



Washington Township Health Care District

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

Kimberly Hartz, Chief Executive Officer

Board of Directors

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

BOARD OF DIRECTORS MEETING

Wednesday, April 12, 2023 – 6:00 P.M.

Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont and via Zoom

<https://zoom.us/j/94264515861?pwd=NVEwckk3VldrSTFaYkRpQlZDT21zdz09>

Password: 616351

Board Agenda and Packet can be found at:

[April 2023 | Washington Hospital Healthcare System \(whhs.com\)](https://www.whhs.com)

AGENDA

PRESENTED BY:

**I. CALL TO ORDER &
PLEDGE OF ALLEGIANCE**

Bernard Stewart, DDS
Board President

II. ROLL CALL

Cheryl Renaud
District Clerk

III. COMMUNICATIONS

A. Oral

This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not on the agenda and within the subject matter of jurisdiction of the Board. "Request to Speak" cards should be filled out in advance and presented to the District Clerk. For the record, please state your name.

B. Written

IV. CONSENT CALENDAR

Items listed under the Consent Calendar include reviewed reports and recommendations and are acted upon by one motion of the Board. Any Board Member or member of the public may remove an item for discussion before a motion is made.

Bernard Stewart, DDS
Board President

A. Consideration of Minutes of the Regular Meetings of the District Board: March 8, 13, 20, 22 and 27, 2023

Motion Required

B. Consideration of Donor Recognition Plaques for Legacy Society

V. PRESENTATION

A. Patient Experience

PRESENTED BY:

Laura Anning
Chief of Patient Experience

VI. REPORTS

A. Medical Staff Report

Shakir Hyder, MD
Chief of Medical Staff

B. Lean Report:
Reduction of Congestive Heart Failure
Readmissions by Improving Coordination of Care &
Communication

Analynn Cisneros, DNP, CNS, RN
Quality Assurance Manager

C. Service League Report

Sheela Vijay
Service League President

D. Quality Report:
Annual Antimicrobial Stewardship Program

Dianne Martin, MD
Chair, Antimicrobial Stewardship
Program

E. Finance Report

Thomas McDonagh
Vice President & Chief Financial
Officer

F. Hospital Operations Report

Kimberly Hartz
Chief Executive Officer

G. Healthcare System Calendar Report

Kimberly Hartz
Chief Executive Officer

VII. ACTION ITEMS

A. Consideration of Chief Executive Officer
Employment Agreement

PRESENTED BY:

Paul Kozachenko
Hospital Legal Counsel
Motions Required

1. Consideration of Adjustments to Base Salary

2. Consideration of Award of "At Risk"
Compensation

3. Consideration of Extension of Term of
Employment Agreement

VIII. ANNOUNCEMENTS

Kimberly Hartz

IX. ADJOURNMENT

Bernard Stewart, DDS
Board President

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the District Clerk at (510) 818-6500. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, March 8, 2023 in the Board Room at 2000 Mowry Avenue, Fremont and Zoom access was provided. Director Stewart called the meeting to order at 6:00 pm and led those in attendance of the meeting in the Pledge of Allegiance.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

Roll call was taken: Directors present: Bernard Stewart, DDS; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD

ROLL CALL

Absent: Michael Wallace

Also present: Kimberly Hartz; Cheryl Renaud; Larry LaBossiere; Paul Kozachenko; Chris Henry; Tom McDonagh; Shirley Ehrlich

Guests: Kel Kanady; Gisela Hernandez; Srikar Boddar; Lina Huang, Angus Cochran; Mary Bowron; Shakir Hyder, MD; Dan Nardoni; Prasad Khatta, MD; Felipe Villanueva; Sheela Vijay; Erica Luna; Marcus Watkins; John Zubiena; Nick Legge; Tigist Awel; Angus Cochran; John Lee; Semone Clark; Kristin Ferguson and Brian Smith, MD

Director Stewart welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Stewart noted that Public Notice for this meeting, including Zoom information, was posted appropriately on our website. This meeting is being recorded for broadcast at a later date.

There were no Oral communications.

*COMMUNICATIONS:
ORAL*

There were no Written communications.

*COMMUNICATIONS:
WRITTEN*

Director Stewart presented the Consent Calendar for consideration:

CONSENT CALENDAR

- A. Consideration of Minutes of the Regular Meetings of the District Board: February 8, 22 and 27, 2023
- B. Consideration of Siemens YSIO X.Pree Machine
- C. Cancer Center Enabling Projects

Director Eapen moved that the Board of Directors approve the Consent Calendar, Item A through C. Director Yee seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye
Michael Wallace – absent
William Nicholson, MD – aye
Jacob Eapen, MD – aye
Jeannie Yee – aye

Motion Approved.

Kimberly Hartz, Chief Executive Officer, introduced Dr. Prasad Katta and Lina Huang, Clinical manager of the Diabetes Program, who gave a presentation regarding the Joint Commission Inpatient Diabetes Certification. The Joint Commission's Disease-Specific Care Certification Program evaluates disease management and chronic care services provided by direct care providers such as hospitals. Certification decision is based on assessment of compliance, with consensus-based national standards, effective use of evidence-based clinical practice guidelines to manage and optimize care and having an organized approach to performance measurement and improvement activities. Benefits of the Joint Commission Disease-Specific Care Certification include: strengthening community confidence in the quality and safety of care, treatment and services and demonstrates our commitment to a higher standard of clinical service. This will promote a culture of excellence across the organization and improve patient experience. The Joint Commission requirements include Standardization of Care, Staff and Patient Education, Program Management and Performance Improvement with collaboration among providers. Only 56 hospitals have Joint Commission Advanced Inpatient Diabetes Certification and our goal is to apply within the next 9 to 12 months.

*PRESENTATION:
DIABETES / JOINT
COMMISSION
CERTIFICATION*

Dr. Shakir Hyder, Chief of Staff, reported there are 605 Medical Staff members, including 339 active members. Dr. Hyder also stated that the Medical Staff is focusing on improving their compliance with Hand Hygiene. Dr. Hyder is also on the planning committee for the Doctor's Dinner Dance, where they will announce the recipient of the Remo A. Cerruti, Physician of the Year Award.

*MEDICAL STAFF
REPORT*

Kimberly Hartz, Chief Executive Officer, introduced the new Service League President, Sheela Vijay. Sheela joined the Service League Board in 2020 and served as the First Vice President. On Friday, March 3, 2023, the Service League seated a new Board of Directors. The new officers are as follows: Cherie Gamardo, First Vice President; Jill Ziman, Second Vice President; Corissa Barbary, Treasurer; Marlene Iyemura, Secretary; Gail Tomita, Parliamentarian.

*SERVICE LEAGUE
REPORT*

In February, Sheela and the Director of Volunteer Services, Evangeline Imana-Iyemura were invited to speak at the California Association of Hospital and Health Systems (CAHHS) Volunteer Conference in Sacramento. This was their first in-person conference since the beginning of the pandemic. The topic was "Volunteer Roles-Adapting to Meet Current Needs". They presented the history of Washington Hospital, Pre and Post Covid-19 volunteering in the Nurse Unit Assist Program and Emergency Department, which was well received. It was noted that the volunteer population has changed as hospitals have seen a decrease in the senior volunteers, and gift shops have not reopened due to a lack of volunteers and funding.

In the past month, 203 members of the Service League volunteered 2,086 hours. WOOF Canine Therapy teams continue to visit the hospital helping patients heal emotionally, physically and mentally. The quilting group have produced a beautiful quilt that will be ready to go on sale in the gift shop soon. The Masquerade Sale will take place May 1-3, 2023.

Mary Bowron, Chief Quality Officer, presented the Quality Dashboard for the quarter ending December 31, 2022, comparing WHHS statistics to State and National Benchmarks. There were zero Hospital Acquired MSRA in the past quarter, which was lower than the 0.866 predicted number of infections. We had zero Catheter Associated Urinary Tract Infections (CAUTI), which was lower than the 1.143 predicted number of infections; zero Central Line Bloodstream Infections (CLABSI), which was lower than the 1.864 predicted number of infections; zero Surgical Site Infection (SSI) following Colon Surgery, which was lower than the 0.527 predicted number of infections. We had zero SSI following Abdominal Surgery, which was lower than the 0.062 predicted number of infections, and three hospital-wide Clostridium difficile (C.diff) infections, which was lower than the 9.262 predicted number of infections. Hand Hygiene was at 70%.

*QUALITY REPORT:
QUALITY DASHBOARD
QUARTER ENDING
DECEMBER 2022*

Moderate fall with injury rate was lower than national rate for the quarter at 0.12. Hospital Acquired Pressure Ulcer rate of 0% was lower than the national rate this past quarter.

The 30-day readmission rate for AMI discharges was above the CMS national benchmark (25% versus 15%) and a lower percent of 30-day Medicare pneumonia readmissions compared to the CMS national benchmark (10.6% versus 14.8%). 30-day Medicare Heart Failure readmissions were lower (16.1% versus 21.3%) than the CMS benchmark. 30-day Medicare Chronic Obstructive Pulmonary Disease (COPD) readmission rate was higher than the CMS benchmark (15% versus 19.8%). The 30-day Medicare CABG readmission rate was higher (33.3% versus 11.9%) than the CMS benchmark. 30-day Medicare Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) was higher than the CMS benchmark (12.5% versus 4.1%).

Chris Henry, Vice President & Chief Financial Officer, presented the Finance Report for January 2023. The average daily inpatient census was 173.8 with admissions of 865 resulting in 5,141 patient days. Outpatient observation equivalent days were 248. The average length of stay was 5.86 days. The case mix index was 1.531. Deliveries were 101. Surgical cases were 393. The Outpatient visits were 8,423. Emergency visits were 4,737. Cath Lab cases were 155. Joint Replacement cases were 177. Neurosurgical cases were 22. Cardiac Surgical cases were 7. Total FTEs were 1,379.0. FTEs per adjusted occupied bed were 5.97.

FINANCE REPORT

Kimberly Hartz, Chief Executive Officer, presented the Hospital Operations Report for February 2023. Preliminary information for the month indicated total gross revenue at approximately \$188,334,000 against a budget of \$187,948,000. We had 39 COVID-19 discharges which was 34 fewer cases from the prior month, and 92 fewer than February 2022 at 131 discharges.

*HOSPITAL
OPERATIONS REPORT*

The Average Length of Stay was 5.56. The Average Daily Inpatient Census was 167.0. There were 15 discharges with lengths of stay greater than 30 days, ranging from 31-71. Still in house at the end of February were five patients with length of stays of over 30 days and counting.

There were 4,675 patient days. There were 344 Surgical Cases and 172 Cath Lab cases at the Hospital. It was noted that there were 50 cases at the Peninsula Surgery Center in February.

Deliveries were 107. Non-Emergency Outpatient visits were 8,681. Emergency Room visits were 4,424. Total Government Sponsored Preliminary Payor Mix was 72.5%, against the budget of 72.1%. Total FTEs per Adjusted Occupied Bed were 5.67. The Washington Outpatient Surgery Center had 448 cases and the clinics had approximately 16,042 visits.

There were \$407K in charity care adjustments in February.

December Employee of the Month: Christian Viri, Supply Chain Associate.

EMPLOYEE OF THE MONTH

Past Health Promotions & Community Outreach Events:

- February 16: Lung Cancer Detection with Low-Dose CT
- February 23: Staying Heart Healthy
- February 27: Stroke Awareness
- March 8: Life After Stroke

HOSPITAL CALENDAR

Upcoming Health Promotions & Community Outreach Events:

- March 8: Life After Stroke
- March 15: Common Urology Concerns
- March 16: Robotic-Assisted Knee Replacement
- March 22: Mood and Anxiety Disorders: Breaking the Stigma
- March 28: Fall Prevention and Recovery
- April 4: The Aging Spine

Vaccination Clinic – as of March 2:

- A total of 98,773 COVID vaccine doses have been administered to community members at our vaccination clinic.
- A total of 39 people have received the MPX vaccination.

The Foundation's 36th Annual Golf Tournament will be held on Thursday, May 4, 2023, at the Club at Castlewood in Pleasanton. Funds raised from the event will support surgical services at Washington Hospital.

The Foundation will continue to host free charitable giving and estate planning seminars in partnership with estate planner Richard Schachtli at Hopkins Carley. The next free seminar will be held on June 21 at 5pm in Anderson Auditoriums at Washington West.

There was no closed session of the Board.

CLOSED SESSION

There being no further business, Director Stewart adjourned the meeting at 7:45 p.m. *ADJOURNMENT*

Bernard Stewart, DDS
President

Jeannie Yee
Secretary

DRAFT

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, March 13, 2023 in the Board Room at 2000 Mowry Avenue, Fremont and by Teleconference. Director Stewart 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: Bernard Stewart, DDS; Michael Wallace; William Nicholson, MD; Jacob Eapen, MD; Jeannie Yee

ROLL CALL

Also present: Kimberly Hartz; Chris Henry; Tom McDonagh; Larry LaBossiere; Tina Nunez; Paul Kozachenko; Cheryl Renaud; Shirley Ehrlich; Ed Fayen

Director Stewart welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Stewart noted that Public Notice for this meeting, including teleconference information, was posted appropriately on our website. This meeting was conducted in the Board Room and by Teleconference.

There were no Oral communications.

*COMMUNICATIONS:
ORAL*

There were no Written communications.

*COMMUNICATIONS:
WRITTEN*

Director Stewart adjourned the meeting to closed session at 6:10 p.m., as the discussion pertained to a Conference involving Trade Secrets pursuant to Health & Safety Code section 32106 (Strategic Planning discussion and Strategic Contracting discussion), and Conference with Legal Counsel. Director Stewart stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this meeting was being conducted in the Board Room and via Teleconference and there is no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning March 14, 2023. The minutes of this meeting will reflect any reportable actions.

*ADJOURN TO CLOSED
SESSION*

Director Stewart reconvened the meeting to open session at 7:50 pm. The District Clerk reported that there were no reportable actions taken in closed session.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, Director Stewart adjourned the meeting at 7:50 pm.

ADJOURNMENT

Bernard Stewart, DDS
President

Jeannie Yee
Secretary

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, March 20, 2023 in the Board Room at 2000 Mowry Avenue, Fremont and by Teleconference. Director Wallace 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: Michael Wallace; William Nicholson, MD; Jeannie Yee

ROLL CALL

Absent: Bernard Stewart, DDS; Jacob Eapen, MD

Also present: Kimberly Hartz; Chris Henry; Tom McDonagh; Larry LaBossiere; Tina Nunez; Nicholas Kozachenko; Cheryl Renaud; Shirley Ehrlich; Ed Fayen

Director Wallace welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Wallace noted that Public Notice for this meeting, including teleconference information, was posted appropriately on our website. This meeting is being conducted in the Board Room and by Teleconference.

There were no oral or written communications.

COMMUNICATIONS

Director Wallace presented the Consent Calendar for consideration:

CONSENT CALENDAR

A. Consideration of Fujifilm Sonosite II Ultrasound System

Director Nicholson moved that the Board of Directors approve the Consent Calendar, Item A. Director Yee seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – absent
Michael Wallace – aye
William Nicholson, MD – aye
Jacob Eapen, MD – absent
Jeannie Yee – aye

Motion Approved.

Director Wallace adjourned the meeting to closed session at 6:10 p.m., as the discussion pertained to a Conference involving Trade Secrets pursuant to Health & Safety Code section 32106 (Strategic Planning discussion and Strategic Contracting discussion), and Conference with Legal Counsel. Director Wallace stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this meeting was being conducted in the Board Room and via Teleconference and there is no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning March 21, 2023. The minutes of this meeting will reflect any reportable actions.

ADJOURN TO CLOSED SESSION

Board of Directors' Meeting

March 20, 2023

Page 2

Director Wallace reconvened the meeting to open session at 6:40 pm. The District Clerk reported that during closed session, the Board approved the Closed Session Minutes of February 22, 2023 by unanimous vote of all directors present.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

Michael Wallace
William Nicholson, MD
Jeannie Yee

There being no further business, Director Stewart adjourned the meeting at 6:40 pm. *ADJOURNMENT*

Michael Wallace
First Vice President

Jeannie Yee
Secretary

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, March 22, 2023 in the Board Room at 2000 Mowry Avenue, Fremont and Zoom access was provided. Director Stewart 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: Bernard Stewart, DDS; Michael Wallace; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD (who joined the meeting a few minutes after the start of the meeting).

ROLL CALL

Also present: Kimberly Hartz; Chris Henry; Tom McDonagh; Larry LaBossiere; Tina Nunez; Paul Kozachenko; Cheryl Renaud; Shirley Ehrlich; Ed Fayen; Kristin Ferguson

Director Stewart welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Stewart noted that Public Notice for this meeting, including Zoom information, was posted appropriately on our website. This meeting is being conducted in the Board Room and by Zoom.

There were no Oral communications.

*COMMUNICATIONS
ORAL*

There were no Written communications

*COMMUNICATIONS
WRITTEN*

Director Stewart presented the Consent Calendar for consideration:

CONSENT CALENDAR

- A. Consideration of Appointment of Infection Prevention and Control Officer:
Mary Bowron, DNP, RN, CIC, CPHQ
- B. Consideration of Appointment of Antimicrobial Stewardship Leader:
Dianne Martin, MD

Director Nicholson moved that the Board of Directors approve the Consent Calendar, Items A and B. Director Yee seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye
Michael Wallace – aye
William Nicholson, MD – aye
Jacob Eapen, MD – (arrived after the vote)
Jeannie Yee – aye

Motion Approved.

Kimberly Hartz, Chief Executive Officer, introduced Kristin Ferguson, Chief Compliance Officer who gave a presentation on AB 1234 Ethics Training. She discussed the Compliance Requirements containing the Code of Professional Conduct and touched upon web-based training. The Basic Ethical Principles for Public Service Officials includes Fairness, Loyalty, Trustworthiness, Respect and

*PRESENTATION:
AB1234 ETHICS
TRAINING*

Transparency with a responsibility to the community and a fidelity to mission. The four categories of Ethics Law are related to personal gain, laws related to personal advantages, government transparency and laws related to fair processes. Ethics training is an on-going process. Public officials are stewards of the public's trust and earning and holding that trust is based on attention to ethical principles and public service ethics laws.

Director Stewart adjourned the meeting to closed session at 6:25 p.m., as the discussion pertained to a Report of the Medical Staff and Quality Assurance Committee, Health & Safety Code section 32155; Conference involving Trade Secrets pursuant to Health & Safety Code section 32106; Conference involving Personnel Matters: Chief Executive Officer. Director Stewart stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this meeting was being conducted in the Board Room and via Zoom, there is no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning March 23, 2023. The minutes of this meeting will reflect any reportable actions.

ADJOURN TO CLOSED SESSION

Director Stewart reconvened the meeting to open session at 8:48 p.m. The District Clerk reported that during the closed session, the Board approved the Medical Staff Credentials Committee Report by unanimous vote of all directors present.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

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

There being no further business, Director Stewart adjourned the meeting at 8:49 p.m. *ADJOURNMENT*

Michael Wallace
First Vice President

Jeannie Yee
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, March 27, 2023 in the Board Room and by Teleconference. Director Stewart called the meeting to order at 7:30 a.m.

CALL TO ORDER

Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Jacob Eapen, MD; Jeannie Yee

ROLL CALL

Absent: Michael Wallace

Also present: Kimberly Hartz; Shakir Hyder, MD; Mark Saleh, MD; Prasad Kilaru MD; Tim Tsoi, MD; John Romano, MD; Larry LaBossiere; Jaspreet Kaur

Dr. Brian Smith – absent

Guests: Ramin Beygui, MD; Ed Fayen; Lynda Antes

There were no Oral communications.

*COMMUNICATIONS:
ORAL*

There were no Written communications.

*COMMUNICATIONS
WRITTEN*

Director Stewart adjourned the meeting to closed session at 7:35 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 8:50 a.m. and reported no reportable action taken in closed session.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, the meeting adjourned at 8:50 a.m.

ADJOURNMENT

Bernard Stewart, DDS
President

Jeannie Yee
Secretary



Memorandum

DATE: March 23, 2023

TO: Washington Township Health Care District Board of Directors

FROM: Kimberly Hartz, Chief Executive Officer

SUBJECT: Request for Purchase of Donor Recognition Plaques for Legacy Society

The Washington Hospital Healthcare Foundation is requesting to purchase a new donor board to honor Legacy Society members to hang in the lobby of the Morris Hyman Critical Care Pavilion. The Foundation’s planned giving program began in 2020, with a subsequent Legacy Society, as a way to honor and steward those who have made a future estate gift to the Foundation. To date, the Foundation has documented more than \$3M in future gifts from 12 individuals. Properly stewarding Legacy Society members through a visible donor board will be important in ensuring the future gifts are realized.

Creation of the donor plaques will require two separate vendors. Shannon Leigh’s team will manage the design and coordination. She will design a series of panels to include the name and description of the program, and subsequent panels to honor donors as they choose to be recognized. Martinelli Graphics will manage the fabrication of the plaques; as they have supported with many prior donor boards. As the cost of fabricating multiple plaques in bulk is cheaper, the Foundation will purchase additional blank panels from Martinelli under this PO to keep the cost of each panel low. This would reduce future costs associated with expanding this program in terms of donor recognition. The only remaining costs in the next few years would be minor etching of the panels with each new Legacy Society member addition.

We are recommending moving forward with the purchase of the Donor Recognition Plaques for the Legacy Society. Below is the cost of the services:

Design of Plaques and Production Coordination	\$12,500.00
Cost of Board Fabrication	\$12,500.00
Taxes on the services	\$ 2,562.50
Shipping/Transport of board/plaques	<u>\$ 2,437.50</u>
Total Costs	\$30,000.00

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the purchase of a donor recognition plaque for the Foundation’s Legacy Society. This amount includes the design, coordination, fabrication, taxes and shipping, not to exceed \$30,000. This amount was included in the FY23 capital budget.



WASHINGTON HOSPITAL
MONTHLY OPERATING REPORT

February 2023



Washington Hospital
Healthcare System

**WASHINGTON HOSPITAL
INDEX TO BOARD FINANCIAL STATEMENTS
February 2023**

<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: March 31, 2023
TO: Board of Directors
FROM: Kimberly Hartz, Chief Executive Officer
SUBJECT: Washington Hospital – February 2023
Operating & Financial Activity

SUMMARY OF OPERATIONS – (Blue Schedules)

1. Utilization – Schedule Board 3

	February <u>Actual</u>	February <u>Budget</u>	Current 12 <u>Month Avg.</u>
<u>ACUTE INPATIENT:</u>			
IP Average Daily Census	167.0	160.5	158.5
Combined Average Daily Census	176.5	172.3	167.5
# of Admissions	866	784	865
Patient Days	4,675	4,495	4,822
Discharge ALOS	5.56	5.73	5.63
<u>OUTPATIENT:</u>			
OP Visits	8,681	8,347	8,355
ER Visits	4,424	4,350	4,746
Observation Equivalent Days – OP	265	329	273

Comparison of February Actual acute inpatient statistics versus the Budget showed a higher level of admissions, and a higher level of patient days. The average length of stay (ALOS) based on discharged days was below Budget. Outpatient visits were higher than Budget. Emergency Room visits were above Budget for the month. Observation equivalent days were lower than Budget.

2. Staffing – Schedule Board 3

Total paid FTEs were above Budget. Total productive FTEs for February were 1,486.7, 30.2 above the budgeted level of 1,456.7. Nonproductive FTEs were 8.9 below Budget. Productive FTEs per adjusted occupied bed were 5.12, 0.46 below the budgeted level of 5.58. Total FTEs per adjusted occupied bed were 5.66, 0.57 below the budgeted level of 6.23.

3. Income - Schedule Board 1

For the month of February, the Hospital realized Operating Loss of \$63,000 from Operations.

Total Gross Patient Revenue of \$188,333,000 for February was 0.2% above Budget.

Deductions from Revenue of \$147,311,000 were 78.22% of Total Gross Patient Revenue, above the budgeted amount of 77.14%.

Total Operating Revenue of \$42,980,000 was \$507,000 below the Budget by 1.2%.

Total Operating Expense of \$43,043,000 was higher than the Budget by \$1,364,000, 3.3%.

The Total Non-Operating Loss of \$1,407,000 for the month includes an unrealized loss on investments of \$1,739,000.

The Net Loss for February was \$1,470,000, which was \$4,360,000 below the budgeted income of \$2,890,000.

The Total Net Loss for February using FASB accounting principles, in which the unrealized gain on investments, net interest expense on GO bonds and property tax revenues are removed from the non-operating income and expense, was \$169,000 compared to budgeted income of \$2,581,000 for an unfavorable variance of \$2,750,000.

4. Balance Sheet – Schedule Board 2

There were no noteworthy changes in assets and liabilities when compared to January 2023.

KIMBERLY HARTZ
Chief Executive Officer

KH/CH



WASHINGTON HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
February 2023
GASB FORMAT
(In thousands)

February				YEAR TO DATE				
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.		ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
\$ 108,252	\$ 115,623	\$ (7,371)	-6.4%	1	\$ 937,649	\$ 913,157	\$ 24,492	2.7%
80,081	72,325	7,756	10.7%	2	622,349	619,861	2,488	0.4%
188,333	187,948	385	0.2%	3	1,559,998	1,533,018	26,980	1.8%
(143,057)	(141,412)	(1,645)	-1.2%	4	(1,179,138)	(1,150,723)	(28,415)	-2.5%
(4,254)	(3,578)	(676)	-18.9%	5	(27,230)	(29,187)	1,957	6.7%
(147,311)	(144,990)	(2,321)	-1.6%	6	(1,206,368)	(1,179,910)	(26,458)	-2.2%
78.22%	77.14%			7	77.33%	76.97%		
41,022	42,958	(1,936)	-4.5%	8	353,630	353,108	522	0.1%
1,958	529	1,429	270.1%	9	5,964	4,116	1,848	44.9%
42,980	43,487	(507)	-1.2%	10	359,594	357,224	2,370	0.7%
20,586	19,822	(764)	-3.9%	11	172,107	164,865	(7,242)	-4.4%
5,892	5,141	(751)	-14.6%	12	46,977	41,445	(5,532)	-13.3%
5,328	5,463	135	2.5%	13	47,135	44,930	(2,205)	-4.9%
5,763	5,328	(435)	-8.2%	14	45,209	45,930	721	1.6%
1,834	1,985	151	7.6%	15	14,983	16,087	1,104	6.9%
3,640	3,940	300	7.6%	16	28,969	29,569	600	2.0%
43,043	41,679	(1,364)	-3.3%	17	355,380	342,826	(12,554)	-3.7%
(63)	1,808	(1,871)	-103.5%	18	4,214	14,398	(10,184)	-70.7%
-0.15%	4.16%			19	1.17%	4.03%		
401	196	205	104.6%	20	2,814	1,701	1,113	65.4%
(36)	-	(36)	0.0%	21	(744)	-	(744)	0.0%
(1,610)	(1,773)	163	9.2%	22	(13,554)	(14,187)	633	4.5%
54	136	(82)	-60.3%	23	377	413	(36)	-8.7%
-	1,000	(1,000)	-100.0%	24	-	1,000	(1,000)	-100.0%
-	-	-	0.0%	25	14	-	14	0.0%
-	-	-	0.0%	25	550	-	550	0.0%
1,523	1,523	-	0.0%	26	12,102	12,102	-	0.0%
(1,739)	-	(1,739)	0.0%	27	(2,499)	-	(2,499)	0.0%
(1,407)	1,082	(2,489)	-230.0%	28	(940)	1,029	(1,969)	-191.4%
\$ (1,470)	\$ 2,890	\$ (4,360)	-150.9%	29	\$ 3,274	\$ 15,427	\$ (12,153)	-78.8%
-3.42%	6.65%			30	0.91%	4.32%		
\$ (169)	\$ 2,581	\$ (2,750)	-106.5%	31	\$ 2,823	\$ 13,040	\$ (10,217)	-78.4%
-0.39%	5.94%				0.79%	3.65%		

**NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME, NET INTEREST EXPENSE ON GO BONDS AND UNREALIZED GAIN(LOSS) ON INVESTMENTS



**WASHINGTON HOSPITAL
BALANCE SHEET**

February 2023
(In thousands)

SCHEDULE BOARD 2

ASSETS AND DEFERRED OUTFLOWS			LIABILITIES, NET POSITION AND DEFERRED INFLOWS				
	February 2023	Audited June 2022		February 2023	Audited June 2022		
CURRENT ASSETS			CURRENT LIABILITIES				
1	CASH & CASH EQUIVALENTS	\$ 11,188	\$ 5,439	1	CURRENT MATURITIES OF L/T OBLIG	\$ 10,460	\$ 10,065
2	ACCOUNTS REC NET OF ALLOWANCES	67,413	76,757	2	ACCOUNTS PAYABLE	21,109	17,948
3	OTHER CURRENT ASSETS	19,110	13,050	3	OTHER ACCRUED LIABILITIES	52,574	70,463
4	TOTAL CURRENT ASSETS	97,711	95,246	4	INTEREST	2,644	10,516
				5	TOTAL CURRENT LIABILITIES	86,787	108,992
ASSETS LIMITED AS TO USE			LONG-TERM DEBT OBLIGATIONS				
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	184,431	199,979	6	REVENUE BONDS AND OTHER	193,924	202,530
6	GENERAL OBLIGATION BOND FUNDS	19,106	18,778	6			
7	REVENUE BOND FUNDS	6,680	6,610	7	GENERAL OBLIGATION BONDS	342,331	345,595
8	BOND DEBT SERVICE FUNDS	13,355	32,494				
9	OTHER ASSETS LIMITED AS TO USE	9,536	9,543				
10	TOTAL ASSETS LIMITED AS TO USE	233,108	267,404	OTHER LIABILITIES			
12	OTHER ASSETS	287,021	272,341	11	SUPPLEMENTAL MEDICAL RETIREMENT	37,885	37,676
13	PREPAID PENSION	41,020	36,970	12	WORKERS' COMP AND OTHER	9,232	9,353
14	OTHER INVESTMENTS	18,913	15,386				
15	NET PROPERTY, PLANT & EQUIPMENT	576,729	600,578	15	NET POSITION	547,246	543,971
16	TOTAL ASSETS	\$ 1,254,502	\$ 1,287,925	16	TOTAL LIABILITIES AND NET POSITION	\$ 1,217,405	\$ 1,248,117
17	DEFERRED OUTFLOWS	28,092	29,208	17	DEFERRED INFLOWS	65,189	69,016
18	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,282,594	\$ 1,317,133	18	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$ 1,282,594	\$ 1,317,133



**WASHINGTON HOSPITAL
OPERATING INDICATORS**

February 2023

12 MONTH AVERAGE	February						YEAR TO DATE			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
158.5	167.0	160.5	6.5	4%	1	<u>PATIENTS IN HOSPITAL</u>				
9.0	9.5	11.8	(2.3)	-19%	2	ADULT & PEDS AVERAGE DAILY CENSUS	161.3	148.8	12.5	8%
167.5	176.5	172.3	4.2	2%	3	OUTPT OBSERVATION AVERAGE DAILY CENSUS	8.6	11.0	(2.4)	-22%
8.1	7.3	7.8	(0.5)	-6%	4	COMBINED AVERAGE DAILY CENSUS	169.9	159.8	10.1	6%
175.6	183.8	180.1	3.7	2%	5	NURSERY AVERAGE DAILY CENSUS	8.1	7.8	0.3	4%
						TOTAL	178.0	167.6	10.4	6%
3.4	5.4	2.0	3.4	170%	6	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	3.5	2.9	0.6	21%
4,822	4,675	4,495	180	4%	7	ADULT & PEDS PATIENT DAYS	39,198	36,160	3,038	8%
273	265	329	(64)	-19%	8	OBSERVATION EQUIVALENT DAYS - OP	2,098	2,679	(581)	-22%
865	866	784	82	10%	9	ADMISSIONS-ADULTS & PEDS	7,146	6,425	721	11%
5.63	5.56	5.73	(0.17)	-3%	10	AVERAGE LENGTH OF STAY-ADULTS & PEDS	5.48	5.63	(0.15)	-3%
						<u>OTHER KEY UTILIZATION STATISTICS</u>				
1.575	1.589	1.604	(0.015)	-1%	11	OVERALL CASE MIX INDEX (CMI)	1.551	1.604	(0.053)	-3%
						<u>SURGICAL CASES</u>				
167	157	142	15	11%	12	JOINT REPLACEMENT CASES	1,289	1,213	76	6%
26	24	32	(8)	-25%	13	NEUROSURGICAL CASES	205	236	(31)	-13%
11	11	14	(3)	-21%	14	CARDIAC SURGICAL CASES	86	109	(23)	-21%
173	152	156	(4)	-3%	15	OTHER SURGICAL CASES	1,386	1,335	51	4%
377	344	344	-	0%	16	TOTAL CASES	2,966	2,893	73	3%
180	172	223	(51)	-23%	17	TOTAL CATH LAB CASES	1,349	1,740	(391)	-22%
121	107	110	(3)	-3%	18	DELIVERIES	982	964	18	2%
8,355	8,681	8,347	334	4%	19	OUTPATIENT VISITS	69,232	70,151	(919)	-1%
4,746	4,424	4,350	74	2%	20	EMERGENCY VISITS	39,071	36,525	2,546	7%
						<u>LABOR INDICATORS</u>				
1,394.5	1,486.7	1,456.5	(30.2)	-2%	21	PRODUCTIVE FTE'S	1,405.9	1,379.0	(26.9)	-2%
207.1	159.2	168.1	8.9	5%	22	NON PRODUCTIVE FTE'S	209.8	194.7	(15.1)	-8%
1,601.6	1,645.9	1,624.6	(21.3)	-1%	23	TOTAL FTE'S	1,615.7	1,573.7	(42.0)	-3%
5.23	5.12	5.58	0.46	8%	24	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.24	5.52	0.28	5%
6.00	5.66	6.23	0.57	9%	25	TOTAL FTE/ADJ. OCCUPIED BED	6.02	6.30	0.28	4%

* included in Adult and Peds Average Daily Census



Memorandum

DATE: April 7, 2023

TO: Board of Directors, Washington Township Health Care District

FROM: Kimberly Hartz, Chief Executive Officer

SUBJECT: **Annual Report to the Board:** Summary: Fiscal Year 2021-2022 (FY22)

Introduction

This annual report for FY 2022 was scheduled to be presented by October 2022. However, because of numerous factors, including consequences from the COVID-19 Pandemic, this report was delayed. I appreciate the Board's understanding and support during these challenging times. Although the focus of this report is fiscal year July 1, 2021 through June 30, 2022, I will also refer to events from the prior and current fiscal year.

Stabilization and Improvement of Operations

During FY22, Washington continued to experience significant surges of COVID-19 patients with the Omicron variant peaking in terms of hospital admissions at the beginning of 2022. However, with the increase in vaccination rates locally and across the country, the situation improved. We realized that COVID-19 was not going away completely and that we must learn to live with this "new normal". During FY22, we incorporated many operational changes that were required during the early part of the pandemic into day-to-day normal operations and discontinued certain COVID related processes that were no longer needed.

Additionally, we successfully worked to stabilize operations. This entailed the successful implementation of cost savings initiatives across the Healthcare System, along with a strong focus on revenue cycle and care coordination/utilization management improvement. Improving care coordination and utilization management entailed bringing in outside expertise to assist with many initiatives, including the reorganization of case management and implementing multidisciplinary care rounds and complex case conferences. All of these initiatives are extremely important to our future operational and financial success.

Updating our Facility Master Plan and Infrastructure Expansion

Another important component of FY22 was to begin to put in place the infrastructure for growth to support the community needs now and into the future. The infrastructure initiatives will take multiple years in some cases to bring to fruition and are a continued focus for FY23. Extensive time was spent on updating our Facility Master Plan to include the Phase III building, along with the circulation plan for the campus after this last phase is completed. Preparation to begin construction of the Bridge Project connecting key clinical areas of the campus took place. Substantial progress was made on the Design Development phase of the Morris Hyman Critical Care Pavilion Infill Project in FY22. The Infill Project includes the buildout of modern operating rooms, an advanced imaging center and an expanded pharmacy in unused space. These phases of the Facility Master Plan will be funded by the money from Measure XX. Measure XX will also

provide funding that will allow the District to build a new seismically safe building next to the Morris Hyman Critical Care Pavilion (Phase III building) housing critical services, such as an intensive care unit for infants and a birthing center. We are extremely thankful to our community for supporting the next phase of our Facility Master Plan and our ability to meet the California seismic requirements through general obligation bonds.

Financial Results

Like many hospitals, in FY22 we faced ongoing workforce shortages that continued to drive increases in labor costs. We had outside consultants assist us with market compensation assessments to not only retain our staff, but to recruit new staff and physicians. We experienced what many called “The Great Resignation”. Unfortunately, we had staff and physicians leave Washington to be closer to family, which left us with vacancies in positions that we struggled to fill. Global supply chain challenges also continued to plague us. We saw escalating expenses in many areas, including pharmaceuticals and basic supplies coupled with shortages - all of which resulted in day-to-day procurement challenges.

Nevertheless, for FY22 the Hospital managed to experience positive financial results since volumes recovered to almost pre-pandemic levels and operational changes were made. For FY22, the Hospital showed a net income of \$19,797,000 compared to a budget of \$2,082,000. This is a margin of 3.79%. The total net operating revenue for the Hospital came in at \$522,692,000. This was 8.2%, or \$39,569,000 over budget. Total operating expense for the Hospital came in at \$494,742,000. This was (2.5%) or (\$11,888,000) above the budget.

For FY22, looking at all of the entities that are encompassed in the Healthcare System, in summary, the District showed a consolidated audited loss of (\$4,693,000). This loss was mainly driven by a net decrease in the fair value of investments of (\$9,264,000) driven by the prevailing market conditions. However, we managed to substantially improve on the prior fiscal year, FY21, loss of (\$27,432,000). In addition, the District far exceeded the EBITDA expectations, generating substantially more cash than we estimated at the start of the year. This was indeed good news and will help to support the program, equipment and technology needs that we have.

	Actual	Budget	Variance
Consolidated EBITDA Format	\$54,912,000	\$26,260,000	\$ 28,652,000

Trauma Designation, Our UCSF Relationship and Other Notable Achievements

I am pleased to say that June 2022 will be remembered as an important milestone for the Healthcare System. The Hospital was selected as Alameda County's next Level II Adult Trauma Center — an important designation the Healthcare System has long worked hard to achieve in direct response to the community's request and need for these critical services. I want to again express my thanks to so many elected officials (including our late Supervisor Richard Valle), our District Board and the numerous community members who helped to make this possible.

Our affiliation with UCSF continued to grow. The construction drawings for the new UCSF Washington Cancer Center were completed. Additionally, we were pleased to welcome two new hematologist-oncologists who joined the Cancer Center given the continued growth in this area. Washington Hospital and UCSF Health have partnered together to develop and open a new outpatient health care center that will offer a wide range of primary, specialty and ancillary services to people and businesses in the heart of Fremont's Warm Springs area. During FY22, the design of the new outpatient clinic was substantially completed.

In April 2022, we expanded our ability to serve our hip and knee replacement patients by opening Peninsula Surgery Center (PSC), an advanced outpatient medical facility in Redwood Shores. PSC offers us the ability to continue to grow our Institute for Joint Replacement. It is a partnership between Washington Hospital Healthcare System and local physicians including Dr. John Dearborn.

Offering teaching opportunities is important in our role to build our future. In addition to our ongoing UCSF fellows accredited rotation program, we added continuing graduate education opportunities that benefit new doctors, medical staff and ultimately our patients. In FY22 we developed a relationship with Touro University for fourth year medical students to rotate in our Emergency Department; we had a UCSF graduate level genetics extern work in maternal/fetal medicine; and we established a relationship with San Joaquin General Hospital to have surgical residents rotate with our vascular surgeons.

In FY22, we focused on continuing to be our community's source for reliable health care information. We increased the number of Health & Wellness Seminars that we offered virtually through our InHealth YouTube Channel and Facebook Live. We focused on our social media presence to enhance our ability to reach a broader community audience with health information, which resulted in positive growth in the number of followers. Lastly, we spent time with the assistance of outside experts assessing the perception of our "brand" to our community, our patients, staff, physicians and volunteers. This work continues as we look to potentially make changes in order to capture the evolution of the Healthcare System, our organization's clinical expertise and our expanded role supporting the overall health of the community.

Surveys and Awards

During FY22, our Healthcare System successfully underwent an unannounced Joint Commission survey for our Laboratory. Washington Hospital was also the recipient of a number of awards including:

- American Heart Association Get With the Guidelines – Stroke Gold Plus and Type 2 Diabetes
- U.S. News & World Report – High Performing Hospital for Knee and Hip Replacement
- Quest for Zero Award in the Emergency Department (Tier 1 and Tier 2)
- STEMI Heart Attack
- The Joint Commission Advanced Primary Stroke Program Recertification
- Practice Greenhealth Partner for Change
- Accreditation for Cancer Care from the Commission on Cancer of the American College of Surgeons
- National Accreditation Program for Breast Care (NAPBC) for breast centers
- Healthgrades’ America’s 50 Best Hospitals for Surgical Care
- Healthgrades’ Five Star Recipient for Back Surgery
- Healthgrades’ 100 Best Hospitals for Orthopedic Surgery for 11 years in a row
- Healthgrades’ Orthopedic Surgery Excellence Award for 9 years in a row and the top 10% in the nation for overall orthopedic services
- Healthgrades’ Joint Replacement Excellence Award since 2007, earning a place among the top 5% in the nation for joint replacement
- Healthgrades’ 100 Best Hospitals for Joint Replacement
- Healthgrades’ Five-star designation for total hip replacement and total knee replacement

Washington Township Medical Foundation

Physician recruitment continued to be a priority in FY22 for Washington Township Medical Foundation (WTMF). Recruitment was very competitive and took longer than usual to identify and bring on new physicians. However, we were successful in recruiting three primary care physicians (Internal Medicine, Pediatrics and OB/Gyn) and five specialists. Physicians recruited during FY22 to the Medical Foundation included: Dr. Nowawar Mustafa (Interventional Cardiology), Dr. Mark Liang (Internal Medicine), Dr. Patricia Tenold (Pediatrics), Dr. Neeru Kumar (Psychiatry), Dr. Stella Asuko (Vascular Surgery), Dr. Krishna Suri (Palliative Care – February 2023), Dr. Zaid Imam (Gastroenterology – August 2023), Dr. Rahman (OB/Gyn – 2023), Dr. Benedict Villanueva (Infectious Disease). Additionally, staff worked with a couple of community physicians to successfully transition their practices to the Medical Foundation when they retired. Overall, patient visits ended FY22 at 235,275 lower than budget by 1.1%. One major factor was the timing on bringing new physicians into WTMF.

The Medical Foundation continued to play a key role in meeting the needs of the community by offering a COVID testing and vaccination clinic. As of the end of FY22, WTMF had given approximately 90,000 vaccines. As previously stated to you, our staff and community reported consistent and overwhelming gratitude from those receiving the vaccine. We truly met our responsibility as a health care leader and health care resource to our community.

The Medical Foundation worked on improving access by providing patients more functionality online, including the ability to directly schedule appointments through MyChart. To facilitate ease of scheduling for the patient, the clinics also focused on scheduling specialty visits for patients and screening appointments, such as mammograms before the patient left their primary care physician's office.

Conclusion

As I once again reflect on FY22, notwithstanding all of the continued challenges and the degree of uncertainty that we faced, we met our ultimate goal to provide access to high-quality health care to our patients and community. We successfully improved our financial health and exceeded our budget, stabilized and improved our operations, began to build our infrastructure for the future and invested in new programs and services that were essential to successfully caring for our community now and into the future. I also truly know that the hard work, resilience, and compassion shown by our staff and physicians each and every day ensure that even during uncertain or difficult times, the health care needs of our patients are met and exceeded by their independent, local community hospital.

To: Board of Directors
From: Paul Kozachenko, Legal Counsel
Date: April 7, 2023

Subject: Consideration of Chief Executive Officer's Employment Agreement: Base Salary, Incentive Award, and Extension of Term

Background

The Chief Executive Officer is the only employee of the District who is hired directly by the Board. According to the CEO's Employment Agreement, the Board reviews the CEO's performance annually on or before October of each year. Following the performance review, the Board considers Base Salary adjustments and an award of Incentive Compensation (up to 25% of Base Salary). Due to various reasons and with the concurrence of the CEO, the consideration of a Base Salary adjustment and Incentive Award was delayed until now.

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, nor is she compensated towards the bottom of the scale. 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 incentive award of 25% of base salary. Benchmarking executive compensation based on peer group data is standard practice for establishing reasonable compensation for executives working for non-profits. The District's compensation philosophy reflects the District's long-standing philosophy of wage parity for all employees.

As in the past, Arthur J. Gallagher & Company ("Gallagher") was engaged to provide a report (the "Gallagher Report") for the Board's use in deciding compensation adjustments for the CEO. Gallagher is a leading healthcare compensation consultant in the United States. Hundreds of healthcare systems use Gallagher's services to satisfy Internal Revenue regulations for determining the range of reasonable compensation.

The Gallagher Report assesses the competitiveness of the cash compensation for the Chief Executive Officer. Appendix A of the Gallagher Report includes a list of similarly situated California organizations in Gallagher's proprietary database. The Gallagher Report is included in the Board's packet.

The Gallagher Report provides the Board with appropriate comparability data in accordance with IRS regulations. In its report, Gallagher reviewed background data on the District for the 2021-2022 and 2022-2023 fiscal years. Gallagher then compiled data on compensation levels for California healthcare systems regressed for size using data from Gallagher's proprietary database

and salary surveys. Based on the foregoing, Gallagher prepared market charts summarizing compensation survey data at the 25th, 50th percentile, and 65th percentile for the California peer group. The charts are prepared for both base salary and total cash compensation (which includes the potential incentive award.)

Prior Board Action

The Board approved the Employment Agreement for Ms. Hartz at a Board meeting on June 12, 2019. At that time, the Board set Ms. Hartz's base salary at 80% of the 65th percentile in recognition that while Ms. Hartz had substantial experience and knowledge, given her years of service as a Senior Associate Administrator, she had not yet served as a CEO. The Board set her base salary at 80% of the 65th percentile, or \$712,000.

On December 8, 2021, the Board increased the CEO's base salary to \$861,000, which was equal to the 50th percentile of the peer group. At the time, the Board noted that it was incrementally adjusting the CEO's compensation toward the 65th percentile as she gained experience and as warranted by her performance. The Board also decided to award Ms. Hartz \$100,000 as an incentive award based on her exemplary performance. The Board indicated that Ms. Hartz's performance justified an award of 25% of her Base Salary; however, due to the impact of the COVID-19 pandemic on the District's finances, the Board awarded \$100,000 rather than the full 25% of Base Salary.

Base Salary Adjustment

The chart on Page 9 of the Gallagher Report shows Ms. Hartz's current salary of \$861,000 compared to the Peer Group at the 25th, 50th, and 65th percentiles. Her current salary is 6% below the 50th percentile of \$918,000 and 14% below the 65th percentile of \$1,006,000. As the Gallagher Report notes, as Ms. Hartz acquires experience and based on her performance, it would be expected that her Base Salary would be adjusted to bring her Base Salary closer to the 65th percentile.

Incentive Compensation for 2021-2022

Ms. Hartz's current employment agreement states that she is eligible to earn an incentive award of up to 25% of her Base Salary. Page 14 of the Gallagher Report shows that if the Board chooses to award the full 25% of Base Salary, the CEO's total cash compensation for the fiscal year ending 2022 would be 2% below the 50th percentile and 13% below the 65th percentile.

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

Based on Ms. Hartz's current Base Salary, the Board can decide to award incentive compensation from \$0.00 (0% of Base Salary) to \$215,250 (25% of Base Salary).

Extension of Contract

In addition to reviewing cash compensation, the Board typically agrees to extend the CEO's term of the Employment Agreement to maintain a four-year term.

Possible Board Actions

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

1. A Base Salary adjustment based on performance and the existing compensation philosophy.
2. An incentive award of up to 25% of Base Salary.
3. Extension of the term of the agreement.

CEO TOTAL CASH COMPENSATION REVIEW

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT BOARD OF DIRECTORS

Nica Syers, Principal Consultant

March 2023



Gallagher

Insurance | Risk Management | Consulting



Gallagher

Insurance | Risk Management | Consulting

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Recommendations & Issues for Consideration

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Gallagher

Insurance | Risk Management | Consulting

Introduction



Background

Gallagher was asked to

- Assess the competitiveness of cash compensation for Washington Hospital Healthcare System's (WHHS's) Chief Executive Officer
- Provide suggestions, if needed, for modifying the compensation program to support WHHS's compensation philosophy

Gallagher last reviewed the cash compensation of the WHHS CEO in 2021

- Report provided to WHHS in August 2021
- WHHS's compensation philosophy targets positioning the CEO's base salary around the 65th percentile of a peer group of California healthcare organizations with the opportunity to additionally earn an incentive award up to 25% of salary



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



Data Sources

Gallagher’s proprietary healthcare database provides **detailed insight on compensation components** *including program structure, design, and competitive levels*

PROPRIETARY HEALTHCARE DATABASE STATISTICS

Systems & Hospitals

Medical Groups

Health Plans

Home Health / LTC

Associations



POSITIONS

Executives | 62,000
(410 position codes)

Managers | 28,000
(120 position codes)

Physicians | 77,000+

Staff | 2,800,000+
(600 position codes)

Chart containing detailed market data is provided in Appendix B

All survey data has been updated to an effective date of July 1, 2023 by an annualized factor of 4.0%

About Washington Township Health Care District / Washington Hospital Healthcare System



Insurance | Risk Management | Consulting

Washington Hospital Healthcare System (WHHS) is a complex integrated healthcare delivery system that has a primary service area encompassing 124-square miles of Southern Alameda County with a population of more than 320,000 residents

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

Mission

To meet the health care needs of the District residents through medical services, education and research.

Vision

To be the regional medical center of choice in Southern Alameda County offering quality services that span the full range of care within the available financial resources.

Comprised of

- | | |
|---|--|
| Morris Hyman Critical Care Pavilion | Washington Women’s Center |
| Taylor McAdam Bell Neuroscience Institute | Outpatient Imaging Center |
| Washington Radiation Oncology Center | Sandy Amos RN Infusion Center |
| Washington Outpatient Surgery Center | Designated Future Trauma Center Level 2 |
| Washington Outpatient Rehabilitation Center | UCSF – Washington Cancer Center |
| Washington Institute for Joint Restoration and Research | |
| Washington Township Medical Foundation | And additional outpatient hospital services and administrative facilities |

WHHS SCOPE AND DEMOGRAPHICS

Budgeted Net Revenue: \$613 Million | Employees: 1,882 FTEs | Staffed Beds: 230



Methodology

Gallagher completed the following steps for this study

Collected and reviewed background information, including

- Financial and demographic data
- Current compensation information

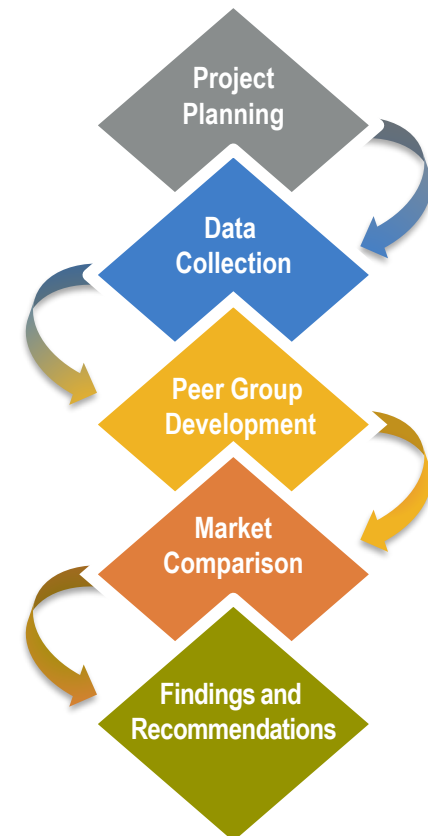
Matched the CEO position to the standard benchmark CEO position at other health systems

Developed a peer group of California healthcare organizations similar to WHHS using data from Gallagher's proprietary database (see Appendix A)

Prepared a market chart summarizing the compensation data for the CEO position (see Appendix B)

Compared each element of cash compensation at WHHS to peer group levels

Prepared this report to document our analysis, findings, and recommendations





Gallagher

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Base Salary Analysis



Salary Comparison

This table compares the CEO's salary to 25th percentile (P25), 50th percentile (P50), and 65th percentile (P65) salary levels from the California peer group

Position (Executive)	WHHS Salary	Peer Group P25	WHHS as a % of P25	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65
CEO (Hartz)	\$861,000	\$789,000	109%	\$918,000	94%	\$1,006,000	86%

- Base salary for Ms. Hartz is positioned
 - 9% above the P25 salary level
 - 6% below the P50 salary level
 - 14% below the P65 salary level, WHHS's stated compensation philosophy



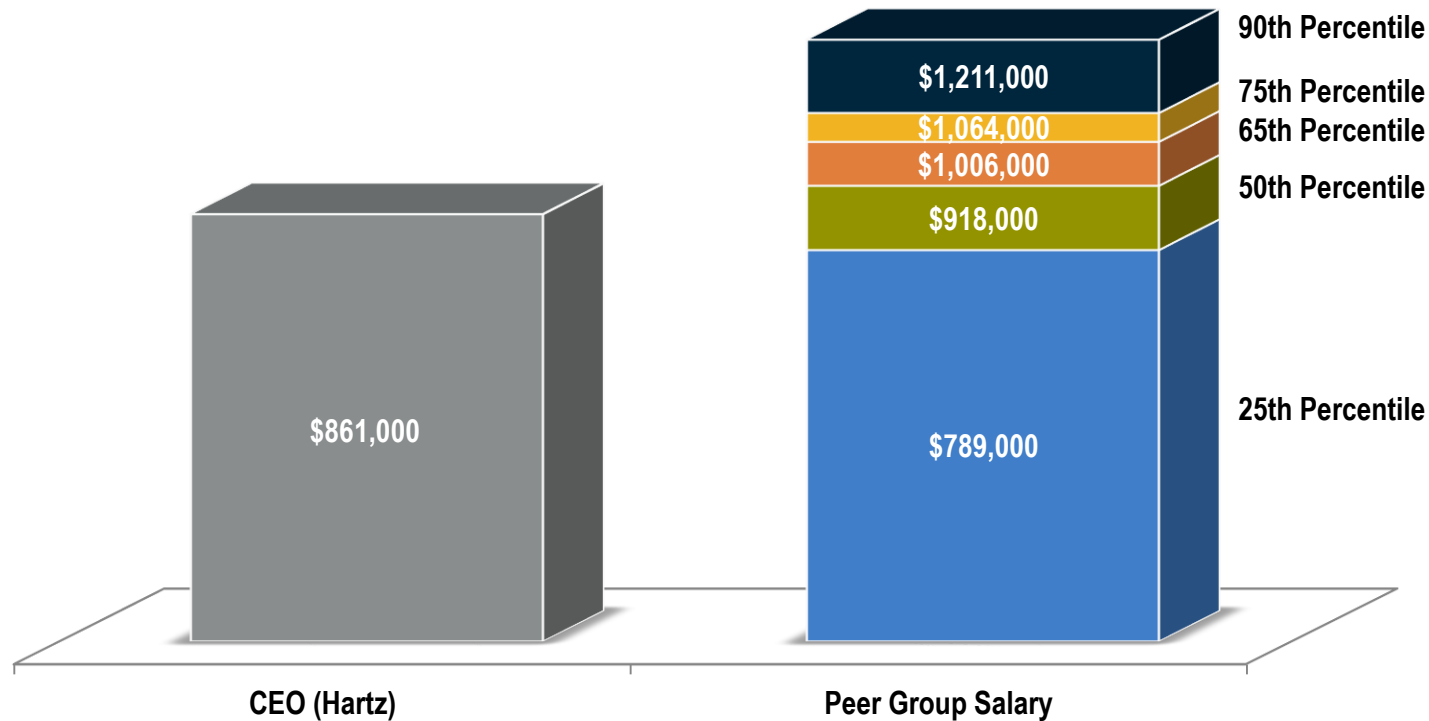
Salary Comparison

This analysis is based upon the market value of the position and does not include the following factors, which can affect positioning of salaries for individual incumbents – either above or below the indicated market value

- Internal value of the job
- Performance
- Experience, skills, future potential, or expertise beyond those normally associated with the position
- WHHS's financial performance



Salary Comparison Summary





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Total Cash Compensation Analysis



Incentive Plan Analysis

Prevalence

- Nearly all of the organizations in WHHS’s peer group have an annual incentive plan for the CEO

Incentive Opportunity

- The following table compares WHHS’s maximum incentive opportunity with median target and maximum incentive opportunity for CEOs in the peer group

Position (Executive)	WHHS Opportunity	Peer Group Opportunity	
	Maximum	Median Target	Median Maximum
CEO (Hartz)	25%	30%	45%

- Maximum incentive opportunity for Ms. Hartz is positioned below median target opportunity and well below median maximum opportunity for CEOs in WHHS’s peer group



Total Cash Compensation Comparison

These tables compare the CEO's **actual** and **maximum** total cash compensation (TCC) to 25th percentile (P25), 50th percentile (P50), and 65th percentile (P65) total cash levels from the California peer group

Position (Executive)	WHHS Actual TCC	Peer Group P25	WHHS as a % of P25	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65
CEO (Hartz)	\$961,000	\$923,000	104%	\$1,099,000	87%	\$1,237,000	78%

Position (Executive)	WHHS Maximum TCC	Peer Group P25	WHHS as a % of P25	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65
CEO (Hartz)	\$1,076,250	\$923,000	117%	\$1,099,000	98%	\$1,237,000	87%

- Actual TCC for the CEO is positioned 13% below the P50 total cash level
- If the CEO earned a maximum incentive award of 25%, her TCC would be positioned 2% below the P50 total cash level



Total Cash Compensation Comparison - Structure

This table hypothetically compares the CEO’s total cash compensation (TCC) to 25th percentile (P25), 50th percentile (P50), and 65th percentile (P65) total cash levels from the California peer group

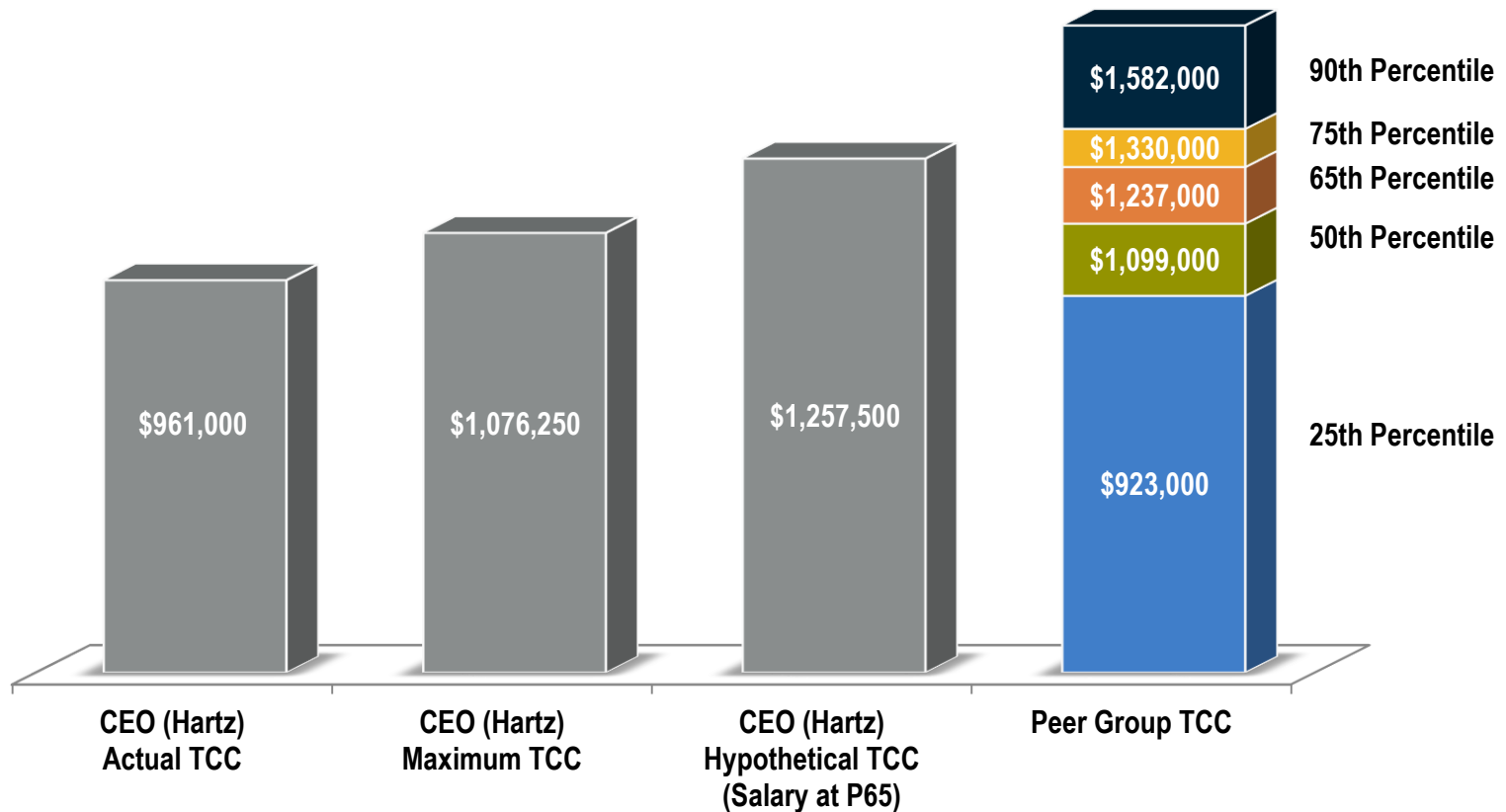
- Hypothetical TCC assumes base salary is set at the **65th percentile** of the California peer group and a maximum incentive award of 25% is earned

Position (Executive)	WHHS Hypothetical TCC	Peer Group P25	WHHS as a % of P25	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65
CEO (Hartz)	\$1,257,500	\$923,000	136%	\$1,099,000	114%	\$1,237,000	102%

- If Ms. Hartz had a salary positioned at peer group P65 and earned a maximum incentive award, TCC would be positioned 2% above the P65 total cash level



Total Cash Compensation Comparison Summary





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Recommendations & Issues for Consideration



Executive Salary Range

Market Movement

- The market data for the CEO position at WHHS increased 3.3% annualized from 2021 to 2023 (total market movement for the two-year period is 6.6%)
 - The data gathered in Gallagher’s Leadership survey would indicate that organizations are predicting a an average salary increase of 4.0% for 2023

To assist WHHS in administering the CEO’s salary, Gallagher recommends the salary range in the table below

- The salary range is constructed around a midpoint positioned at the 65th percentile
 - The range is sufficiently broad to allow WHHS the flexibility to position salary based on experience, length of service, individual performance and other factors linked to recruitment and retention

Title	Current Salary	Minimum	Midpoint (P65)	Maximum
Chief Executive Officer (Hartz)	\$861,000	\$805,000	\$1,006,000	\$1,207,000



Next Step

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

- Typically, an executive would at least be at the minimum of the range (or \$805,000)
- Over the next few years, if performance is satisfactory, an executive would get closer to the midpoint of the range
 - An executive should be close to the midpoint of the range with four to six years of experience in the role, if performance is good



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Appendix A

Peer Group List

California Peer Group List Regressed for Size



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Organization	City	St	Net Rev (\$M)	Staffed Beds	FTEs
Kaiser Permanente	Oakland	CA	\$88,726.0	9,027	45,242
Sutter Health	Sacramento	CA	\$12,145.2	4,015	44,205
Stanford Healthcare	Stanford	CA	\$5,140.9	614	12,239
Sharp HealthCare	San Diego	CA	\$4,920.1	2,047	14,421
Cedars-Sinai Medical Center	Los Angeles	CA	\$4,913.2	886	16,859
Adventist Health	Roseville	CA	\$4,500.0	2,601	20,033
Scripps Health	San Diego	CA	\$4,316.8	1,182	14,188
Loma Linda University Adventist Health Sciences Center	Loma Linda	CA	\$2,999.5	1,046	12,871
MemorialCare	Long Beach	CA	\$2,592.6	1,238	8,620
Community Medical Centers – Corporate	Fresno	CA	\$2,020.0	985	7,700
John Muir Health	Walnut Creek	CA	\$1,859.0	823	3,426
Hoag Memorial Hospital Presbyterian	Newport Beach	CA	\$1,498.1	443	4,454
PIH Health	Whittier	CA	\$1,101.2	861	4,953
Cottage Health	Santa Barbara	CA	\$1,024.7	431	3,549
Alameda Health System	Oakland	CA	\$970.0	518	4,956
Montage Health	Monterey	CA	\$948.5	220	2,692
Eisenhower Medical Center	Rancho Mirage	CA	\$781.0	382	3,508
Kaweah Delta Health Care District	Visalia	CA	\$772.6	573	3,172
Palomar Health	Escondido	CA	\$741.0	395	4,200
Huntington Hospital	Pasadena	CA	\$666.4	346	3,000
Torrance Memorial Medical Center	Torrance	CA	\$660.0	493	2,988
Washington Hospital Healthcare System	Fremont	CA	\$613.0	230	1,882
Community Memorial Health System	Ventura	CA	\$514.9	224	2,430
MarinHealth Medical Center	San Rafael	CA	\$467.1	173	1,608
Tahoe Forest Health System	Truckee	CA	\$221.5	25	795

Blue highlighting indicates organizations in the peer group based on net revenue (for informational purposes only)



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Appendix B

Market Data



Chief Executive Officer (Hartz)

Washington Hospital Healthcare System - Fremont, CA

Competitive Pay Analysis

Effective Date: *7/1/2023*

Position: Chief Executive Officer
 Incumbent: Kimberly Hartz
 Base Salary: \$861,000
 STI Award: \$100,000
 Max STI Opportunity: 25.0%
 Actual TDC: \$961,000
 Target TDC: \$1,076,250
 Position Match: Chief Executive Officer

WHHS Demographics:

Net Revenue:	\$613M
Operating Expenses:	\$615M
FTEs:	1,882
Staffed Beds:	230
FTE MDs:	2

Survey & Description	n=	Base Salary					Total Annual Cash (TAC)					Total Direct Cash (TDC)				
		25th %ile	50th %ile	65th %ile	75th %ile	90th %ile	25th %ile	50th %ile	65th %ile	75th %ile	90th %ile	25th %ile	50th %ile	65th %ile	75th %ile	90th %ile
California Peer Group Regression																
Gallagher - Chief Executive Officer (#050) <i>Hospitals & Systems, Regression @ \$613M Net Revenue</i>	24	789.1	917.6	1005.7	1064.4	1211.2	887.4	1056.4	1183.2	1267.7	1479.0	923.1	1098.9	1237.4	1329.7	1582.4
Averages:		789	918	1006	1064	1211	887	1056	1183	1268	1479	923	1099	1237	1330	1582
For Reference - Custom California Peer Group																
Gallagher - Chief Executive Officer (#050) <i>Systems & Hospitals, \$467M - \$1.1B Net Revenue, Median = \$773M</i>	11	798.6	862.7	924.0	1104.1	1315.8	949.1	1006.9	1217.2	1566.6	1750.9	992.7	1216.9	1346.5	1566.6	1750.9
Averages:		799	863	924	1104	1316	949	1007	1217	1567	1751	993	1217	1346	1567	1751

Numbers in italics are estimated from the median

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