



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 E. Nicholson, M.D.

Bernard Stewart, D.D.S.

Michael J. Wallace

BOARD OF DIRECTORS' MEETING

Wednesday, September 14, 2016 – 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 | Christine Flores
District Clerk |
| III. EDUCATION SESSION: | |
| 4H | Chris Henry
Chief Financial Officer &
Associate Administrator |
| IV. CONSIDERATION OF MINUTES | |
| August 10, 15, 22, and 24, 2016 | <i>Motion Required</i> |
| V. COMMUNICATIONS | |
| A. Oral | |
| B. Written | |
| From Kranthi Achanta, MD Chief of Staff,
dated August 22, 2016 requesting approval
of Medical Staff Credentialing Action Items. | <i>Motion Required</i> |
| VI. INFORMATION | PRESENTED BY: |
| A. Service League Report | Debbie Jackson
Service League President |
| B. Medical Staff Report | Kranthi Achanta, MD
Chief of Staff |
| C. Hospital Calendar | Nancy Farber
Chief Executive Officer |

- D. Lean/Kaizen Update
Kimberly Hartz
Senior Associate Administrator
Donald Pipkin
Chief of Strategic Management
- E. Construction Report
Ed Fayen
Senior Associate Administrator
- F. Quality Report
Quality Dashboard – Quarter Ending
06/2016
Mary Bowron, DNP, RN, CIC
Senior Director of Quality &
Resource Management
- G. Finance Report
Chris Henry
Associate Administrator and
Chief Financial Officer
- H. Hospital Operations Report
Nancy Farber
Chief Executive Officer

VII. ACTION

- A. Consideration of Chief Executive Officer
Employment Agreement and At-Risk
Compensation

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. Report involving a trade secret pursuant to Health & Safety Code section 32106
New Program
Estimated date of public disclosure: September 2017

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, August 10, 2016 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:01p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

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

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Kranthi Achanta; Chief of Medical Staff; Debbie Jackson; Service League 1st President; Christine Flores, District Clerk

Guests: Kimberly Hartz, Ed Fayen, Chris Henry, Bryant Welch, Stephanie Williams, Tina Nunez, Kristin Ferguson, Mary Bowron, John Lee, Albert Brooks, MD, Angus Cochran, Donald Pipkin, Kristi Caracappa, Brenda Brennan, Ash Jain, MD, Doug Van Houten

Nancy Farber, Chief Executive Officer introduced Kristi Caracappa, Health Insurance Information Service Coordinator. Ms. Caracappa presented on the Washington Hospital Employee Association (WHEA). WHEA was founded in 1971. Currently there are 927 dues paying members. The Festival of the Arts Parking is WHEA's biggest fundraiser for the year, this past weekend, WHEA made \$6,300 for parking at the 2500 West building. WHEA events include sporting events – A's, Giants, Warriors, and San Jose Sharks, as well as Great America, SHN Theater Group, Alameda County Fair tickets and the annual pumpkin carving contest. Ms. Caracappa continued by sharing community support: Abode, SAVE (Safe Alternatives to Violent Environments), Blood Drives, Backpack drives, and Clothing for Patients. Ms. Caracappa discussed Don Pickinpaugh Memorial Scholarship and what the requirements are, followed by the presentation of a certificate to the recipient of this year's WHEA Don Pickinpaugh Memorial Scholarship, Hannah Leuterio.

*EDUCATION SESSION:
Washington Hospital
Employee Association
(WHEA)*

Director Danielson moved for approval of the minutes of July 13, 18, 25, and 27, 2016.

*APPROVAL OF
MINUTES OF JULY 13,
18, 25, AND 27, 2016*

Director Stewart seconded the motion.

Roll call was taken:

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

The motion carried.

Director Nicholson took the agenda out of order and continued with written communications.

Before presenting this month's credentialing report, Dr. Tsoi made a brief statement informing the Board that Dr. Achanta misspoke in his credentials report at the July 13, 2016 meeting. The medical staff report for Drs. Asfour and Ho was indeed

*COMMUNICATIONS:
WRITTEN*

correct, as written with both physicians requesting deletion of Internal Medicine privileges.

The following written communication received from Timothy Tsoi, MD., Chief of Staff Elect, dated July 25, 2016 requesting approval of Medical Staff Credentialing Action Items as follows:

Appointments:

Belay, Abren, MD; Hsu, Wendy, MD; Solimani, Nazhat, MD; Wang, Yi-Chiun, MD

Temporary Privileges:

Belay, Abren, MD; La Rock, Kristi, PA-C; Sharma, Vandana, MD; Solimani, Nazhat, MD; Wang, Yi-Chiun, MD; Wilson, Vanessa, MD

Locum Tenens:

Ranzenback, Edward, MD

Emergency Temporary Privileges for Specific Patient Care:

Grewal-Bahl, Ranu, MD

Reappointments:

Banipalsin, Sarkis, MD; Bauer, Kevin, MD; Cabebe, Elwyn, MD; Chawla, Varun, MD; Che, Qi, MD; Cheng, Walter, MD; Cole, Alexandra, MD; Curran, Steven, MD; Dastgah, Amir, DPM; Ge, Mei, MD; Giddens, John, MD; Halimi, Kadeer, MD; Harmon, Michael, MD; Husain, Lubna, MD; Hyder, Shakir, MD; Kaiser, Sunitha, MD; Kane, Amy, MD; Kapila, Rishi, MD; Kimm, Simon, MD; Kompella, Suvarchala, MD; Lam, Khoi, MD; Lin, Kirk, MD; Miller, David, MD; Molina, Ricardo, MD; Raj, Kavitha, MD; Ranchod, Tushar, MD; Saunders, Andrew, MD; Sharma, Anamika, MD; Slack, Alison, MD; Solt, Stacie, MD; Spira, Alan, MD; Srivasta, Arun, MD; Sud, Sohil, MD; Sundar, Shalini, MD; Sweeney, Daniel, MD; Wong, Francis, DO

Conditional Reappointments:

Reen, G.S., MD

Completion of Proctoring & Advancement in Staff Category:

Ge, Benjamin, MD; Wong, Candy, MD

Completion of Proctoring Prior to Eligibility for Advancement in Staff Category

Franco, Kelly, NP; Ray, Vincent, MD; Kwok, Joseph, MD

New Privilege Requests

Sharma, Vandana, MD; Wilson, Vanessa, MD

Delete Privilege Requests

Cabebe, Elwyn, MD; Cheng, Walter, MD; Curran, Steven, MD; Kapila, Rishi, MD; Kompella, Subarchala, MD; Miller, David, MD; Saunders, Andrew, MD; Sud, Sohil, MD; Sundor, Shalini, MD

Resignations:

Lee, Samman, PA-C; Nguyen, Khoa, MD

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

Director Danielson seconded the motion.

Roll call was taken:

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

The motion carried.

Director Nicholson continued with the agenda out of order and asked Debbie Jackson, Service League President to present the Service League Report.

Debbie Jackson, Service League President presented the Service League Report. Ms. Jackson shared that in the month of August, Dian Zarzycki resigned from the Infusion Pilot Program. They will recruit more volunteers if approved by the board next month. Presently Sidne Margolis and Ms. Jackson are staffing the program. The Gift Shop is progressing forward in addressing the changes and staffing. Ms. Jackson attended the Las Vegas Market Show; the experience was impactful and informative. For the month of August, total staffing hours from all volunteers were 3,444.

*SERVICE LEAGUE
REPORT*

Ash Jain, MD presented the Washington Hospital Stroke Program Presentation. Dr. Jain shared the components of a Stroke Program, changes in Census, Clinical Quality Outcomes and Risk Adjusted Mortality Rates in Ischemic Stroke, and Ischemic and Hemorrhagic. Dr. Jain continued by discussing performance improvements, stroke education, community education, patient education, staff and Physician education and shared Washington Hospitals achievements.

*COMMUNICATIONS:
ORAL*

Dr. Timothy Tsoi reported there are 576 Medical Staff members.

*MEDICAL STAFF
REPORT*

The Hospital Calendar video highlighted the following events:

*HOSPITAL CALENDAR:
Community Outreach*

Past Health Promotions & Outreach Events

The 2016 Central Park Summer Concert Series concluded on August 11th. The concerts were held at the Central Park Performance Pavilion. Washington Hospital was the co-presenting sponsor and provided health information and health screenings during the 6-week concert series.

Representatives from the Sandy Amos, RN, Infusion Center, Urgent Care, and Wellness Center were at the final concert.

On Tuesday, August 16th, as part of the Palliative Care Community Presentations, Father Jeff Finley, moderated the “Palliative Care: How Can This Help Me?” panel discussion.

On Thursday, August 18th, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, presented "How to Sleep Your Way to Better Health"; 14 people attended.

On Tuesday, August 23rd, Dr. Jason Van Tassel, otolaryngologist, presented "Obstructive Sleep Apnea: New Options for Treatment"; 112 people attended.

On Tuesday, September 6th as part of the Speaker's Bureau, Kristi Caracappa, Health Insurance Information Service Coordinator, provided an overview of the Health Insurance Information Service program to the Newark Rotary; 18 people attended.

On Thursday, September 8th, Dr. Victoria Leiphart, gynecologist, presented "Mindful Healing"; 54 people attended.

On Tuesday, September 13th, as part of the Washington Women's Center Lunch and Learn Series, Dr. Vandana Sharma, oncologist, presented "Early Detection and Prevention of Female Cancers."

Upcoming Health Promotions & Community Outreach Events

On Thursday, September 15th from 7:00 to 8:30 pm, as part of the Women Empowering Women series, Dr. Victoria Leiphart, gynecologist, will present "Decoding Vitamins and Supplements."

Also on Thursday, September 15th from 7:00 to 9:00 pm, Kristi Caracappa, Health Insurance Information Service Coordinator, will present "New to Medicare: What You Need to Know". This seminar will repeat on Thursday, September 22nd from 7:00 to 9:00 p.m.

On Sunday, September 18th Washington Hospital and Washington Township Medical Foundation will provide information on health related programs and services during the Community Information Faire at the City of Newark's 61st Anniversary of Newark Days. Newark Days is an annual celebration of the City's incorporation.

On Tuesday, September 20th from 6:30 to 8:00 pm, as part of the Palliative Care Community Presentations, Michelle Hedding, RN, Spiritual Care Coordinator, will moderate the "Interfaith Discussion on End of Life Topics" panel discussion.

On Wednesday, September 21st from 1:00 to 3:00 pm, Anna Mazzei, registered dietitian, will present "New Dietary Guidelines Support Healthy Choices."

Also on Wednesday, September 21st, as part of the Speaker's Bureau, Kristi Caracappa, Health Insurance Information Service Coordinator, will provide an overview of the Health Insurance Information Service program to the Optimist Club of Newark.

On Saturday, September 24th from 7:00 to 11:00 am, Washington Hospital will staff an information booth at the HERS KEEP ABREAST 5K and 10K run/walk and Health Expo at Quarry Lakes in Fremont.

On Tuesday, September 27th Dr. Carmencita Agcaoili, critical care medicine, and Dr. Kadeer Halimi, emergency medicine, will present "Learn the Signs and Symptoms of Sepsis."

On Thursday, September 29th, Washington Hospital will participate in the City of Fremont Health Fair. Washington Hospital staff will provide health education, along with glucose and cholesterol screenings.

Also on Thursday, September 29th, from 6:00 to 8:00 pm, Dr. Michael Parmley, internist, will present, "Preventive Screenings; When and Why are They Important."

On Tuesday, October 4th, from 6:00 to 8:00 pm, Dr. Prasad Katta, endocrinologist, and Vida Reed, RN, will present, "Stop Diabetes Before It Starts."

Also on Tuesday, October 4th, from 6:00 to 8:00 pm, as part of the Stroke Education Series, Dr. Ash Jain, cardiologist, and Melissa Reyes, RN, will present "Living with Stroke: Future in Diagnosis and Management."

On Wednesday, October 5th, as part of the Washington Sports Medicine and Washington Outpatient Rehab Center bi-monthly education series, Kimberlee Alvari, registered dietitian, will present "Nutrition and Athletic Performance."

On Thursday, October 6th, as part of the Diabetes Matters Series, ABC, will present, "ABC."

On Tuesday, October 11th from 10:00 am to 1:00 pm, Kristi Caracappa, Health Insurance Information Service Coordinator, will present "Medicare Options: What You Need to Know."

Washington Hospital Healthcare Foundation Report

The Washington Hospital Healthcare Foundation will host the 30th Annual Top Hat gala on Saturday, October 8th. Proceeds from the evening will benefit Washington Hospital's Prenatal Diagnostic Center, a new clinical service offering critical prenatal care to expecting mothers with high-risk pregnancies. The Center will provide exceptional benefits to our community, including decreasing instances of low birth weight, improving pregnancy outcomes and improving newborn and infant health. Additionally, it will enable many high-risk expecting mothers to deliver at Washington Hospital without having to travel outside the District for this specialized service. This year's gala co-chairs, Dr. Albert Brooks, Dr. Bettina Kirkjian and Marlene Weibel promise that this 30th anniversary gala is not to be missed.

*HOSPITAL CALENDAR:
Washington Hospital
Foundation Report*

The Washington Township Healthcare District Board of Directors Report

Washington Township Healthcare District Board Members attended the Ohlone College Golf Tournament on September 12th.

*HOSPITAL CALENDAR:
The Washington
Township Healthcare
District Board of
Directors Report*

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

WHEA's Back to School Drive, "Fill a Back Pack Challenge," was a huge success. All together, hospital departments collected 22 backpacks, several bags of supplies and \$1,160 in cash donations. With the supplies and funds collected WHEA was

*HOSPITAL CALENDAR:
Washington Hospital
Employee Association,
W.H.E.A.*

able to fill and donate 40 backpacks and five bags of back-up school supplies to those served at Abode Services and SAVE.

WHEA will be hosting the American Red Cross who will hold a blood drive from 12 to 6 p.m. on Friday, September 23rd, in the Conrad E. Anderson, MD, Auditorium, room C. To schedule an appointment to give blood, call (800) RED-CROSS or visit redcrossblood.org and enter the sponsor code: WHHS. WHEA's Back to School Drive, "Fill a Back Pack Challenge," was a huge success. All together, hospital departments collected 22 backpacks, several bags of supplies and \$1,160 in cash donations. With the supplies and funds collected WHEA was able to fill and donate 40 backpacks and five bags of back-up school supplies to those served at Abode Services and SAVE.

WHEA will be hosting the American Red Cross who will hold a blood drive from 12 to 6 p.m. on Friday, September 23rd, in the Conrad E. Anderson, MD, Auditorium, room C. To schedule an appointment to give blood, call (800) RED-CROSS or visit redcrossblood.org and enter the sponsor code: WHHS.

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

During the month of August, the Washington On Wheels Mobile Health Clinic (W.O.W.) continued to serve community members at the Fremont Family Resource Center, the Fremont Senior Center and the Ruggieri Senior Center in Union City.

Washington On Wheels continued with the Summer's free glucose screenings at Centro de Servicios in Union City, as well as all regularly scheduled community sites.

In August, W.O.W. provided glucose screenings to 54 individuals and of those 5 people tested had higher than normal glucose levels. They are undergoing further testing and treatment for Diabetes. The total number of community members receiving health care from the W.O.W. Clinic during the month of August was 122.

Internet Marketing

There were over 28,809 visits to the hospital website in the month of July. The hospital's Employment section was the most viewed webpage with 17,039 page views, followed by the About WHHS section with 9,336 page views. The Physicians section with 9,036 page views. The Volunteers section had 3,456 page views and the Women's Health and Pregnancy section had 2,175 page views.

InHealth - Channel 78

During the month of August, Washington Hospital's cable channel 78, InHealth, captured new programming including a Health and Wellness Program titled "Obstructive Sleep Apnea: New Options for Treatment," a Palliative Care Community Presentation called "Palliative Care: How Can This Help Me?," a Sports Medicine Program named "Big Changes in Concussion Care," and a Diabetes Matters program titled "Monitoring Matters." In addition, InHealth aired a Health and Wellness programs titled "Skin Health: What You Need to Know," the August Board of Directors meeting and the August Citizen's Bond Oversight Committee Meeting.

*HOSPITAL CALENDAR:
Washington On Wheels
Mobile Health Van*

*HOSPITAL
CALENDAR:
Internet Report*

*HOSPITAL
CALENDAR:
InHealth*

Awards and Recognitions

Washington Hospital is proud to announce that it has achieved Magnet® recognition, the highest honor granted by the American Nurses Credentialing Center (ANCC). As a Magnet-recognized organization, Washington Hospital remains among the 7.8 percent of hospitals nationwide that have received the highest national credential for nursing excellence, serving as the gold standard for nursing practice. This honor required evaluation by the ANCC to determine if Magnet standards were met. This process was both rigorous and thorough for all involved—from the bedside nurses to department heads, and support staff from throughout the Hospital, the executive team and members of the board of directors. Magnet recognition is an impressive and important distinction for the organization and staff as well as the communities served. With this achievement, Washington Hospital joins the country's Magnet community — a select group of domestic health care organizations. This prestigious honor reaffirms Washington Hospital's dedication to the Patient First Ethic and providing the highest quality of nursing care.

*HOSPITAL
CALENDAR:
Awards and
Recognitions*

Employee of the Month

Information Security Engineer, Victor Salazar is August's Employee of the Month. Victor is deserving of the award for his professionalism, reliability, and integrity. Victor joined Washington Hospital's Information Services Department in 2013 after his work on the Epic system rollout as a contractor. He has been and continues to be an asset on many projects and work assignments. Victor has always been extremely helpful with completing any task and resolving issues no matter how difficult. He makes sure his fellow colleagues and customers are satisfied with the results of a request and enable them to complete their work securely. Victor is married to a nurse and has two young children. In his free time, he enjoys taking his family to Giants and Warriors games as well as going to parks.

*HOSPITAL
CALENDAR: Employee
of the Month – Victor
Salazar*

Nancy Farber, Chief Executive Officer introduced Kimberly Hartz, Senior Associate Administrator. Ms. Hartz presented the Lean Leader Certification presentation. Ms. Hartz discussed their purpose of the certification is to promote and lead Kaizen activities in the institution and to train others in lean methodology. The Lean Certification Training is a 12-19 month process which requires proficiency in Lean concepts and stools and candidates are evaluated for successful performance in each step of the process. The Lean Certification requires 8 full-days of classroom education taught by the Rona Consulting group, participation in 1 Value Stream mapping workshop, participation in 1 Kaizen Workshop, acting as a Team Lead for 1 Kaizen workshop and acting as Workshop Lead for 1 Kaizen workshop. TO date, 10 managers and 2 Physicians have been certified. Brenda Brennan, Kristin Ferguson, Bettina Kurkjian, Donald Pipkin and Debra Brooks all received their Lean certificates and pins.

*LEAN/KAIZEN
UPDATE*

Nancy Farber, Chief Executive Officer introduced Ed Fayen, Senior Associate Administrator. Mr. Fayen presented the construction update on the parking garage and the Morris Hyman Critical Care Pavilion. Mr. Fayen shared photos of the laying of sod in the South Bio Swale areas, the East Side Bio retention area, the Electric

*CONSTRUCTION
REPORT
Construction Update*

Vehicle (EV) Charging stations on the first floor, as well as the security fence installation. Mr. Fayen went on to share progress on the Morris Hyman Critical Care Pavilion. Photos of the ground floor South East Corner, Rooms B081, B080, and B044 were shared as well as overhead drains and vents on level 2, framing at the North East Landscape Garden Area Level 2, the placing of concrete curbs and equipment pads on the roof, as well as scaffolding on the west side. A photo of the site view of Phase 2 was also shared.

Nancy Farber, Chief Executive Officer introduced Mary Bowron, Senior Director of Quality & Resource Management. Ms. Bowron reported on Infection Prevention at Washington Hospital: Preventing Clostridium Difficile Infections. Clostridium Difficile Infection is a contagious bacterial infection causing severe gastrointestinal disease; it is commonly located in a healthy gut, affects 20% of people there are typically no symptoms. Symptoms of this disease include diarrhea, fever, loss of appetite, nausea and abdominal pain. Ms. Bowron shared treatment for the disease as well as risk factors as well ways for preventing the disease. Ms. Bowron continued by sharing the national focus on C-difficile, recommended strategies to reduce C-Difficile, steps taken at Washington Hospital, and five facts about antibiotic use.

*QUALITY REPORT:
Infection Prevention at
Washington Hospital:
Preventing Clostridium
Difficile Infections*

Chris Henry, Chief Financial Officer, presented the Finance Report for June 2016. The average daily census was 141.1 with admissions of 956 resulting in 4,232 patient days. Outpatient observation equivalent days were 209. The average length of stay was 4.39 days. The case mix index was 1.619. Deliveries were 151. Surgical cases were 380. Joint Replacement cases were 136. Neurosurgical cases were 27. Cardiac Surgical cases were 11. The Outpatient visits were 7,173 and Emergency visits were 4,054. Total productive FTEs were 1,169.4. FTEs per adjusted occupied bed were 7.21.

FINANCE REPORT

Ms. Farber presented the Hospital Operations Report for July. Preliminary information indicated inpatient revenue for the month of June at approximately \$158,000,000. There were 943 patient admissions with an Average Length of Stay of 4.40 and patient days of 4,342. There were 363 Cath Lab procedures and 368 surgical cases at the Hospital. Deliveries for July were 137. Non-Emergency Outpatient visits were 6,703. FTEs per Adjusted Occupied Bed were 6.0. The clinics saw approximately 3,300 patients.

*HOSPITAL
OPERATIONS REPORT*

Director Stewart moved for adoption of Resolution No. 1171, which will provide for the Renovation and relocation of the Fremont Clinic for an amount not to exceed \$1,626,528. Also, in accordance with District Law, Policies and Procedures, Director Stewart moved for approval of this project to include the authorization by the Secretary of the Board of Directors to accept bids for the relocation of the Washington Urgent Care from firms that have pre-qualified to bid on WHHS projects as a result of a publicly advertised pre-qualification process.

*CONSIDERATION OF
RESOLUTION NO. 1171,
RENOVATION OF 2500*

Director Danielson seconded the motion.

Roll call was taken:

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

The motion carried.

In accordance with Health & Safety Code Sections 1461, 1462, and 32106 and Government Code Section 54954.6(h). Director Nicholson adjourned the meeting to closed session at 8:04p.m. as the discussion pertained to Hospital trade secrets, human resources matters and risk management.

ADJOURN TO CLOSED SESSION

Director Nicholson reconvened the meeting to open session at 8:58p.m. and reported no action was taken in closed session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, Director Nicholson adjourned the meeting at 8:59p.m.

ADJOURNMENT

Michael Wallace
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, August 15, 2016 in the Boardroom, 2000 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 6:01 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

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

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Ed Fayen, Senior Associate Administrator; Bryant Welch, Associate Administrator, Tina Nunez, Associate Administrator, Chris Henry, Associate Administrator; Stephanie Williams, Associate Administrator; Christine Flores, District Clerk

There were no oral communications.

COMMUNICATIONS

There were no written communications.

In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Section 54954.5(h) Director Nicholson adjourned the meeting to closed session at 6:03 p.m., as the discussion pertained to Hospital trade secrets.

ADJOURN TO CLOSED SESSION

Director Nicholson reconvened the meeting to open session at 7:24 p.m. and reported no reportable action was taken in closed session.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

Director Stewart moved for adoption of Resolution No. 1172, which is the Memorandum of Understanding between Nancy Farber, Chief Executive Officer, authorized representative of Washington Hospital, and the Medical Imaging Technologists Unit, ILWU, Local 6, a recognized majority representative under the terms of Board Resolution 331A, effective August 15, 2016.

CONSIDERATION OF RESOLUTION NO. 1172, MEMORANDUM OF UNDERSTANDING BETWEEN WASHINGTON HOSPITAL AND THE MEDICAL IMAGING TECHNOLOGISTS UNIT, ILWU, LOCAL 6

Director Danielson seconded the motion.

Roll call was taken:

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

The motion carried.

There being no further business, Director Nicholson adjourned the meeting at 7:25 p.m.

ADJOURNMENT

Michael Wallace
President

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, August 22, 2016 in the Fremont Conference Room, Washington Hospital, 2000 Mowry Avenue, Fremont, California. Director Nicholson called the meeting to order at 7:30 a.m.

*CALL
TO
ORDER*

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

*ROLL
CALL*

Also present: Kranthi Achanta, MD; Timothy Tsoi, MD; Peter Lunny, MD; Albert Brooks, MD; Ed Fayen, Senior Associate Administrator

There were no oral or written communications.

COMMUNICATIONS

Director Nicholson adjourned the meeting to closed session at 7:30 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Sections 1461 and 32155.

*ADJOURN TO CLOSED
SESSION*

Director Nicholson 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

Patricia Danielson, RHIT
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, August 24, 2016 in the Boardroom, 2000 Mowry Avenue, Fremont, California. Director Wallace called the meeting to order at 6:02 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

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

ROLL CALL

Also present: Nancy Farber, Chief Executive Officer; Colleen Doerr, Senior Executive Assistant II; Paul Kozachenko

There were no oral communications.

COMMUNICATIONS

There were no written communications.

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 6:02 p.m., as the discussion pertained to Hospital trade secrets.

ADJOURN TO CLOSED SESSION

Director Wallace reconvened the meeting to open session at 8:02 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 8:02 p.m.

ADJOURNMENT

Michael Wallace
President

Patricia Danielson, RHIT
Secretary



GONSALVES & KOZACHENKO
ATTORNEYS AT LAW

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

September 9, 2016

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

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

Background

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

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

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

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

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

August 2016 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 2015-2016 fiscal year. IHS then compiled data on compensation levels for California healthcare systems similar to WHHS in size and complexity using data from IHS's proprietary database and salary surveys. Based on the foregoing, IHS prepared market charts summarizing compensation survey data at the 50th percentile, the 65th percentile, 75th percentile and the 90th percentile for the California peer group. The charts are prepared for both base salary and total cash compensation (which includes the potential "at-risk" award.)

As the chart on page 12 shows, the CEO's current base salary of \$775,000 is 4% below the 65th percentile target of \$808,000.

With regard to consideration of an award of "at-risk" compensation, as described above, the District's compensation philosophy provides for a maximum possible "at-risk" award of 20% of base salary with total cash compensation in the range of the 75th percentile of the California peer group. The chart on Page 16 of the *IHS Report* shows if the Board chooses to award 20% of base salary (\$155,000) the CEO's total cash compensation would be \$930,000 almost equal to the 75th percentile of the California peer group.

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

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

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

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



Memorandum

DATE: September 9, 2016

TO: Board of Directors, Washington Township Health Care District

FROM: Nancy Farber, Chief Executive Officer

SUBJECT: Summary: Fiscal Year 2015-2016

Summary and Key Highlights

Washington's fiscal year end 2015-16 results were once again exemplary and the numerous successes across the board demonstrated the large effort exerted by all levels and functions in our organization.

From the financial perspective, the results overall were once again strong. Income from operations was over budget by 5.5% at \$16.7 million. The total bottom line of \$24.5 million was 5.8% over budget. This is despite patient net revenue being below budget by \$4.1 million or 0.86%. These results are all the more exceptional given the current challenging reimbursement environment, and the financial struggles experienced by neighboring hospitals that share some of the same market dynamics. Also of great importance to note is that \$36.2 million of the general obligation bonds financing construction improvements at Washington Hospital were refinanced to save district taxpayers \$5.84 million over the remaining life of the bonds. The savings are going directly to the residents of the district in the form of reduced future property tax assessments. None of these savings will return to the Hospital's bottom line. Our goal was to take advantage of current extremely low interest rates to reduce future taxes for our residents.

Our superb performance in Information Technology is one of these areas of performance where once again the institution stepped up and performed flawlessly with the implementation of Beaker (the Laboratory module of Epic), the implementation of ICD-10, the implementation of the PCCI Pieces software system and the system upgrade to Epic. We demonstrated once again the institution's success in installing and rolling out highly complex, intricate systems, mission critical for our Healthcare System. Our track record of success speaks to untold hours of planning and hard work by a Management Team and employees who are dedicated to making certain that implementation failures will not be part of our experience.

Surveys were also part of this past year's experience, including the accreditation survey of our Radiation Oncology Center by the American College of Radiology, the Joint Commission Survey of the Clinical Lab, the Joint Commission Survey of the Stroke Program, American College of Surgeons Commission on Cancer Accreditation Survey, National Accreditation Program for Breast Centers Survey and the MERP Survey which is a State of California requirement (MERP stands for Medication Error Reduction Plan). And like our experience with I.T. projects, in all instances we were successful. The long awaited Magnet Survey did not fall within FY 2015-16, but much of the work preparing the documents and for their site visit required for this survey were completed in FY 2015-16. As we all now know, we were

successful in receiving re-designation of our Magnet Status which puts our Hospital in the top 7.8% of our nation's hospitals.

The growth in revenue of certain key programs continues to be an important part of a positive financial outlook. The NICU was transferred to the Hospital's license in March of 2014. It continues to make a substantial positive contribution annually to the bottom line. The Neurosciences Program and the Orthopedics Program continue to grow and be an important element in contribution margin as the federal government continues its downward pressure on cardiac services.

Washington Township Medical Foundation is also experiencing positive growth. From July 1, 2015 through June 30, 2016 active patient charts have increased by 21%. We have recruited several new physicians in various specialties to the Foundation which not only will allow for expanded capacity for providing health care to our community but also is a continued indication of the confidence in the Foundation model.

We have been successful in continuing to meet the needs of the district residents. The strategic agenda of becoming the lowest cost, highest quality provider of choice and retaining local control remains our vision.

Additional Accomplishments for 2015-2016 Fiscal Year

- **Construction: Parking Garage and Morris Hyman Pavilion**
The construction of the parking garage was substantially completed during the FY 2015-16. As we know, it opened in August 2016. The Parking Garage, for staff, physicians and volunteers, is a welcome addition to our parking options. It has already helped to alleviate the parking challenges faced by our patients, their families and visitors. The Morris Hyman Critical Care Pavilion will comply with California's stringent seismic safety standards, with a "base isolation" system similar to that of other advanced facilities in the Bay Area and many earthquake-prone areas throughout the world. This important construction project is moving forward on time and on budget and is being monitored by an independent Citizens Oversight Committee.
- **Lean Journey:** We are continuing with the implementation of our Lean transformation journey which is based on the extensively proven Toyota Production System. This journey will help to enable Washington to be the high quality, low cost provider of choice and is critical to our mission of successfully serving the health care needs of the residents of the District now and into the future. Lean focuses on improving patient safety and quality while reducing non value added services from our operations. At this point, 26 lean workshops have been completed throughout the hospital, 12 staff members have been certified and educational programs have been implemented for staff and physicians.
- **Pension Fund:** The Pension Trust was established and the Board committed to 100% funding by 2021 which makes Washington in a very extraordinary place compared to other community hospitals. The current level of funding at year end is 84%.

- **Labor Contracts:** The CNA agreement and Local 856 contracts were completed, accepted by membership and signed pursuant to the Board's direction.
- **Healthgrades:** Washington Hospital again has been recognized by Healthgrades as one of the top hospitals in the United States for excellence in patient safety in 2015. Healthgrades is a leading source of safety, quality and patient satisfaction information about hospitals and physicians. The Hospital was listed in the top five percent for patient safety among the 5,000 hospitals evaluated by Healthgrades and received, for the third year in a row, the Healthgrades Distinguished Hospital award in Clinical Excellence. Several clinical services within the hospital also were cited for excellence by Healthgrades.

Recognitions

During Fiscal Year 2015-2016, Washington Hospital Healthcare System was recognized by numerous outside organizations for the quality of care provided. These included:

OVERALL, QUALITY & SAFETY

Healthgrades

Washington Hospital is an honored, three-year recipient of the Healthgrades Distinguished Hospital Award for consistently providing comprehensive and clinically excellent care. (Jan.2014- Jan.2016)

The Healthgrades Patient Safety Excellence Award for 2015 was presented to Washington Hospital for ranking among the top 5% of hospitals in the Nation for Patient Safety. (Apr.2016)

Best of Fremont Award

Washington Hospital is the recipient of the Best of Fremont Award. (Apr.2016)

CANCER CARE

Outstanding Achievement Award

Washington Hospital has received three-year reaccreditation from the American College of Surgeon's Commission on Cancer (CoC), which includes the 2015 Outstanding Achievement Award. The accreditation acknowledges Washington Hospital's cancer program for achieving excellence in providing quality care to cancer patients. (Feb.2016)

Radiation Oncology Practice Accreditation

The American College of Radiology has granted Washington Hospital a full three-year accreditation of its Radiation Oncology program. The accreditation recognizes radiation oncology practices. (Feb.2016)

Breast Imaging Center of Excellence

The American College of Radiology designated Washington Hospital a Breast Imaging Center of Excellence. This designation is given only to breast imaging centers that have demonstrated high quality in all areas of breast imaging. (Jan.2016)

Accreditation of the Breast Health Program

The National Accreditation Program for Breast Centers NAPBC has honored Washington Hospital with a three-year full accreditation of its Breast Health Program for its commitment to providing the best possible care to patients with diseases of the breast. (Feb.2016)

NEUROSCIENCES / STROKE

The Joint Commission Advanced Primary Stroke Program Recertification.

The Joint Commission has granted Washington Hospital full recertification of its Advanced Primary Stroke program. The Stroke Program certification process is designed to help organizations continuously provide safe, high-quality care, treatment and services. Washington Hospital has received recertification for two more years and received no recommendations for improvement, which is the highest outcome possible for recertification. (Oct.2015)

Healthgrades

For three consecutive years, Washington Hospital has earned a five-star rating from Healthgrades for stroke treatment, the highest rating a medical center can receive from Healthgrades. (Oct.2014-Oct.2016)

ORTHOPEDIC CARE

Blue Distinction Center for Knee and Hip Replacement

The knee and hip replacement surgery program at Washington Hospital have earned BlueCross and BlueShield Association's Blue Distinction for delivering quality specialty care- safely, effectively and cost efficiently. (Jan.2015)

Healthgrades

As a recipient of the Orthopedic Surgery Excellence Award for the third year in a row, Healthgrades named Washington Hospital one of America's 100 Best Hospitals for Orthopedic Surgery and ranked it among the top 5% in the nation for overall orthopedic services. (Oct.2014-Oct.2016)

For ten consecutive years, Washington Hospital has been a recipient of the Healthgrades Joint Replacement Excellence Award, earning it a place among the top 5% in the nation for joint replacement as one of America's 100 best hospitals for joint replacement surgery. In addition, Washington Hospital received a five-star designation for total hip replacement for the thirteenth year in row (2004-2016), and total knee replacement for the eleventh year in a row. (Oct.2006-Oct.2016)

Becker's Hospital Review

Washington Hospital has been named one of Becker's Hospital Review's 100 Hospitals and Health Systems with Great Orthopedic Programs (Nov.2015)

GASTROINTESTINAL CARE

Healthgrades

Healthgrades named Washington Hospital one of America's 100 Best Hospitals for General Surgery for the third consecutive year, ranking it within the top 5% of the nation for general surgery and earning it the esteemed General Surgery Excellence Award for the third year in a row. (Feb.2014-Feb.2016)

For the third consecutive year, a five-star rating was awarded to Washington Hospital by Healthgrades for its esophageal and stomach surgeries. (Oct.2014-Oct.2016)

CARDIAC CARE

Healthgrades

In 2016, Washington Hospital received a five-star rating from Healthgrades for its treatment of heart attacks. (Oct.2016)

CRITICAL CARE

Healthgrades

Washington Hospital is a recipient of Healthgrade's five-star rating for sepsis treatment for two years in a row. (Oct.2015-Oct.2016)

PULMONARY CARE

Healthgrades

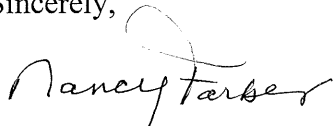
Healthgrades recognized Washington Hospital with a five-star rating for its treatment of pneumonia. (Oct.2016)

LABORATORY

Joint Commission Laboratory Accreditation

After conducting a detailed survey, the Joint Commission granted Washington Hospital's Inpatient Laboratory a full two-year accreditation. The Joint Commission's laboratory seal of approval verifies that Washington Hospital's operational systems, which are critical to the safety and quality of patient care, are of the highest standards in healthcare. (Aug.2015)

Sincerely,



NANCY FARBER
Chief Executive Officer



Integrated Healthcare Strategies
ARTHUR J. GALLAGHER & CO.

CEO TOTAL CASH COMPENSATION REVIEW

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT BOARD OF DIRECTORS

ERIC REEHL, SENIOR CONSULTANT | AUGUST 2016

Table of Contents

Introduction

Base Salary Analysis

Total Cash Compensation Analysis

Issues for Consideration

Appendices

INTRODUCTION

Gallagher Integrated Healthcare Strategies

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

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

Washington Township Health Care District / Washington Hospital Healthcare System

- Washington Township Health Care District
 - Operates Washington Hospital and employs the CEO
 - Governed by a five member publicly elected Board of Directors
 - Self funded and receives no parcel or other tax revenue to fund operations
- Washington Hospital Healthcare System is a complex integrated healthcare delivery system that includes the 352-bed acute care Washington Hospital
- Washington Hospital Healthcare System's primary service area encompasses 124 square miles of Alameda County with a population of more than 320,000 residents
- Scope information is as follows:
 - Net revenue – \$483 million
 - Operating expenses – \$466 million
 - Full-time employees – 1,392

Washington Township Health Care District / Washington Hospital Healthcare System

- Washington Hospital Healthcare System includes:
 - The Institute for Minimally Invasive and Robotic Surgery
 - The Gamma Knife® Center/Taylor McAdam Bell Neuroscience Institute
 - Joint Commission Certified Stroke Program
 - American Diabetes Association (ADA) Certified Diabetes Program
 - The Cardiovascular Institute
 - The Washington Women’s Center
 - The Washington Special Care Nursery
 - Washington Outpatient Imaging Center
 - Washington Radiation Oncology Center
 - Washington Outpatient Surgery Center
 - Washington Outpatient Rehabilitation Center
 - Washington Radiation Oncology Center
 - Washington Outpatient Catheterization Laboratory
 - Washington Center for Joint Replacement
 - Washington Urgent Care
 - Washington Township Medical Foundation
 - Ohlone Student Health Center
 - Washington Properties – a 4 acre retail center
 - Medical Office Building – 1900 Mowry Avenue and 2500 Mowry Avenue
 - Washington On Wheels
 - Washington Clinic for Wound Healing and Hyperbaric Medicine

Best Practices

The IRS recommends the following best practices

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

History

- Integrated Healthcare Strategies, a division of Gallagher Benefit Services, Inc., last reviewed the base compensation of the CEO of Washington Hospital Healthcare System in 2015
 - Report and recommendations presented to Board in September 2015
 - The Chief Executive Officer's last salary increase was in 2015
- WHHS's compensation philosophy targets the CEO's base salary at around the 65th percentile of a peer group of California healthcare organizations with an opportunity to earn an incentive award of up to 20% of salary

WHHS' Request

This year Gallagher Integrated was asked to:

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

Data Source

- Gallagher Integrated developed a California peer group from our proprietary database
 - California peer group data shown in Appendix A
 - A list of California peer group organizations is included in Appendix B

Study Process

Gallagher Integrated completed the following steps:

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

BASE SALARY ANALYSIS

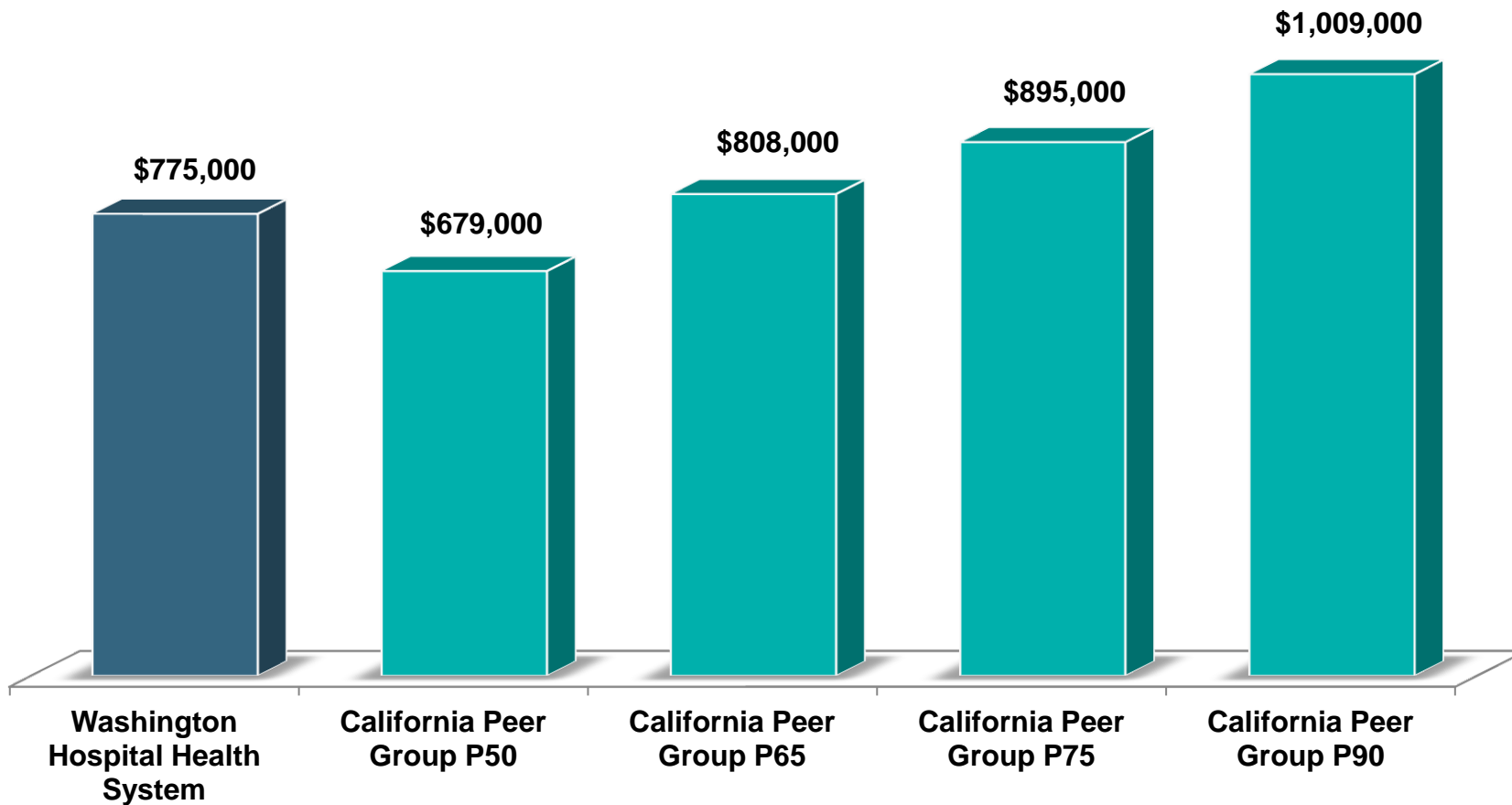
Salary Comparisons

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

WHHS CEO Salary	Peer Group P50	WHHS as a % of P50	Peer Group P65	WHHS as a % of P65	Peer Group P75	WHHS as a % of P75
\$775,000	\$679,000	114%	\$808,000	96%	\$895,000	87%

- The Chief Executive Officer's salary is positioned :
 - 14% above the California peer group P50 salary level
 - 4% below the California peer group P65 salary level
 - 13% below the California peer group P75 salary level

Salary Comparison Summary – Chief Executive Officer (Farber)



TOTAL CASH COMPENSATION ANALYSIS

Incentive Plan Analysis

Prevalence

- Over 80% of the organizations in WHHS' peer group have an annual executive incentive plan

Incentive Opportunity

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

Position	WHHS Maximum Opportunity	Median Target Opportunity	Median Maximum Opportunity
Chief Executive Officer	20%	25%	40%

- 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

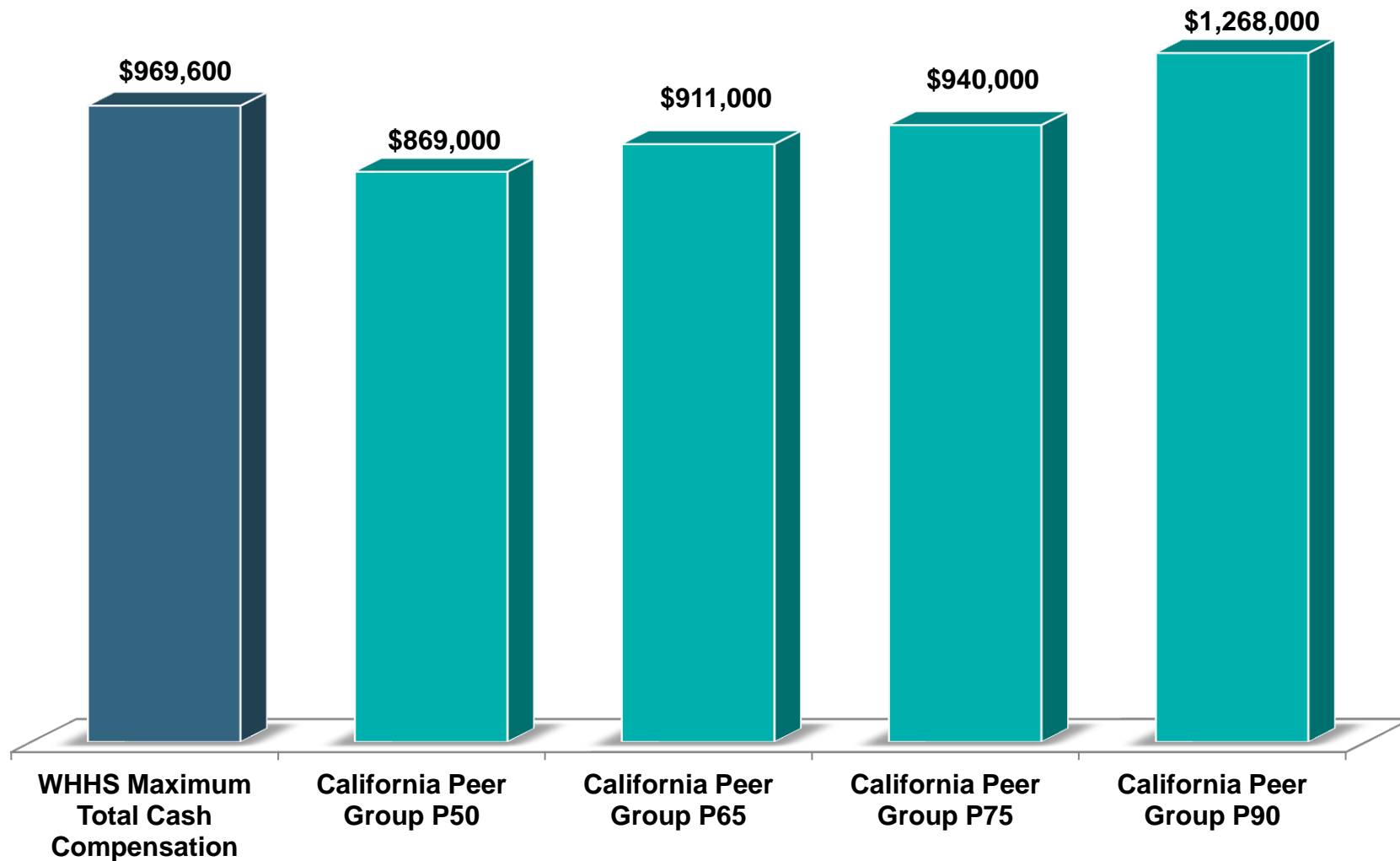
WHHS's compensation philosophy targets the CEO's base salary at the 65th percentile of the California peer group with an opportunity to earn an incentive award of up to 20% of salary

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
\$969,600	\$869,000	112%	\$911,000	106%	\$940,000	103%

- Under WHHS's compensation philosophy, the CEO's maximum total cash compensation is positioned:
 - 12% above the California peer group total cash compensation P50
 - 6% above the California peer group total cash compensation P65
 - 3% above the California peer group total cash compensation P75

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



ISSUES FOR CONSIDERATION

Executive Salary Trends

Executive salary increases

- Salary increases for 2016 averaged about 3.0%
- Gallagher Integrated and other sources are predicting average salary increases of 3.0% for 2017

Next Step

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

APPENDIX A

Market Data

Chief Executive Officer (Farber)

Washington Hospital Healthcare System

Competitive Pay Analysis

Data Effective Date: 7/1/2016

Demographics:

Net Revenue: \$483M

Position: Chief Executive Officer
 Incumbent: Nancy Farber
 Base Salary: \$775,000
 Incentive Award: \$155,000
 Total Cash Comp: \$930,000
 Position Match: Chief Executive Officer

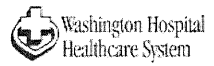
Survey	Description	n=	Base Salary				Total Cash			
			50th %ile	65th %ile	75th %ile	90th %ile	50th %ile	65th %ile	75th %ile	90th %ile
California Peer Group										
Gallagher Integrated	Systems, \$200M-\$1.5B Net Revenue, Average = \$478M	20	678.6	808.2	894.6	1009.5	869.0	911.4	939.7	1268.4
	<i>Averages:</i>		679	808	895	1009	869	911	940	1268

APPENDIX B

Peer Group List

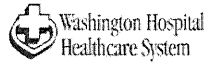
California Peer Group

System	City	St	Net Rev
Citrus Valley Health Partners	Covina	CA	\$507.1
Community Hospital of the Monterey Peninsula	Monterey	CA	\$527.4
Community Medical Centers	Clovis	CA	\$1,250.0
Community Memorial Health System	Ventura	CA	\$353.2
Cottage Health System	Santa Barbara	CA	\$751.2
Eisenhower Medical Center	Rancho Mirage	CA	\$631.0
El Camino Hospital	Mountain View	CA	\$658.0
Hollywood Presbyterian Medical Center	Los Angeles	CA	\$269.0
Huntington Hospital	Pasadena	CA	\$493.8
Kaweah Delta Health Care District	Visalia	CA	\$442.0
Marin General Hospital	San Rafael	CA	\$280.6
Methodist Hospital	Arcadia	CA	\$280.0
NorthBay VacaValley Hospital	Vacaville	CA	\$439.1
Palomar Pomerado Health	San Diego	CA	\$521.0
PIH Health	Whittier	CA	\$847.0
Pomona Valley Hospital Medical Center	Pomona	CA	\$462.7
Redlands Community Hospital	Redlands	CA	\$200.0
Salinas Valley Memorial Healthcare System	Salinas	CA	\$346.0
Valley Presbyterian Hospital	Van Nuys	CA	\$328.0
Verity Health System	Los Altos Hills	CA	\$1,090.8



WASHINGTON HOSPITAL
MONTHLY OPERATING REPORT

July 2016



**WASHINGTON HOSPITAL
INDEX TO BOARD FINANCIAL STATEMENTS
July 2016**

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



Memorandum

DATE: September 9, 2016
TO: Board of Directors
FROM: Nancy Farber
SUBJECT: Washington Hospital – July 2016
Operating & Financial Activity

SUMMARY OF OPERATIONS – (Blue Schedules)

1. **Utilization – Schedule Board 3**

<u>ACUTE INPATIENT:</u>	<u>July Actual</u>	<u>Budget</u>	<u>Current 12 Month Avg.</u>
Average Daily Census	140.1	145.4	155.5
# of Admissions	943	938	1,012
Patient Days	4,342	4,508	4,743
Discharge ALOS	4.40	4.81	4.61

<u>OUTPATIENT:</u>	<u>July Actual</u>	<u>Budget</u>	<u>Current 12 Month Avg.</u>
OP Visits	6,710	7,125	7,083
ER Visits	4,262	4,225	4,408
Observation Equivalent Days – OP	228	196	241

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

2. Staffing – Schedule Board 3

Total paid FTEs were 10.6 below budget. Total productive FTEs for July were 1,149.6, 48.4 below the budgeted level of 1,198.0. Nonproductive FTEs were 37.8 above budget. Productive FTEs per adjusted occupied bed were 6.02, 0.03 below the budgeted level of 6.05. Total FTEs per adjusted occupied bed were 7.18, 0.20 above the budgeted level of 6.98.

3. Income - Schedule Board 1

For the month of July the Hospital realized a loss of \$139,000 from operations.

Total Gross Patient Service Revenue of \$159,510,000 for July was 2.6% below budget.

Deductions from Revenue of \$122,573,000 represented 76.84% of Total Gross Patient Service Revenue. This percentage is above the budgeted amount of 76.46%.

Total Operating Revenue of \$37,432,000 was \$1,337,000 (3.4%) below the budget.

Total Operating Expense of \$37,571,000 was \$1,431,000 (3.7%) below the budgeted amount.

The Total Non-Operating Gain of \$1,575,000 for the month of July includes an unrealized loss on investments of \$166,000 and property tax revenue of \$1,364,000. This property tax revenue will be used to pay the debt service for the general obligation bonds.

The Total Net Gain for July was \$1,436,000, which was \$134,000 more than the budgeted gain of \$1,302,000.

The Total Net Gain for July using FASB accounting principles, in which the unrealized loss on investments and property tax revenues are removed from the non-operating income and expense, was \$238,000 compared to a budgeted gain of \$48,000.

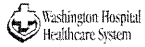
4. Balance Sheet – Schedule Board 2

Other Assets Limited As To Use dropped \$19.2 million as a result of General Obligation Bond fund reimbursement of construction expenditures.

There were no other noteworthy changes in assets and liabilities when compared to June 2016.

NANCY FARBER
Chief Executive Officer

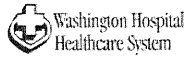
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WASHINGTON HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
 July 2016
GASB FORMAT
 (In thousands)

JULY				YEAR TO DATE				
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.		ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
				1	OPERATING REVENUE			
\$ 116,984	\$ 120,387	\$ (3,403)	-2.8%	2	INPATIENT REVENUE	\$ 116,984	\$ 120,387	\$ (3,403) -2.8%
42,526	43,454	(928)	-2.1%	3	OUTPATIENT REVENUE	42,526	43,454	(928) -2.1%
159,510	163,841	(4,331)	-2.6%	4	TOTAL PATIENT REVENUE	159,510	163,841	(4,331) -2.6%
(122,573)	(125,279)	2,706	2.2%	5	CONTRACTUAL ALLOWANCES	(122,573)	(125,279)	2,706 2.2%
76.84%	76.46%			6	CONTRACTUAL AS % OF REVENUE	76.84%	76.46%	
36,937	38,562	(1,625)	-4.2%	7	NET PATIENT REVENUE	36,937	38,562	(1,625) -4.2%
495	207	288	139.1%	8	OTHER OPERATING INCOME	495	207	288 139.1%
37,432	38,769	(1,337)	-3.4%	9	TOTAL OPERATING REVENUE	37,432	38,769	(1,337) -3.4%
				10	OPERATING EXPENSES			
15,089	15,224	135	0.9%	11	SALARIES & WAGES	15,089	15,224	135 0.9%
4,929	5,931	1,002	16.9%	12	EMPLOYEE BENEFITS	4,929	5,931	1,002 16.9%
4,139	4,510	371	8.2%	13	SUPPLIES	4,139	4,510	371 8.2%
4,849	4,991	142	2.8%	14	PURCHASED SERVICES & PROF FEES	4,849	4,991	142 2.8%
1,381	1,509	128	8.5%	15	INSURANCE, UTILITIES & OTHER	1,381	1,509	128 8.5%
3,621	3,277	(344)	-10.5%	16	PROVISION FOR DOUBTFUL ACCOUNTS	3,621	3,277	(344) -10.5%
2,736	2,736	0	0.0%	17	DEPRECIATION	2,736	2,736	0 0.0%
827	824	(3)	-0.4%	18	INTEREST EXPENSE	827	824	(3) -0.4%
37,571	39,002	1,431	3.7%	19	TOTAL OPERATING EXPENSE	37,571	39,002	1,431 3.7%
(139)	(233)	94	40.3%	20	OPERATING INCOME (LOSS)	(139)	(233)	94 40.3%
-0.37%	-0.60%			21	OPERATING INCOME MARGIN %	-0.37%	-0.60%	
				22	NON-OPERATING INCOME & (EXPENSE)			
241	219	22	10.0%	23	INVESTMENT INCOME	241	219	22 10.0%
71	0	71	0.0%	24	REALIZED GAIN/(LOSS) ON INVESTMENTS	71	0	71 0.0%
65	62	3	4.8%	25	RENTAL INCOME, NET	65	62	3 4.8%
1,364	1,254	110	8.8%	26	PROPERTY TAX REVENUE	1,364	1,254	110 8.8%
(166)	0	(166)	0.0%	27	UNREALIZED GAIN/(LOSS) ON INVESTMENTS	(166)	0	(166) 0.0%
1,575	1,535	40	2.6%	28	TOTAL NON-OPERATING INCOME & EXPENSE	1,575	1,535	40 2.6%
\$ 1,436	\$ 1,302	\$ 134	10.3%	29	NET INCOME (LOSS)	\$ 1,436	\$ 1,302	\$ 134 10.3%
3.84%	3.36%			30	NET INCOME MARGIN %	3.84%	3.36%	
\$ 238	\$ 48	\$ 190	395.8%	31	NET INCOME (LOSS) USING FASB PRINCIPLES**	\$ 238	\$ 48	\$ 190 395.8%
0.64%	0.12%				NET INCOME MARGIN %	0.64%	0.12%	

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

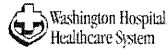


**WASHINGTON HOSPITAL
BALANCE SHEET**

July 2016
(In thousands)

SCHEDULE BOARD 2

ASSETS AND DEFERRED OUTFLOWS			LIABILITIES, NET POSITION AND DEFERRED INFLOWS				
	JULY 2016	UNAUDITED JUNE 2016		JULY 2016	UNAUDITED JUNE 2016		
CURRENT ASSETS			CURRENT LIABILITIES				
1	CASH & CASH EQUIVALENTS	\$ 42,121	\$ 38,459	1	CURRENT MATURITIES OF L/T OBLIG	\$ 5,382	\$ 5,056
2	ACCOUNTS REC NET OF ALLOWANCES	62,695	62,580	2	ACCOUNTS PAYABLE	29,548	42,079
3	OTHER CURRENT ASSETS	7,471	8,018	3	OTHER ACCRUED LIABILITIES	53,500	57,095
4	TOTAL CURRENT ASSETS	112,287	109,057	4	INTEREST	8,129	11,321
				5	TOTAL CURRENT LIABILITIES	96,559	115,551
ASSETS LIMITED AS TO USE			LONG-TERM DEBT OBLIGATIONS				
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	187,528	187,431	6	REVENUE BONDS AND OTHER	198,739	204,019
7	GENERAL OBLIGATION BOND FUNDS	175,494	184,470	7	GENERAL OBLIGATION BONDS	342,478	342,546
8	REVENUE BOND FUNDS	10,438	10,441				
9	BOND DEBT SERVICE FUNDS	14,618	25,041	OTHER LIABILITIES			
10	OTHER ASSETS LIMITED AS TO USE	15,676	15,591	10	NET PENSION LIABILITY	54,409	52,960
11	TOTAL ASSETS LIMITED AS TO USE	403,754	422,974	11	WORKERS' COMP	9,214	9,057
				12	SUPPLEMENTAL MEDICAL RETIREMENT	38,988	38,791
13	OTHER ASSETS	141,103	139,895				
14	NET PROPERTY, PLANT & EQUIPMENT	499,516	505,967	14	NET POSITION	426,852	425,416
15	TOTAL ASSETS	\$ 1,156,660	\$ 1,177,893	15	TOTAL LIABILITIES AND NET POSITION	\$ 1,167,239	\$ 1,188,340
16	DEFERRED OUTFLOWS	26,442	27,061	16	DEFERRED INFLOWS	15,863	16,614
17	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,183,102	\$ 1,204,954	17	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$ 1,183,102	\$ 1,204,954



**WASHINGTON HOSPITAL
OPERATING INDICATORS
July 2016**

12 MONTH AVERAGE	JULY						YEAR TO DATE			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
	<u>PATIENTS IN HOSPITAL</u>									
155.5	140.1	145.4	(5.3)	-4%	1	ADULT & PEDS AVERAGE DAILY CENSUS	140.1	145.4	(5.3)	-4%
7.9	7.4	6.3	1.1	17%	2	OUTPT OBSERVATION AVERAGE DAILY CENSUS	7.4	6.3	1.1	17%
10.8	9.6	10.0	(0.4)	-4%	3	WELLBORN NURSERY AVERAGE DAILY CENSUS	9.6	10.0	(0.4)	-4%
174.2	157.1	161.7	(4.6)	-3%	4	TOTAL	157.1	161.7	(4.6)	-3%
3.9	3.1	3.6	(0.5)	-14%	5	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	3.1	3.6	(0.5)	-14%
4,743	4,342	4,508	(166)	-4%	6	ADULT & PEDS PATIENT DAYS	4,342	4,508	(166)	-4%
1,012	943	938	5	1%	7	ADMISSIONS-ADULTS & PEDS	943	938	5	1%
4.61	4.40	4.81	(0.41)	-9%	8	AVERAGE LENGTH OF STAY-ADULTS & PEDS	4.40	4.81	(0.41)	-9%
	<u>OTHER KEY UTILIZATION STATISTICS</u>									
1.530	1.568	1.525	0.043	3%	9	OVERALL CASE MIX INDEX (CMI)	1.568	1.525	0.043	3%
	<u>SURGICAL CASES</u>									
134	130	135	(5)	-4%	10	JOINT REPLACEMENT CASES	130	135	(5)	-4%
24	26	29	(3)	-10%	11	NEURO SURGICAL CASES	26	29	(3)	-10%
9	15	10	5	50%	12	CARDIAC SURGICAL CASES	15	10	5	50%
229	197	187	10	5%	13	GENERAL SURGICAL CASES	197	187	10	5%
396	368	361	7	2%	14	TOTAL SURGICAL CASES	368	361	7	2%
369	363	374	(11)	-3%	15	TOTAL CATH LAB PROCEDURES	363	374	(11)	-3%
153	137	147	(10)	-7%	16	DELIVERIES	137	147	(10)	-7%
7,083	6,710	7,125	(415)	-6%	17	OUTPATIENT VISITS	6,710	7,125	(415)	-6%
4,408	4,262	4,225	37	1%	18	EMERGENCY VISITS	4,262	4,225	37	1%
	<u>LABOR INDICATORS</u>									
1,212.8	1,149.6	1,198.0	48.4	4%	19	PRODUCTIVE FTE'S	1,149.6	1,198.0	48.4	4%
180.1	221.7	183.9	(37.8)	-21%	20	NON PRODUCTIVE FTE'S	221.7	183.9	(37.8)	-21%
1,392.9	1,371.3	1,381.9	10.6	1%	21	TOTAL FTE'S	1,371.3	1,381.9	10.6	1%
5.77	6.02	6.05	0.03	0%	22	PRODUCTIVE FTE/ADJ. OCCUPIED BED	6.02	6.05	0.03	0%
6.63	7.18	6.98	(0.20)	-3%	23	TOTAL FTE/ADJ. OCCUPIED BED	7.18	6.98	(0.20)	-3%

* included in Adult and Peds Average Daily Census