



# Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111

Nancy Farber, Chief Executive Officer

## Board of Directors

Patricia Dantelson, RHIT  
Jacob Eapen, M.D.  
William F. Nicholson, M.D.  
Bernard Stewart, D.D.S.  
Michael J. Wallace

## BOARD OF DIRECTORS' MEETING

Wednesday, October 22, 2014  
6:00 p.m., Boardroom

### AGENDA

- I. CALL TO ORDER & PLEDGE OF ALLEGIANCE** Bernard Stewart, DDS  
Board Member
  - II. ROLL CALL** Christine Flores  
Executive Assistant
  - III. COMMUNICATIONS**
    - A. Oral
    - B. Written
- In accordance with Sections 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.*
- IV. CLOSED SESSION**
    - A. HUMAN RESOURCES Nancy Farber  
Discussion of Human Resources Chief Executive Officer  
Matters, pursuant to California  
Government Code Section 54956.
    - B. RISK MANAGEMENT  
Conference regarding Risk  
Management Matters, pursuant to  
Health & Safety Code Section 32155.  
  
Discussion of Claims Liabilities  
pending and anticipated Litigation,  
pursuant to Government Code Section  
54956.

- C. **STRATEGIC PLANNING**  
Discussion of Hospital Trade Secrets applicable to institution of new hospital services and facilities. No action will be taken, pursuant to Health & Safety Code Sections 1461, 1462 and 32106 and Government Code Section 54954.5(h). Likely date of release of information to be public: April 2015.
  
- D. **EMERGENCY ITEMS**  
Emergency situations may be discussed in Closed Session if agreed to by a 2/3 vote of the members of the Board present, or if less than 2/3 of the Board members are present, by a unanimous vote of the Board members present, pursuant to California Government Code Sections 54956.6 and 54957(a).

**V. OPEN SESSION**

- A. Report on Closed Session Bernard Stewart, DDS  
Board Member

**VI. ACTION**

- A. Consideration of Epic 2014 Upgrade and Epic Beaker Jacob Eapen, MD  
Board Member
  
- B. Consideration of Claim: Jackson

**VII. ADJOURNMENT**

Bernard Stewart, DDS  
Board Member

**STRATEGIC PLANNING  
PRIORITIES & PROGRESS REPORT  
October 17, 2014**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains guarded. The national employment figures continue to show improved job growth, with the national unemployment rate at its lowest level since 2008. The national housing market continues to show signs of stabilization, however national home sales have slowed as they typically do at this time of year. Meanwhile, there is renewed concern over a global economic slowdown particularly in Germany, Japan, and China, which is putting pressure on financial markets and policy makers who have limited tools left to jump-start a recovery.

The Bureau of Labor Statistics job report showed the US economy added 248,000 jobs in September as the unemployment rate fell to 5.9%, the lowest rate in six years. The better than expected September numbers have renewed the debate over the timing and trajectory of interest rate hikes by the Federal Reserve, however the Federal Reserve has not indicated that hikes are likely to come any time this year. Claims for U.S. jobless benefits declined recently by 1,000 to a seasonally adjusted 287,000. The four-week moving average, a less volatile measure, dropped 7,250 to 287,750, which is the lowest level since February 2006. The national housing market does appear to have stabilized in terms of home values, however home sales volumes have slowed. The recovery will likely remain slow, however, as sluggish wage growth and strict lending standards continue to sideline many first-time buyers. Last month, the number of properties that received a foreclosure filing in the U.S. was 7% higher than the previous month and 9% lower than the same time last year. Home sales were down 7% compared with the previous month, and down 41% compared to a year ago.

The California economy continues to show signs of recovery in August (state unemployment data lags national data by a month), as the state added more than 44,200 jobs. California's unemployment rate was unchanged at 7.4%. Job growth in California, where at the same time last year the unemployment rate was 8.9%, is outpacing the rest of the country. Last month, the number of properties that received a foreclosure filing in California was the same as the previous month and 12% lower than the same time last year. Home sales were down 10% compared with the previous month, and down 41% compared with a year ago.

Locally, the District's unemployment rate increased in August, (local unemployment data lags national data by a month), increasing to 5.1% from 4.6% in the previous month. Just over 9,300 District residents in the labor force are unemployed. Foreclosure activity in the District increased last month to 53 foreclosures, up from 35 in the previous month. Home sales figures in the District mirror the slowdown seen at the national and state levels.

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**

### **Federal Legislature**

#### *The Improving Medicare Post-Acute Care Transformation Act of 2014*

This month, President Obama signed into law the Improving Medicare Post-Acute Care Transformation (IMPACT) Act of 2014. The bipartisan bill was designed to increase quality, transparency and accountability in post-acute care for Medicare beneficiaries. The Act would require post-acute care providers, including long-term acute care hospitals, inpatient rehabilitation facilities, skilled-nursing facilities and home health agencies, to collect and report standardized assessment data as a first step in developing recommendations for alternative post-acute care payment models. Additionally, the legislation includes new survey and medical review requirements for hospices. These provisions will be implemented between 2016 and 2022.

### **CA Legislature**

The second year of the two-year session is complete, with the Governor needing to have signed bills by September 30. Political focus has now shifted towards this year's elections and statewide initiatives such as Proposition 46.

A few bills worth highlighting this session include:

#### **SB 455 (Hernandez) General Acute Care Hospitals: Nurse-to-Patient Ratios**

The Governor vetoed this bill. This bill would have, with respect to the patient classification system, required that a committee for each general acute care hospital review the reliability of the system for validating staffing requirements at least annually to determine whether the system accurately measures patient care needs. In addition, during every periodic state inspection of a general acute care hospital, the department would have needed to inspect for compliance with the established nurse-to-patient ratios.

#### **SB 1311 (Hill) Hospitals: Antimicrobial Stewardship**

The Governor signed this bill. The bill requires all general acute care hospitals to adopt and implement, by July 1, 2015, an antimicrobial stewardship policy in accordance with guidelines established by the federal government and professional organizations and must include a process to evaluate the judicious use of antibiotics, as specified.

#### **SB 1276 (Hernandez) Health Care: Fair Billing Policies**

The Governor signed this bill. The bill requires a hospital to negotiate with a patient regarding a payment plan, taking into consideration the patient's family income and essential living expenses. This bill requires the hospital to use a specified formula to create

a reasonable payment plan if the hospital and the patient cannot agree to a payment plan. This bill changes the definition of a person with high medical costs to include those persons who do receive a discounted rate from the hospital as a result of 3rd-party coverage.

### **SB 906 (Correa) Elective Percutaneous Coronary Intervention (PCI) Program**

The Governor signed this bill. The bill creates the Elective Percutaneous Coronary Intervention Program in the State Department of Public Health to certify an unlimited number of general acute care hospitals that are licensed to provide urgent and emergent cardiac catheterization laboratory service in California, and that meet prescribed, additional criteria, to perform scheduled, elective PCI. The bill authorizes a hospital that was participating in the Elective PCI Pilot Program as of December 31, 2014, to continue to perform elective PCI, but requires the hospital to obtain a certification under the bill's provisions by January 1, 2016.

## **II. FOUNDATION**

### **Capital Campaign**

To date, \$5.1 million has been raised for the Critical Care Campaign, which represents 85 percent of the \$6 million goal.

### **IJRR Research and Education Fund**

The Foundation's fund to support the research and education function within the IJRR currently has \$70,000 in contributions. The Foundation is now underwriting the cost of a contracted data coordinator working part-time in the IJRR. Dr. Sah has identified several research projects for the Foundation to support within the IJRR.

### **Top Hat Dinner Dance**

The Top Hat dinner dance took place on October 11. 703 guests attended the event. Foundation staff is currently totaling income and expenses for the event.

### **Wayne and Gladys Valley Foundation**

The Foundation will be working to make a grant submission to the Valley Foundation for a large capital grant to support the construction and equipping of the hybrid operating rooms planned for the Morris Hyman Critical Care Building. The aim is to submit the grant application in early November, in time for the Valley Foundation's board meeting in December.

### **Trees of Angels**

Foundation staff has begun to work on securing permitting for the tent at the McDonald's Restaurant on Mission Boulevard.



# Washington Hospital Healthcare System

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www.whhs.com

## DEVCO FINANCIAL STATEMENTS

Reporting Period 2

Month of August 2014

*Nancy Farber, Chief Executive Officer*

Washington Township Health Care District • Washington Hospital • Washington Urgent Care  
Washington Radiation Oncology Center • Washington Outpatient Surgery Center  
Washington Cardiovascular Institute • Washington Outpatient Rehabilitation Center • Institute for Joint Restoration and Research  
Taylor McAdam Bell Neuroscience Institute • Institute for Minimally Invasive and Robotic Surgery  
Sandy Amos R.N. Infusion Center • Washington Outpatient Imaging Center • Washington Women's Center

**Washington Township Hospital District  
Development Corporation  
Combined Income Statement  
August 2014**

Current Month					Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)		
		Variance	%				Variance	%	
3,524	3,537	(13)	(0.4%)	(1) Visits	7,091	7,022	69	1.0%	
230	240	(10)	(4.2%)	(2) Treatments & Procedures	600	603	(3)	(0.5%)	
3,754	3,777	(23)	(0.6%)	(3) Total	7,691	7,625	66	0.9%	
				Gross Revenue					
3,792,374	3,948,112	(155,738)	(3.9%)	(4) Patient Revenue	8,577,449	7,983,765	593,684	7.4%	
757,613	767,768	(10,155)	(1.3%)	(5) Other Revenue	1,551,158	1,563,620	(12,462)	(0.8%)	
4,549,987	4,715,880	(165,893)	(3.5%)	(6) Total Gross Revenue	10,128,607	9,547,385	581,222	6.1%	
				Deductions					
2,099,650	2,007,037	(92,613)	(4.6%)	(9) Total Deductions	4,804,233	4,056,373	(747,860)	(18.4%)	
55.4%	50.8%	(4.5%)		Contractual Percentage	56.0%	50.8%	(5.2%)		
2,450,337	2,708,843	(258,506)	(9.5%)	(10) Net Revenue	5,324,374	5,491,012	(166,638)	(3.0%)	
				Expenses					
878,881	855,357	(23,524)	(2.8%)	(11) Salaries	1,840,461	1,719,795	(120,666)	(7.0%)	
268,352	287,643	19,291	6.7%	(12) Benefits	564,545	576,910	12,365	2.1%	
291,461	330,119	38,658	11.7%	(13) Supplies	605,089	649,710	44,621	6.9%	
42,389	42,325	(64)	(0.2%)	(14) Contract Mgmt Services	80,989	84,650	3,661	4.3%	
150,796	176,669	25,873	14.6%	(15) Professional Fees	320,208	415,073	94,865	22.9%	
240,027	233,992	(6,035)	(2.6%)	(18) Purchased Services	411,783	412,349	566	0.1%	
14,129	15,667	1,538	9.8%	(19) Legal and Audit	19,539	31,334	11,795	37.6%	
77,232	76,668	(564)	(0.7%)	(20) Depreciation and Amort	159,304	158,722	(582)	(0.4%)	
24,582	20,009	(4,573)	(22.9%)	(21) Utilities	47,011	42,868	(4,143)	(9.7%)	
418,922	414,822	(4,100)	(1.0%)	(25) Building Lease	801,763	832,921	31,158	3.7%	
81,189	82,917	1,728	2.1%	(28) Other Expenses	154,439	156,075	1,636	1.0%	
2,487,960	2,536,188	48,228	1.9%	(29) Total Expenses	5,005,131	5,080,407	75,276	1.5%	
(37,623)	172,655	(210,278)	(121.8%)	(30) Net Operating Income/Loss	319,243	410,605	(91,362)	(22.3%)	
70,291	157,144	86,853	55.3%	(31) Minority Interest	285,829	308,740	22,911	7.4%	
(107,914)	15,511	(123,425)	(795.7%)	(32) Net Income	33,414	101,865	(68,451)	(67.2%)	



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# Memorandum

**DATE:** October 20, 2014

**TO:** Nancy Farber, Chief Executive Officer

**FROM:** Ed Fayen, Sr. Associate Administrator  
System Operations & Management Support Services

**SUBJECT:** **Epic 2014 Upgrade & Beaker Project**

We implemented the Epic integrated Electronic Health Record on July 1, 2013. It was Epic version 2010. Epic upgrades are produced every 18-24 months. Owners of the Epic Electronic Health Record do not have to pay for upgrades, but the costs for implementation of upgrades are at the owner's expense. We considered upgrading our system to Epic 2012 but decided to forestall that upgrade because Epic 2014 has more significant improvements.

The Epic 2014 Upgrade improvements include the following: 1) a Bed Planning module; 2) physician documentation with auto-charge capture; 3) streamlined Medication Reconciliation with transfers and discharges; 4) improved barcode medication tools; and 5) improved charge capture through upgraded workflows.

In addition, Epic 2014 has to be in place before we can implement the Epic Beaker System. Epic Beaker is the laboratory software that we recommend implementing. We currently have the HLAB system, which is a McKesson software product. HLAB is an outdated product that has a long history of problems. It has been unreliable and is expensive to operate and maintain. The Beaker Lab Software System is part of the Epic Suite of products and will be more integrated with the rest of the electronic health record. Beaker will minimize manual entry and be installed on the stable Epic hardware platform.

Another factor to keep in mind is that the current HLAB product does not meet Meaningful Use Stage 2 requirements that we need to be compliant with by October 1, 2015. Epic Beaker will meet these requirements.

The hospital's capital project cost to upgrade Epic to the 2014 version is as follows:

Hardware & Software	\$ 189,428
Labor	\$ 4,535,856
Contingency	\$ 509,246
<hr/> Total Epic 2014 Upgrade Cost	<hr/> <b>\$ 5,234,530</b>



The hospital's capital project cost to implement Epic Beaker software is as follows:

Hardware & Software	\$ 488,388
Labor	\$ 3,611,680
Contingency	\$ 612,252
<hr/> Total Epic Beaker Implementation Cost	<hr/> <b>\$ 4,712,320</b>

The total for both the Epic 2014 Upgrade and Epic Beaker implementation project is **\$9,946,850**. These projects were included in the Fiscal Year 2015 Capital Project Budget.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of the hardware, software and implementation services for Epic 2014 and Epic Beaker for a total amount not to exceed **\$9,946,850**.

EF/mm/mlc