,252		
14	NET PROPERTY, PLANT & EQUIPMENT	726,247	725,883	14	NET POSITION	493,004	490,528		
15	TOTAL ASSETS	<u>\$ 1,252,530</u>	<u>\$ 1,279,566</u>	15	TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,234,896</u>	<u>\$ 1,297,408</u>		
16	DEFERRED OUTFLOWS	31,348	39,445	16	DEFERRED INFLOWS	48,982	21,603		
17	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,283,878</u>	<u>\$ 1,319,011</u>	17	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	<u>\$ 1,283,878</u>	<u>\$ 1,319,011</u>		



**WASHINGTON HOSPITAL
OPERATING INDICATORS**

September 2018

12 MONTH AVERAGE	September						YEAR TO DATE			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
<u>PATIENTS IN HOSPITAL</u>										
158.2	146.2	147.2	(1.0)	-1%	1	ADULT & PEDS AVERAGE DAILY CENSUS	145.2	145.9	(0.7)	0%
4.7	5.2	4.1	1.1	27%	2	OUTPT OBSERVATION AVERAGE DAILY CENSUS	5.4	4.1	1.3	32%
9.3	8.9	9.3	(0.4)	-4%	3	NEWBORN NURSERY AVERAGE DAILY CENSUS	9.5	9.2	0.3	3%
172.2	160.3	160.6	(0.3)	0%	4	TOTAL	160.1	159.2	0.9	1%
3.7	2.7	4.6	(1.9)	-41%	5	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	2.5	4.0	(1.5)	-38%
4,809	4,386	4,415	(29)	-1%	6	ADULT & PEDS PATIENT DAYS	13,354	13,427	(73)	-1%
1,020	909	955	(46)	-5%	7	ADMISSIONS-ADULTS & PEDS	2,833	2,921	(88)	-3%
4.67	4.81	4.62	0.19	4%	8	AVERAGE LENGTH OF STAY-ADULTS & PEDS	4.72	4.60	0.12	3%
<u>OTHER KEY UTILIZATION STATISTICS</u>										
1.476	1.545	1.495	0.050	3%	9	OVERALL CASE MIX INDEX (CMI)	1.480	1.495	(0.015)	-1%
<u>SURGICAL CASES</u>										
142	124	139	(15)	-11%	10	JOINT REPLACEMENT CASES	396	409	(13)	-3%
23	28	27	1	4%	11	NEUROSURGICAL CASES	62	66	(4)	-6%
8	4	11	(7)	-64%	12	CARDIAC SURGICAL CASES	20	33	(13)	-39%
189	204	175	29	17%	13	GENERAL SURGICAL CASES	580	513	67	13%
362	360	352	8	2%	14	TOTAL SURGICAL CASES	1,058	1,021	37	4%
319	309	353	(44)	-12%	15	TOTAL CATH LAB PROCEDURES	974	998	(24)	-2%
136	126	141	(15)	-11%	16	DELIVERIES	406	404	2	0%
7,278	6,897	7,185	(288)	-4%	17	OUTPATIENT VISITS	21,934	22,064	(130)	-1%
4,267	4,085	4,215	(130)	-3%	18	EMERGENCY VISITS	12,196	12,780	(584)	-5%
<u>LABOR INDICATORS</u>										
1,240.7	1,220.1	1,212.0	(8.1)	-1%	19	PRODUCTIVE FTE'S	1,201.8	1,186.9	(14.9)	-1%
183.4	179.0	182.2	3.2	2%	20	NON PRODUCTIVE FTE'S	193.7	200.7	7.0	3%
1,424.1	1,399.1	1,394.2	(4.9)	0%	21	TOTAL FTE'S	1,395.5	1,387.6	(7.9)	-1%
5.79	5.77	6.10	0.33	5%	22	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.82	6.02	0.20	3%
6.65	6.61	7.01	0.40	6%	23	TOTAL FTE/ADJ. OCCUPIED BED	6.76	7.04	0.28	4%

* included in Adult and Peds Average Daily Census

RESOLUTION NO. 1190

**RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT APPROVING WASHINGTON
HOSPITAL MEDICAL STAFF BYLAWS AND POLICIES**

WHEREAS, the Washington Township Health Care District is a local health care district (“District”) which owns and operates a general acute care hospital (“Washington Hospital”) and provides essential healthcare services to the population residing within the District’s political boundaries, including the cities of Fremont, Newark, Union City, parts of South Hayward and Sunol;

WHEREAS, Washington Hospital which includes an organized medical staff (“Washington Hospital Medical Staff”) consisting of those physicians and certain other licensed health care practitioners who have been authorized to provide medical care to patients in the inpatient and outpatient departments of Washington Hospital;

WHEREAS, the Washington Hospital Medical Staff is an independent and self-governing body operating under bylaws, policies, and procedures duly adopted by the Washington Hospital Medical Staff and approved by the Board of Directors of the District (“Medical Staff Bylaws and Policies”);

WHEREAS, the Washington Hospital Medical Staff determined that its current Medical Staff Bylaws and Policies needed to be revised and updated to reflect current practices and state and federal law requirements and standards;

WHEREAS, the Medical Executive Committee (“MEC”) approved revised Medical Staff Bylaws and Policies on June 18, 2018, with the exception of the Washington Hospital Medical Staff Credentialing Policy which was approved by the MEC at a separate meeting on July 16, 2018;

WHEREAS, on September 11, 2018, at a properly convened meeting, the Washington Hospital Medical Staff approved revised Medical Staff Bylaws and Policies by a vote of 106 in favor to 7 opposed (out of 140 members present), a copy of which is attached hereto as Exhibit A (Exhibit A is attached hereto and incorporated herein by this reference);

Preliminary Draft

WHEREAS, pursuant to District Bylaws, policies, and procedures, the Joint Commission standards, and other applicable legal requirements, the Board of Directors of the District is required to approve the revised Medical Staff Bylaws and Policies.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The following entitled Medical Staff Bylaws and Policies attached to this Resolution as Exhibit A are hereby approved by the Board of Directors of the District:

- (1) Washington Hospital Medical Staff Bylaws;
- (2) Washington Hospital Medical Staff Organization Manual;
- (3) Washington Hospital Medical Staff Credentialing Policy;
- (4) Washington Hospital Medical Staff Focused Professional Practice Evaluation (“FPPE”) Policy;
- (5) Washington Hospital Medical Staff Ongoing Professional Practice Evaluation (“OPPE”) Policy;
- (6) Washington Hospital Medical Staff Practitioner Access to Confidential Files Policy;
- (7) Washington Hospital Medical Staff Practitioner Health Policy;
- (8) Washington Hospital Medical Staff Professional Practice Evaluation Policy;
- (9) Washington Hospital Medical Staff Professionalism Policy; and
- (10) Washington Hospital Medical Staff Review of Concerns Related to Utilization Policy.

2. The Chief Executive Officer is hereby directed to arrange for the date of the Board’s approval to be reflected in Medical Staff Bylaws and Policies and also to arrange for the Medical Staff Bylaws and Policies to reflect the dates of approval of the Medical Executive Committee and the Washington Hospital Medical Staff as indicated in this Resolution.

Preliminary Draft

Resolution No. 1190 passed and adopted by the Board of Directors of the Washington Township Health Care District this 14th day of November 2018 by the following vote:

AYES:

NOES:

ABSENT:

MICHAEL J. WALLACE
President, Board of Directors
Washington Township Health Care District

WILLIAM F. NICHOLSON, M.D.
Secretary, Board of Directors
Washington Township Health Care District

Preliminary Draft

EXHIBIT A
MEDICAL STAFF BYLAWS AND POLICIES



Washington Hospital Healthcare System

2000 Mowry Avenue Fremont California 94538-1716 • (510) 797-1111
www.whhs.com

November 14, 2018

To: Board of Directors:

Tonight the Medical Staff asks that you approve of our revised Bylaws and Policies

The Medical Staff Bylaws create a framework within which Medical Staff Members can act with a reasonable degree of freedom and confidence. The Organized Medical Staff must maintain a set of Bylaws that define its role within the context of a hospital setting and responsibilities in the oversight of care, treatment, and services. Joint Commission MS. 01.01.01 sets forth minimum requirements for Bylaws content.

The current Bylaws required updating to reflect current state laws and federal standards. A Bylaws Task Force was formed and included over 20 members: Chief of Staff, Past Chief of Staff, Chief of Staff Elect, Medical Staff Liaison, a Board Member, Administration, Department and Section Chairs, Committee Chairs, Medical Staff Members and Legal Counsel. The Bylaws Task Force held four separate all-day meetings on 12/17/17, 2/28/18, 3/28/18 and 5/10/18 to review the documents.

Several new documents have been developed to reflect current practices along with state & federal requirements and standards. Each document is designed to stand alone and does not replicate information contained in the other documents.

The documents are as follows:

- Medical Staff Bylaws
- Credentialing Policy
- Organizational Manual
- Professional Practice Policy
- OPPE Policy
- FPPE Police
- Professionalism Policy
- Policy on Practitioner Health
- Policy on Review of Concerns Related to Utilization
- Policy on Practitioner Access to Confidential Files

Q&A workshops were held for physicians to share information and discuss the documents.

The Chief of Staff called a special meeting on September 11, 2018 at 5:30 p.m. in the Anderson Auditoriums for the Active Medical Staff Members to consider the proposed changes. The proposed changes were approved and shall become effective following approval by the Board of Directors.

Thank you for your consideration.

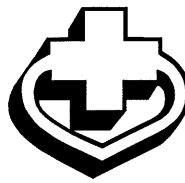
Sincerely,

Timothy Tsoi, MD
Chief of Staff

Nancy Farber, Chief Executive Officer

Washington Township Health Care District • Washington Hospital • Institute for Joint Restoration and Research
Sandy Amos R.N. Infusion Center • Taylor McAdam Bell Neuroscience Institute • Washington Center for Wound Healing and Hyperbaric Medicine
Washington Outpatient Imaging Center • Washington Outpatient Rehabilitation Center • Washington Outpatient Surgery Center
Washington Radiation Oncology Center • Washington Special Care Nursery • Washington Urgent Care • Washington Women's Center





Memorandum

DATE: November 14, 2018
TO: Board of Directors, Washington Township Health Care District
FROM: Nancy Farber, Chief Executive Officer
SUBJECT: Summary: Fiscal Year 2017-2018

Washington Hospital's fiscal year end 2017-2018 results were again exemplary and the numerous successes across the board demonstrated the collegial effort exerted by all levels and functions in our organization.

The Financial results, whether G.A.S.B. or F.A.S.B. format, exceeded expectations:

	Actual	Budget
G.A.S.B. Total Margin	9.3%	7.3%
	\$46,785,000	\$36,447,000
F.A.S.B. Total Margin	6.5%	4.1%
	\$32,768,000	\$20,209,000

With positive variances in net income in both G.A.S.B. and F.A.S.B. accounting formats of 28.4% and 62.1% respectively, the Healthcare System had a very successful year.

We continued to follow and update our Strategic Map for 2016-2019. 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.

By any standard, our Healthcare System experienced a nearly relentless and rigorous survey schedule which included:

- The Joint Commission Full Hospital Survey
- The Joint Commission Clinical Laboratory Survey
- The State of California GACH Survey
- The Cancer Program Accreditation
- The Joint Commission Advanced Primary Stroke Program Survey
- The Breast Health Program Accreditation
- The Nursing MAGNET Program Survey

We were highly successful in all the above mentioned surveys, receiving the maximum period of accreditation and the distinction of being recognized by those bodies for many "best practices." We were also subjected to a CMS Validation Survey which was unannounced, onerous, and of a full week's duration with negligible criticism.

Among other quality initiatives, this part year we participated in the National Surgical Quality Improvement Program, achieving Exemplary Status. This placed us in the top 10% of U.S. Hospitals for lowest mortality, lowest complications, lowest surgical site infections, lowest morbidity, lowest renal failure, and lowest urinary tract infections in Cardiac Surgery. We were further recognized for lowest rates of readmissions and urinary tract infections in Orthopedic Surgery for Knee and Hip Replacements.

The validation we received from all these surveys was matched by the recognition of National rating organizations like Healthgrades. We were named one of America's Best Hospitals, and one of America's 100 Best Hospitals for Orthopedic Surgery. Washington Hospital is the only hospital in the Bay Area to be named one of Healthgrades' America's Best Hospitals for Joint Replacement for seven years in a row. We are in the top 5% in the nation for Joint Replacement. Washington Hospital was also honored as a five-year recipient of the Healthgrades Distinguished Hospital Award for Clinical Excellence for consistently providing comprehensive and clinically excellent care. U.S. News & World Report recognized our hospital this year as the number five Best Regional Hospital in the San Francisco metropolitan area.

Healthgrades and U.S. News & World Report both recognized Washington Hospital for Cardiac Care, receiving a Five Star Rating from Healthgrades and a "High Performance Ranking" status from U.S. News & World Report. We received the same recognition for Pulmonary Care from these two organizations. The American Heart Association and American Stroke Association granted Washington Hospital their "Target Stroke Honor."

Washington Hospital also received the 2018 Get With the Guidelines Stroke Honor Roll Elite Plus GOLD PLUS Achievement Award.

We have initiated planning for the new Fremont Office Building, sequencing the physical consolidation of the Medical Foundation.

Another significant accomplishment occurring this year has been the work of a multidisciplinary Medical Staff Bylaws Committee which included representation from the Board of Directors and Administration. The process was remarkably collegial and collaborative and produced a workable document that meets the requirements of The Joint Commission and the State of California. The Medical Staff approved the new bylaws at their September meeting.

There were some key additions to our Medical Staff beginning with Oncologists Bogden Eftemie and David Lee from U.C.S.F. Also joining the Medical Staff from U.C.S.F. is Dr. Jacquelyn Chyu, our new Perinatologist, initiating services for high risk mothers heretofore unavailable in

Washington Township. Drs. Ramin Beygui and Teng Lee were brought on board to provide Cardiovascular Surgical Services.

This past year we launched a Capital Campaign in our Charitable Foundation. While the campaign is a multiyear effort, and is still very much underway, it is notable that we have already exceeded the campaign goal of \$5,000,000, with \$5,500,000 on the books.

In the arena of Human Resources, we concluded negotiations successfully with Local 20.

There has been, as the Board is well aware, a ramping up of violence across the Nation in its Emergency Departments. Washington Hospital has not been immune to this phenomenon. It has been of paramount importance to intervene. We met with staff who have been subjected to this treatment and devised a new organizational response to these incidents that we now call Code B.E.R.T. which summons help for an embattled employee. When one insurance carrier, BETA, was on site for training, their staff witnessed a Code BERT and asked for our policies and procedures stating that this was a best practice that would be shared with the other BETA insureds. We also implemented the EDIE system in our hospital. It stands for Emergency Department Information Exchange. This system exists throughout Washington State, Oregon, and most of California. We also composed a Visitor's Manual advising our visiting public of their responsibilities while on our premises. Further plans include seeking legislation in Sacramento that will make it a felony to assault Emergency Room personnel. Such legislation already exists in 42 of the 50 states.

This past year, the Nation has been shaken by the press coverage of the Opioid Addiction Crisis. In our commitment to Community Education, we invited Dr. Anna Lembke to address the hospital community and her speech was rebroadcasted on our local access cable channel to assure as even greater dissemination of this critically important information. Within our own Medical Foundation, new monitoring systems of opioid prescriptions were implemented.

We were very pleased and excited to discover the rather amazing expertise in disaster preparedness of Dr. Alan Spira, one of our Emergency Room physicians. We were able to retain his services and receive an exhaustive assessment of our Emergency Preparedness. Although he has been deployed to "parts unknown," we are working through his critique and making the recommended changes to our Command Center and to our Disaster Plan. We also worked with the Fremont Police Department on an Active Shooter Drill in the Morris Hyman Critical Care Pavilion before it is occupied by patients. This exercise was scheduled for September 18th.

Our partnership with Channel 7 was initiated this year after participating in an application process and being selected from the ranks of Bay Area hospitals who also had applied. As our

material has begun to air on television, we have had a very positive community response. And while it is still early in this partnership, it has proved to be beneficial. We are looking forward to their coverage of the opening of MHCCP and our hospital's 60th Birthday.

This past year we continued our development and application of Lean technology. We held eighteen workshops with a variety of subjects including: Kaizen, Value Stream, 3P, and Transition Workshops. The total number of attendees at all Lean workshops was 467. Of those, 44 were physicians, 239 were nurses, and 184 were management. Fourteen staff members received their Lean Certification. Of particular importance to our organization is the application of Lean principles to the move into MHCCP.

Our partnership with UCSF has continued to grow and develop. Our Prenatal Diagnostic Center, led by Dr. Chyu, opened in December 2017. Through UCSF, we recruited and hired a second Cardiovascular Surgeon, Dr. Teng Lee, who came on board in November 2017. In January 2018, one-year-long clerkships for UCSF Family Medicine medical students were initiated in our Medical Foundation. We recruited a second Radiation Oncologist in coordination with UCSF, who was scheduled to start in September 2018. Also in support of the Oncology Program we recruited a Clinical Research Coordinator to assist with the development and implementation of clinical trials for our patients in coordination with UCSF.

The following Information Services projects were completed in the past year:

- Epic Beacon module implementation for Oncology
- Epic Bed Planning, Transport and EVS implementation
- Morris Hyman Pavilion Network, Storage and Server Infrastructure Setup
- New main hospital phone system
- Instrument Tracking System for Sterile Processing and OR
- Trackcore Tissue Tracker implementation
- GE Viewpoint implementation for the Prenatal Diagnostic Center
- EDIE System setup for ED and Urgent Care
- XPer System upgrade for Cath Lab
- Interface from Epic to Labcorp
- Midas and Statit System Upgrades
- Abbott Chemistry Analyzer Integration
- Provation GI System Rollout to WOSC and WHHS
- Data Loss Prevention security system rollout
- Rollout of E-Prescribing Solution for Schedule II Drugs

Through our participation in the District Hospital Leadership forums, we have been taking part in a program called PRIME (Public Hospital Redesign and Incentives in Medi-Cal) which is administered by the State of California. It applies federal funding derived from the 2014 waiver

and furnishes seed money for programs that drive innovation and transformation of care. We have multiple projects underway and this year received \$3,600,000 of the \$3,800,000 we could potentially qualify for. In the area of Commercial Insurance contracting, we successfully completed negotiations with three of the major plans: Blue Shield, Aetna, and United. All of the contracts provided for increases over the course of multi-year contracts. We negotiated an agreement with Blue Shield allowing Washington to once again be part of the covered California network. We also were successful in negotiating rate increases for WTMF with Blue Shield and United. We were able to implement a relationship with CISCO, one of the larger employers in the area. During the course of the year, our now former stop loss carrier decided to hit us with a substantial rate increase. We were able to eliminate that pending expense by transitioning to a new carrier, keeping our rates flat.

The construction of the Morris Hyman Critical Care Pavilion was completed on time and on budget. The equipping, furnishing, and stocking of the building is underway. The plans for Ribbon Cutting and the Public Open House are nearing completion. We have tentatively set October 10, 2018 as the move-in day, or course subject to the State of California. All things considered, this project, by any standard, has exceeded expectations. It is a beautiful hospital, seismically sound, Trauma Center capable, providing double the number of critical care beds and 68 new single occupancy med/surg beds. We have kept our covenant with the voters of the District: We are on time and on budget which is altogether rare for public works projects.

It is also very much worth noting that through the efforts of our Infection Prevention program, Washington Hospital's C-Difficile Infection ratio continuously and significantly dropped, reaching 0.79 in the last reported quarter FY 2018.

Sincerely,



Nancy Farber
Chief Executive Officer

Gonsalves & Kozachenko
2201 Walnut Ave., Suite 220
Fremont, CA 94538
P: 510-770-3900 F: 510-894-3027

GONSALVES & KOZACHENKO
ATTORNEYS AT LAW

November 9, 2018

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 typically occurs by September of each year. However, due to the efforts required to complete and open the Morris Hyman Critical Care Pavilion, the review was delayed until this month.

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.

Preliminary Draft

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 2018 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 2017-2018 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, 65th percentile, 75th percentile and 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 noted on page 16 of the *IHS Report*, "at-risk" incentive opportunities for Chief Executive Officer's in the California peer group range from a median target opportunity of 25% of base salary to a median maximum opportunity of 35% of base salary.

As the chart on page 13 shows, the CEO's current base salary of \$840,320 is actually 3.29% below the 65th percentile target of \$868,000.

With regard to consideration of an award of "at-risk" compensation, as described above, the District's compensation philosophy has been to target 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 that if the Board chooses to award 20% of base salary (\$168,064) the CEO's total cash compensation would be \$1,008,384 which would be substantially below the 75th percentile of \$1,183,000. If the Board believes that a 20% award is not in keeping with its philosophy of trying to target total cash compensation at the 75th percentile, the Board has the ability to consider awarding a greater amount. As noted above, the median target opportunity for Chief Executive Officer's in the California peer group is 25% of base salary. An award of 25% of base salary would equal \$210,080 for a total cash compensation of \$1,050,400 which is still less than the 75th percentile.

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.

Preliminary Draft

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.

CEO TOTAL CASH COMPENSATION REVIEW

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT BOARD OF DIRECTORS

Eric Reehl, Senior Consultant

August 2018

Integrated Healthcare Strategies



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Introduction

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Integrated Healthcare Strategies

Integrated Healthcare Strategies, a part of the Gallagher Human Resources & Compensation Consulting practice, is 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
 - ≈ 1,550 hospitals
 - ≈ 500 integrated systems
 - ≈ 350 physician groups
 - Large, multi-specialty group practices
 - National and state health care associations

Washington Township Health Care District / Washington Hospital Healthcare System



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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 (WHHS) is a complex integrated healthcare delivery system that includes the 341-bed acute care Washington Hospital

- WHHS's primary service area encompasses 124 square miles of Alameda County with a population of more than 320,000 residents
- WHHS has \$502M in net patient revenue

Washington Township Health Care District / Washington Hospital Healthcare System



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WHHS 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



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WHHS 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



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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

Integrated Healthcare Strategies last reviewed the base compensation of the CEO of WHHS in 2017

- Report and recommendations presented to Board in September 2017
- The Chief Executive Officer's last salary increase was in 2017
- 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



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WHHS' Request

This year Integrated Healthcare Strategies 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



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Data Source

Integrated Healthcare Strategies 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



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Study Process

Integrated Healthcare Strategies 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 Integrated Healthcare Strategies' 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



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Base Salary Analysis

Integrated Healthcare Strategies



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

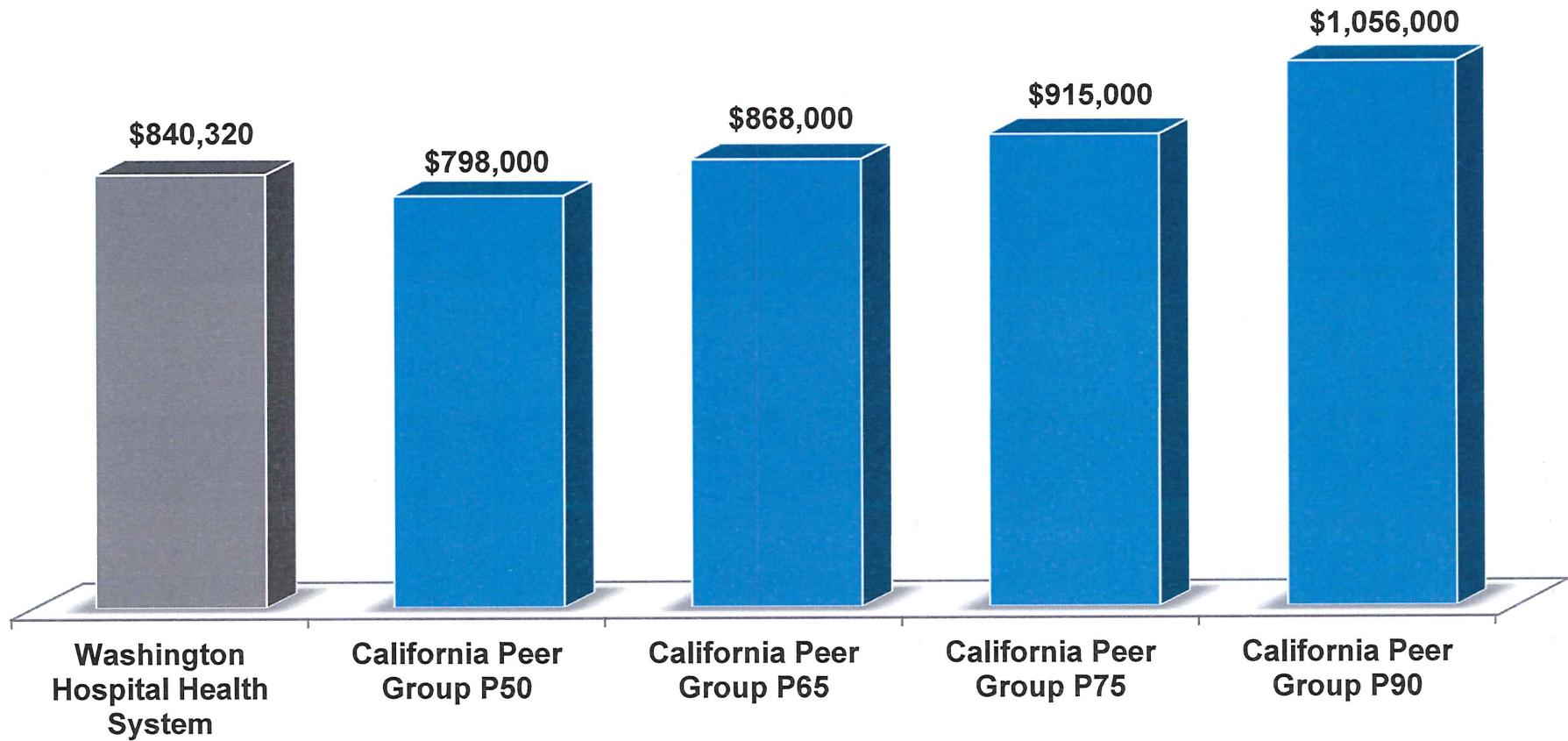
WHHS CEO Salary	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65	Peer Group P75	WHHS as a % of P75
\$840,320	\$798,000	105%	\$868,000	97%	\$915,000	92%

- The Chief Executive Officer's salary is positioned:
 - 5% above the California peer group P50 salary level
 - 3% below the California peer group P65 salary level
 - 8% below the California peer group P75 salary level

Salary Comparison Summary – Chief Executive Officer (Farber)



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Total Cash Compensation Analysis

Integrated Healthcare Strategies

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 target and 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

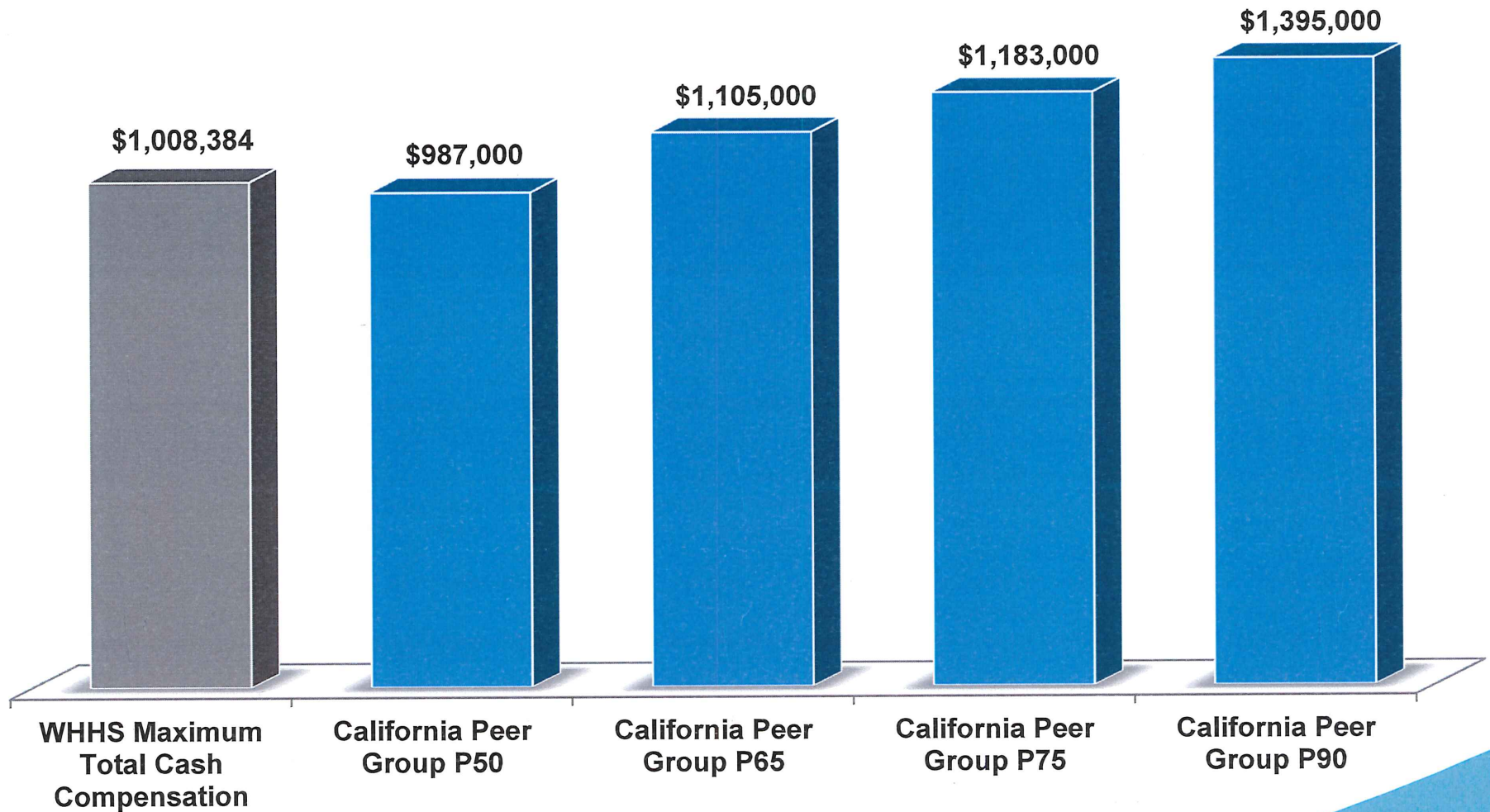
WHHS CEO TCC	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65	Peer Group P75	WHHS as a % of P75
\$1,008,384	\$987,000	102%	\$1,105,000	91%	\$1,183,000	85%

- Under WHHS's compensation philosophy, the CEO's maximum total cash compensation is positioned:
 - 2% above the California peer group total cash compensation P50
 - 9% below the California peer group total cash compensation P65
 - 15% below the California peer group total cash compensation P75

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



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Issues for Consideration

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Executive Salary Trends

Executive Salary Increases

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



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Next Step

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



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Appendix A

Market Data

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Chief Executive Officer (Farber)



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Washington Hospital Healthcare System

Competitive Pay Analysis

Data Effective Date: 7/1/2018

Demographics:

Net Revenue: \$502M

Position: Chief Executive Officer
 Incumbent: Nancy Farber
 Base Salary: \$840,320
 Incentive Award: \$161,000
 Total Cash Comp: \$1,001,320
 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 = \$514M	18	798.2	868.3	915.1	1056.4	987.4	1104.9	1183.3	1395.2
Averages:			798	868	915	1056	987	1105	1183	1395



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Appendix B

Peer Group List

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California Peer Group



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System	City	St	Net Rev
Citrus Valley Health Partners	Covina	CA	\$507.1
Community Medical Centers	Clovis	CA	\$1,497.1
Community Memorial Health System	Ventura	CA	\$423.8
Cottage Health	Santa Barbara	CA	\$829.0
El Camino Hospital	Mountain View	CA	\$795.9
Hollywood Presbyterian Medical Center	Los Angeles	CA	\$269.0
Huntington Hospital	Pasadena	CA	\$622.0
Kaweah Delta Health Care District	Visalia	CA	\$442.0
Marin General Hospital	Greenbrae	CA	\$434.0
Methodist Hospital	Arcadia	CA	\$280.0
Montage Health	Monterey	CA	\$576.2
NorthBay Healthcare	Vacaville	CA	\$563.9
Palomar Pomerado Health	San Diego	CA	\$521.0
PIH Health	Whittier	CA	\$894.7
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
Verity Health System	Los Altos Hills	CA	\$1,090.8