



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, February 22, 2017 – 6:00 P.M.
Conrad E. Anderson, MD Auditorium**

AGENDA

PRESENTED BY:

- | | |
|--|---|
| I. CALL TO ORDER & PLEDGE OF ALLEGIANCE | William Nicholson
Board Member |
| II. ROLL CALL | Dee Antonio
District Clerk |
| III. COMMUNICATIONS | |
| A. Oral | |
| B. Written | |
| IV. CLOSED SESSION | |
| A. Conference involving a trade secret pursuant to Health & Safety Code section 32106 | Nancy Farber
Chief Executive Officer |
| New Facility/New Program | |
| Estimated date of public disclosure:
January 2018 | |
| B. Report on personnel matters, Cal Gov. Code Section 54957 | |
| V. OPEN SESSION | |
| Report on Closed Session | William Nicholson
Board Member |
| VI. ACTION | |
| A. Second Reading of Ordinance Number 17-01 Approving a Formal Agreement for the Private Sale of the Washington Township Health Care District Revenue Bonds, 2017 Series A | <i>Motion Required</i> |
| Consideration of Ordinance 17-01 Approving a Formal Agreement for the Private Sale of the Washington Township Health Care District Revenue Bonds, 2017 Series A | |
| VII. ADJOURNMENT | William Nicholson
Board Member |

**WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
ORDINANCE NO. 17-01**

**APPROVING A FORMAL AGREEMENT FOR THE PRIVATE SALE
OF THE WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
REVENUE BONDS, 2017 SERIES A**

WHEREAS, the Board of Directors (the "Board") of the Washington Township Health Care District (the "District"), a local health care district organized and existing under and pursuant to The Local Health Care District Law of the State of California (the "Law"), has determined to issue its Revenue Bonds, 2017 Series A (the "Bonds") in an aggregate principal amount of not to exceed \$46,000,000, pursuant to the Law; and

WHEREAS, the District has determined that financial market conditions and the needs of the District dictate that the Bonds be sold pursuant to private sale; and

WHEREAS, the Law requires the adoption of this Ordinance prior to the sale of Bonds at private sale; and

WHEREAS, there has been presented to this meeting of the Board a form of Bond Purchase Agreement respecting the purchase and sale of the Bonds (the "Bond Purchase Agreement"), to be entered into by and between the District and Merrill Lynch, Pierce, Fenner & Smith Incorporated, formerly doing business under the name Banc of America Securities LLC, as underwriter (the "Underwriter");

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Washington Township Health Care District as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The formal agreement between the District and the Underwriter, in substantially the form of the Bond Purchase Agreement on file with the Secretary of the Board and presented to this meeting, is hereby approved. The Chief Executive Officer of the District, or her designee, is hereby authorized and directed to approve the final terms of sale of the Bonds and to evidence the District's acceptance of the offer made thereby by executing and delivering the Bond Purchase Agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the Bonds shall have a final maturity of no more than 30 years, their true interest cost shall not exceed 6.0% per annum, the principal amount shall not exceed \$46,000,000, and the Underwriter's discount shall not exceed 1.0%.

Section 3. The entering into of the Bond Purchase Agreement and the adoption of this Ordinance shall be subject to referendum as provided by Section 9140 of the Elections Code of the State.

Section 4. The Secretary of this Board is directed to cause this Ordinance to be published once a week for two successive weeks in a newspaper of general circulation within the District, in accordance with Section 9303 of said Elections Code and Section 32321 of the Law.

Section 5. This Ordinance shall take effect thirty (30) days after the date of its adoption.

PASSED AND ADOPTED this 22nd day of February, 2017, at a regular meeting of the Board of Directors of the Washington Township Health Care District conducted at Fremont, California, upon notice duly given, at which a quorum of members of said Board were present and acting throughout, by the following vote:

AYES:

NOES:

ABSENT:

President, Board of Directors, Washington
Township Health Care District

Secretary, Board of Directors, Washington
Township Health Care District

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
February 17, 2017

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic, as key economic indicators continue to show signs of a strengthening economy. National labor figures remain strong, and the overall housing market continues to show healthy signs of activity.

The Bureau of Labor Statistics job report showed the U.S. economy added 227,000 jobs in January, as the unemployment rate ticked up to 4.8% from 4.7% in the previous month. Wages, however, rose just three cents at an annualized 2.5% growth rate, which could delay the expected raise in the target interest rate by the Federal Reserve beyond March. Claims for U.S. jobless benefits remain at historically low levels, coming in at 239,000 recently. Initial claims have remained below 300,000 for 102 straight weeks, the longest such streak since 1970. The four-week moving average, a less volatile measure, edged up by 500 to 245,250. The national housing market remains stable, however, home value growth is expected to slow slightly in 2017 as mortgage rates are expected to continue to increase along with an expected uptick in inventory.

The California economy continues to demonstrate strong growth, as the latest jobs report showed payroll jobs increased in December (state unemployment data lags national data by a month) by 3,700 jobs as the state's unemployment rate declined to 5.2%, down from 5.3% in the previous month.

Locally, the District's unemployment rate ticked down again in December (local unemployment data lags national data by a month) to 3.2% from 3.3% in the previous month. Just over 6,000 District residents in the labor force are unemployed.

Analysis of all of the economic measures included above is ongoing and carefully monitored for potential impacts to hospitals and opportunities for Washington to contribute expertise and advocacy through our elected officials.

State and Federal Legislative Update

CA Legislature

The Legislature is currently in session, and new bills must be introduced by February 17, 2017. Staff is monitoring the bills that have been introduced to date, and activity has picked up significantly over the past week. Some of the bills worth highlighting include:

AB 265 (Wood): Prescription Drugs: Prohibition on Price Discount

This bill currently sits in the Assembly Committee on Health. This bill would expand the Sherman Food, Drug, and Cosmetic Law to prohibit, except as provided, a person who manufactures a prescription drug from offering in California any discount, rebate, product voucher, or other reduction in an individual's out-of-pocket expenses for any prescription drug if a lower cost brand name or non-brand name prescription drug is available that is designated by the United States Food and Drug Administration as therapeutically equivalent to, or interchangeable with, the prescription drug manufactured by that person.

AB 232 (Ridley-Thomas): Office of Statewide Health Planning and Development: Facility Plan Review

Existing law vests in the Office of Statewide Health Planning and Development in the California Health and Human Services Agency powers and duties relating to the construction of various health facilities, including publishing building standards for those facilities. This bill would express the intent of the Legislature to enact legislation that would require the Office of Statewide Health Planning and Development to revise the facility plan review service provided by the office, known as Over-The-Counter review, and to enact legislation that would authorize an increased fee for that service.

SB 419 (Portantino): Oxycodone: Prescriptions

Existing law, the California Uniform Controlled Substances Act, classifies controlled substances into 5 designated schedules, with the most restrictive limitations generally placed on controlled substances classified in Schedule I, and the least restrictive limitations generally placed on controlled substances classified in Schedule V. Existing law places oxycodone within Schedule II and requires a prescription for a controlled substance to only be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his or her professional practice. A violation of this provision is a crime. This bill would prohibit a person from prescribing oxycodone, by whatever official, common, usual, chemical, or trade name designated, to a patient less than 21 years of age.

Federal Legislature

Staff continues to monitor the potential impacts that changes in policy can have on hospitals and specifically Washington, given the recent changes at the Federal level from the election. In a recent update provided by **Holland and Knight**, Washington's lobbying group in Washington DC, the topic of repealing and replacing the Affordable Care Act was covered.

This week, GOP leadership held a highly anticipated health care meeting and provided Congress with a 19-page brief on the policy goals of the repeal, replacement, and repair process for the Affordable Care Act. In summary, the brief includes the following:

- Eliminate (over time) the higher match for the Medicaid expansion population;
- Create a portable, refundable tax credit that is not income dependent, but instead is age rated. The tax credit would grow over time and includes dependents up to 26 years of age. It is for everyone not otherwise eligible for insurance another way, such as an employer sponsored plan. This is the health care “backpack” tax credit that GOP leadership has been talking about in recent weeks. The tax credit can be used by individuals to purchase any plan approved by the State, but not for plans that cover abortions;
- Repeal all of the taxes in the ACA – medical device, pharma, health insurance, etc;
- Creates a per capita allotment under Medicaid based on 4 categories (aged, blind/disabled, adults, kids) multiplied by the number of enrollees in each group. The per capita allotment for each group is determined by each individual state’s average Medicaid spending in a base year and inflationary index. DSH and administrative payments are excluded;
- Allows states to choose a block grant instead, but has certain mandatory populations (i.e. vulnerable elderly and disabled, but not kids);
- Repeals Medicaid DSH cuts entirely;
- Provides State Innovation Grants – which they call the “next generation” of high risk pools;
- Enhances health savings accounts, but seems to keep the tie to high deductible plans.

In terms of a timeline for the repeal of the Affordable Care Act, the President stated last week that it could take until next year for an ACA replacement plan to be ready. House Ways and Means Committee Chairman Kevin Brady (R-TX) and House Energy and Commerce Health Subcommittee Chairman Michael Burgess, M.D. (R-TX) both confirmed that they will complete a reconciliation measure within 30 days. Speaker of the House Paul Ryan (R-WI) clarified that the President was referring to the amount of time it would take to implement a replacement plan, and made assurances that repeal and replacement will be completed this year. Republicans hope to pass a reconciliation bill that will repeal the law and contain some elements of a replacement by March. A series of smaller replacement bills could follow at a later point. Lawmakers are currently working with the Congressional Budget Office (CBO) on which parts of a replacement plan could be included in the reconciliation repeal bill.

II. FOUNDATION

Critical Care Capital Campaign

The capital campaign has been under way for seven months now and has raised \$825,000 from eight gifts. We are currently briefing and soliciting medical directors and community members capable of making significant leadership gifts to the campaign. Several other decisions are pending.

Golf Tournament

The Foundation's annual golf tournament will be held on Monday, April 24, 2017 at Castlewood Country Club. Proceeds from the event will benefit the Surgical Services Fund.



Washington Hospital Healthcare System

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

DEVCO FINANCIAL STATEMENTS

Reporting Period 6

Month of December 2016

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



**Washington Township Hospital
Development Corporation
Summary Income Statement
December 2016**

Current Month			
Actual	Budget	Favorable/(Unfavorable)	
		Variance	% Variance
3,311	3,119	192	6.2%
273	307	(34)	(11.1%)
3,584	3,426	158	4.6%
3,676,195	3,512,689	163,506	4.7%
2,117,153	773,164	1,343,989	173.8%
5,793,348	4,285,853	1,507,495	35.2%
1,882,310	1,769,772	(112,538)	(6.4%)
51.2%	50.4%	(0.8%)	
3,911,038	2,516,081	1,394,957	55.4%
777,998	753,848	(24,150)	(3.2%)
300,639	290,372	(10,267)	(3.5%)
305,776	264,558	(41,218)	(15.6%)
234,331	275,741	41,410	15.0%
209,600	213,066	3,466	1.6%
78,764	79,719	955	1.2%
18,973	16,675	(2,298)	(13.8%)
445,196	441,844	(3,352)	(0.8%)
117,725	134,290	16,565	12.3%
2,489,002	2,470,113	(18,889)	(0.8%)
1,422,036	45,968	1,376,068	2,993.5%
760,872	84,764	(676,108)	(797.6%)
661,164	(38,796)	699,960	1,804.2%

Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)		
		Variance	% Variance	
(1) Visits	19,485	19,461	24	0.1%
(2) Treatments & Procedures	2,184	2,631	(447)	(17.0%)
(3) Total	21,669	22,092	(423)	(1.9%)
Gross Revenue				
(4) Patient Revenue	20,504,187	21,500,692	(996,505)	(4.6%)
(5) Other Revenue	6,084,618	4,696,503	1,388,115	29.6%
(6) Total Gross Revenue	26,588,805	26,197,195	391,610	1.5%
Deductions				
(7) Total Deductions	10,605,367	10,818,286	212,919	2.0%
Contractual Percentage	51.7%	50.3%	(1.4%)	
(8) Net Revenue	15,983,438	15,378,909	604,529	3.9%
Expenses				
(9) Purchased Labor	4,494,282	4,543,607	49,325	1.1%
(10) Purchased Benefits	1,532,183	1,701,808	169,625	10.0%
(11) Supplies	1,724,420	1,601,348	(123,072)	(7.7%)
(13) Professional Fees	1,591,857	1,698,728	106,871	6.3%
(14) Purchased Services	1,241,345	1,273,241	31,896	2.5%
(16) Depreciation and Amort	475,527	473,400	(2,127)	(0.4%)
(17) Utilities	130,914	125,168	(5,746)	(4.6%)
(18) Building Lease	2,665,861	2,649,002	(16,859)	(0.6%)
(19) Other Expenses	739,029	802,005	62,976	7.9%
(20) Total Expenses	14,595,418	14,868,307	272,889	1.8%
(21) Net Operating Income/Loss	1,388,020	510,602	877,418	171.8%
(22) Minority Interest	1,025,977	582,412	(443,565)	(76.2%)
(23) Net Income/Loss	362,043	(71,810)	433,853	604.2%