



Washington Township Health Care District

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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, October 25, 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 with Legal Counsel-Anticipated
Litigation pursuant to Government Code
section 54956.9(d)(2) (1 matter)

B. Conference involving a trade secret pursuant to
Health & Safety Code section 32106

C. Report on personnel matters, Cal Gov. Code
Section 54957 | Nancy Farber
Chief Executive Officer |
| V. OPEN SESSION

Report on Closed Session | William Nicholson
Board Member |
| VI. ADJOURNMENT | William Nicholson
Board Member |

STRATEGIC PLANNING

PRIORITIES & PROGRESS REPORT

October 20, 2017

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic. National labor figures showed the first job losses in seven years recently; however, unemployment claims remain at historically low levels. The U.S. economic output grew at an annualized rate of 3.1% in the second quarter of the year, indicating that the economy at its core is stable as steady job growth and a booming stock market encourage households to spend.

The Bureau of Labor Statistics job report showed the U.S. economy lost 33,000 jobs in September, as the unemployment rate ticked down to a 16-year low of 4.2% from 4.4% in the previous month. The dismal jobs report is primarily due to the impact of the recent hurricanes in Texas and Florida, and the decline in the unemployment rate, despite the negative growth in jobs, is likely due to individuals dropping out of the labor market. This is the first monthly decline in net employment in seven years, however economists are not overly concerned given the impact from recent natural disasters is expected to be a short-term issue. A positive component of the jobs report was wage growth, which showed an annualized growth rate of 2.9%. Claims for U.S. jobless benefits remain at historically low levels, coming in at 243,000 recently. The four-week moving average, a less volatile measure, fell to 257,500. The national housing market remains strong with demand continuing to outpace supply, however, market activity is expected to slow as we head into the holiday season.

The California economy is beginning to show potential signs of slowing down, as the latest jobs report showed payroll jobs decreased in August (state unemployment data lags national data by a month) by 8,200 jobs as the state's unemployment rate ticked up to 5.1% from 4.8% in the previous month. This is the third month in the last five months that California has posted negative job growth. Since January, the state has added 124,600 jobs, which is 70,900 fewer than it did during the same period a year earlier. As was the case in previous reports, the California housing market remains strong but rising prices remain an issue amidst strong demand that continues to outpace supply.

Locally, the District's unemployment rate remained steady in August (local unemployment data lags national data by a month) at 3.7%. Just over 6,975 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 Governor had until October 15 to sign or veto bills, and the Governor signed 859 bills into law and vetoed 118.

Some of the bills worth highlighting include:

SB 432 (Pan) Emergency Medical Services

The Governor signed this bill into law. The Prehospital Emergency Medical Care Personnel Act requires a county health officer to immediately notify prehospital emergency medical care personnel that they have been exposed to a reportable disease or condition that the county health officer determines can be transmitted through oral contact or bodily secretions. This bill requires the health facility infection control officer to give that notice immediately to a designated officer upon determining that the person to whom the prehospital emergency medical care personnel provided emergency medical or rescue services is diagnosed as being afflicted with a reportable communicable disease or condition and to give notice to the county health officer with the name and telephone number of the prehospital emergency medical care personnel.

SB 687 (Skinner) Health Facilities: Emergency Services

The Governor vetoed this bill. This bill would have required nonprofit organizations that provide emergency services to obtain the attorney general's written consent before reducing the level of services provided. These provisions would have been applied retroactively to January 2015 and the bill would have also prohibited the licensure of freestanding emergency rooms that are not part of a hospital. The Governor's veto message stated that "[a] hospital's decision to reduce or eliminate emergency services poses real challenges for a community. This is why current law requires public notice prior to a hospital taking such an action. Removing a hospital's authority to determine emergency service needs, however, will not solve the underlying financial issues that typically force these decisions. An Attorney General decision to prohibit a reduction or elimination of these services may hasten the reduction of other services or closure of the entire hospital. For this reason, I cannot sign this bill."

AB 402 (Thurmond) Occupational Safety and Health Standards: Plume

The Governor vetoed this bill. This bill would have required Cal/OSHA to convene by June 1, 2018, an advisory committee to develop regulations requiring hospitals to evacuate or remove plume (noxious airborne contaminants generated as byproducts from specific devices used during surgical procedures). The proposed regulations would have been required to be submitted to the Cal/OSHA Standards Board by June 1, 2019, and the board would have been required to adopt regulations by July 1, 2020. The Governor's veto message stated "[the] creation of new occupational safety and health standards does not require legislation; any member of the public may petition the Standards Board to consider creating a new safety regulation. I agree that the state should evaluate the need for a standard to address the health and safety hazards posed by plume and I suggest that the Author and Sponsor petition the Standards Board to initiate that process."

SB 17 (Hernandez) Health care: Prescription Drug Costs

The Governor signed this bill into law. This bill directs pharmaceutical companies to notify state agencies and insurers 60 days in advance if they plan to raise prices more than 16% over 2 years on drugs with a wholesale cost of at least \$40.

Federal Legislature

Last week, the Trump Administration directed that cost-sharing reduction (CSR) payments provided for under the Affordable Care Act (ACA) must stop immediately in the absence of any valid appropriation that could be used to fund them. In anticipation of this action, Covered California's final rates for the 2018 plan year include a surcharge on Silver-tier products. The surcharge will apply only to the silver-level plans, the second-least expensive option among the exchange's four tiers of coverage, because only people enrolled in silver plans benefit from the cost-sharing subsidies that Trump has terminated. The average surcharge rate is 12.4%, although the surcharge will vary for each health insurance company and will range from 8% to 27%.

Covered California's analysis of the CSR surcharge's impact found that 78% of subsidized consumers would either see no change in what they would pay for insurance in 2018 or would pay less than what they would have paid if there had been no CSR surcharge. The reason Covered California projects these consumers will not see a change in what they pay for insurance is because the amount these consumers are required to contribute towards premiums is capped at a percentage of income. In addition, Covered California has adopted policy changes so that consumers not eligible for subsidies can avoid the CSR surcharge by switching to non-silver plans or by purchasing nearly identical silver plans without the CSR surcharge that are offered in the broader individual market outside of Covered California. The remaining 22% will see some form of higher net premium, and about half of them will see an increase of less than \$25 per month.

II. FOUNDATION

Critical Care Capital Campaign

The capital campaign has been under way for over a year now and has raised \$3.18 million from thirty gifts. Currently community members capable of making significant leadership gifts to the campaign are being solicited. Major donor prospects are being taken for tours of the Hyman Pavilion worksite.

The employee fundraising campaign is underway. The Management Staff Committee Chairs have been recruited, and they are soliciting their colleagues.

Top Hat XXXI

The Foundation's annual Top Hat dinner dance took place on October 14. Proceeds from the event have been earmarked to support the Radiation Oncology Program. Almost 650 attendees joined us for the event. Final numbers for the event have not yet been compiled.



DEVCO FINANCIAL STATEMENTS

Reporting Period 2

Month of August 2017

Nancy Farber, Chief Executive Officer

Washington Township Health Care District • Washington Hospital • Washington Urgent Care
Washington Radiation Oncology Center • Washington Outpatient Surgery Center
Washington Heart Program • Washington Outpatient Rehabilitation Center • Washington Center for Joint Replacement
Taylor McAdam Bell Neuroscience Institute • Institute for Minimally Invasive and Robotic Surgery
Washington Outpatient Imaging Center • Washington Women's Center

**Washington Township Hospital
Development Corporation
Summary Income Statement
August 2017**

Current Month				Year - To - Date			
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)	
		Variance	% Variance			Variance	% Variance
3,475	3,438	37	1.1%	6,651	6,479	172	2.7%
236	269	(33)	(12.3%)	450	530	(80)	(15.1%)
3,711	3,707	4	0.1%	7,101	7,009	92	1.3%
				Gross Revenue			
3,386,905	3,790,510	(403,605)	(10.6%)	6,734,095	7,266,801	(532,706)	(7.3%)
787,914	788,983	(1,069)	(0.1%)	1,544,761	1,552,507	(7,746)	(0.5%)
4,174,819	4,579,493	(404,674)	(8.8%)	8,278,856	8,819,308	(540,452)	(6.1%)
				Deductions			
1,638,687	1,964,440	325,753	16.6%	3,249,624	3,786,901	537,277	14.2%
48.4%	51.8%	3.4%		48.3%	52.1%	3.8%	
2,536,132	2,615,053	(78,921)	(3.0%)	5,029,232	5,032,407	(3,175)	(0.1%)
				Expenses			
787,544	785,412	(2,132)	(0.3%)	1,560,249	1,527,302	(32,947)	(2.2%)
252,224	263,378	11,154	4.2%	492,157	519,641	27,484	5.3%
285,236	356,622	71,386	20.0%	564,333	661,119	96,786	14.6%
295,215	281,947	(13,268)	(4.7%)	557,556	574,377	16,821	2.9%
210,637	185,619	(25,018)	(13.5%)	397,157	386,019	(11,138)	(2.9%)
81,945	81,658	(287)	(0.4%)	163,715	162,103	(1,612)	(1.0%)
28,974	25,744	(3,230)	(12.5%)	54,459	50,850	(3,609)	(7.1%)
404,724	433,563	28,839	6.7%	838,545	866,149	27,604	3.2%
138,088	136,286	(1,802)	(1.3%)	260,358	260,833	475	0.2%
2,484,587	2,550,229	65,642	2.6%	4,888,529	5,008,393	119,864	2.4%
51,545	64,824	(13,279)	(20.5%)	140,703	24,014	116,689	485.9%
59,887	87,267	27,380	31.4%	173,255	127,436	(45,819)	(36.0%)
(8,342)	(22,443)	14,101	62.8%	(32,552)	(103,422)	70,870	68.5%