



# Washington Township Health Care District

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

*Kimberly Hartz, Chief Executive Officer*

## *Board of Directors*

*Jacob Eapen, MD*

*William F. Nicholson, MD*

*Bernard Stewart, DDS*

*Michael J. Wallace*

*Jeannie Yee*

## **BOARD OF DIRECTORS' MEETING**

**Wednesday, July 24, 2019– 6:00 P.M.**

**Board Room, 2000 Mowry Avenue**

### **AGENDA**

#### **PRESENTED BY:**

- |  |   |
|--|---|
| <b>I. CALL TO ORDER &amp;<br/>PLEDGE OF ALLEGIANCE</b>   | Bernard Stewart<br>Board Member           |
| <b>II. ROLL CALL</b>   | Dee Antonio<br>District Clerk             |
| <b>III. COMMUNICATIONS</b>   |   |
| A. Oral  |   |
| B. Written   |   |
| <b>IV. CLOSED SESSION</b>  |   |
| A. Conference with Legal Counsel-Existing<br>Litigation pursuant to Government Code<br>section 54956.9(d)(2) | Kimberly Hartz<br>Chief Executive Officer |
| B. Conference involving a trade secret pursuant<br>to Health & Safety Code section 32106                     |   |
| C. Report on personnel matters, Cal Gov. Code<br>Section 54957   |   |
| <b>V. OPEN SESSION</b>   |   |
| Report on Closed Session   | Bernard Stewart<br>Board Member           |
| <b>VI. ADJOURNMENT</b>   | Bernard Stewart<br>Board Member           |

**DEVCO  
FINANCIAL STATEMENTS**

Reporting Period 11

Month of May 2019

**Washington Township Hospital  
Development Corporation  
Summary Income Statement  
May 2019**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	%				Variance	%
3,576	3,684	(108)	(2.9%)	(1) Visits	37,540	39,216	(1,676)	(4.3%)
251	207	44	21.3%	(2) Treatments & Procedures	2,981	2,802	179	6.4%
<b>3,827</b>	<b>3,891</b>	<b>(64)</b>	<b>(1.6%)</b>	(3) Total	<b>40,521</b>	<b>42,018</b>	<b>(1,497)</b>	<b>(3.6%)</b>
				Gross Revenue				
4,080,920	4,840,822	(759,902)	(15.7%)	(4) Patient Revenue	42,828,921	49,767,104	(6,938,183)	(13.9%)
760,653	838,304	(77,651)	(9.3%)	(5) Other Revenue	9,206,406	9,322,238	(115,832)	(1.2%)
<b>4,841,573</b>	<b>5,679,126</b>	<b>(837,553)</b>	<b>(14.7%)</b>	(6) Total Gross Revenue	<b>52,035,327</b>	<b>59,089,342</b>	<b>(7,054,015)</b>	<b>(11.9%)</b>
				Deductions				
2,099,151	2,464,340	365,189	14.8%	(7) Total Deductions	22,688,961	24,535,952	1,846,991	7.5%
51.4%	50.9%	(0.5%)		Contractual Percentage	53.0%	49.3%	(3.7%)	
<b>2,742,422</b>	<b>3,214,786</b>	<b>(472,364)</b>	<b>(14.7%)</b>	(8) Net Revenue	<b>29,346,366</b>	<b>34,553,390</b>	<b>(5,207,024)</b>	<b>(15.1%)</b>
				Expenses				
929,213	882,538	(46,675)	(5.3%)	(9) Purchased Labor	9,425,508	9,433,003	7,495	0.1%
292,657	308,383	15,726	5.1%	(10) Purchased Benefits	3,017,801	3,330,133	312,332	9.4%
342,719	377,959	35,240	9.3%	(11) Supplies	3,456,625	4,046,145	589,520	14.6%
273,028	280,709	7,681	2.7%	(12) Professional Fees	3,051,308	2,996,046	(55,262)	(1.8%)
247,983	228,791	(19,192)	(8.4%)	(13) Purchased Services	2,262,617	2,397,260	134,643	5.6%
103,376	125,762	22,386	17.8%	(14) Depreciation and Amort	1,004,752	1,136,603	131,851	11.6%
24,144	24,428	284	1.2%	(15) Utilities	245,711	256,771	11,060	4.3%
356,091	406,147	50,056	12.3%	(16) Building Lease	4,763,603	4,768,312	4,709	0.1%
115,333	121,841	6,508	5.3%	(17) Other Expenses	1,381,347	1,420,658	39,311	2.8%
<b>2,684,544</b>	<b>2,756,558</b>	<b>72,014</b>	<b>2.6%</b>	(18) Total Expenses	<b>28,609,272</b>	<b>29,784,931</b>	<b>1,175,659</b>	<b>3.9%</b>
57,878	458,228	(400,350)	(87.4%)	(19) Net Operating Income/Loss	737,094	4,768,459	(4,031,365)	(84.5%)
87,277	266,852	179,575	67.3%	(20) Minority Interest	625,790	2,725,524	2,099,734	77.0%
<b>(29,399)</b>	<b>191,376</b>	<b>(220,775)</b>	<b>(115.4%)</b>	(21) Net Income/Loss	<b>111,304</b>	<b>2,042,935</b>	<b>(1,931,631)</b>	<b>(94.6%)</b>

**STRATEGIC PLANNING**  
**PRIORITIES & PROGRESS REPORT**  
**July 19, 2019**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains cautiously optimistic, but guarded. The national labor market data showed stronger than expected hiring recently, unemployment claims remain at historically low levels, and wages continued to show favorable annual growth. Global economic indicators, however, continue to point to a general slowdown in international economic growth, as ongoing trade tensions continue to impact key economies in Asia and Europe. China, for example, recently reported its lowest quarterly economic growth in 27 years.

The Bureau of Labor Statistics job report showed the U.S. economy created 224,000 jobs in June, coming in well above the anticipated 165,000 new jobs predicted by economists, as the unemployment rate edged higher to 3.7% from 3.6% the previous month. Hourly wage growth showed year-over-year growth of 3.1%, the ninth straight month above 3.0% as wage growth continues to outpace inflation. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 209,000, the lowest level in over three months. The four-week moving average, a less volatile measure, declined to 219,250. The national housing market continues to show preliminary signs of market normalization, as housing price growth continues to dampen across the county. However, interest rates remain low and the typically busy summer housing market is likely to result in a pick-up in sales activity over the coming months.

The California economy showed continued hiring in May (state unemployment data lags national data by a month), as the economy added 19,400 jobs and the state's unemployment rate declined to 4.2% from 4.3% in the previous month. California remains one of the top performing economies in the United States, however economists continue to monitor the data for potential impacts from ongoing international trade discussions. The California housing market continues to remain generally strong overall, and similar to the national housing market, we can expect an increase in sales activity over the summer months amid increasingly tight housing supply.

Locally, the District's unemployment rate declined in May (local unemployment data lags national data by a month) decreasing to 2.3% from 2.4% in the previous month. Approximately 4,400 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**

All bills being considered were required to pass out of policy committees by July 12 and the Legislature is now on recess until August 12. All bills that will go to the Governor's desk must pass out of the Legislature by September 13, and then the Governor must sign or veto bills by October 13.

Last month the Legislature passed the budget bill for next fiscal year, which the Governor has now signed. The budget includes a record level of spending of more than \$215 billion and also includes growing the state reserves to more than \$19 billion. The Governor also paid down \$9 billion, over four years, of unfunded pension liabilities and used \$4.5 billion to eliminate additional state debt. The Governor continued to voice the view of facing a recession sometime in the near future, and his budget reflects this view. Next year's State budget does include a number of provisions relevant to health care:

- \$1.45 billion in enhancing insurance subsidies for low income individuals and creating new subsidies for middle-income individuals earning up to \$72,000 a year. These funds will come primarily from the state enforcing an individual mandate.
- Expands Medi-Cal coverage to undocumented individuals ages 19 through 25.
- \$100 million for Whole Person Care Pilot Programs to increase housing for homeless mentally ill individuals as well as \$20 million for counties without Whole Person Care Pilot Programs to provide similar services.
- \$20 million to establish a grant program for hospitals to apply for up to \$50,000 to place peer navigators in emergency departments to help connect patients with addiction issues to treatment programs. This program will be administered by DHCS.
- \$120 million from Prop 56 funds towards the medical provider loan repayment program. This is in addition to the \$220 million included in last year's budget. This program provides for up to \$300,000 in debt relief in exchange for meeting certain criteria such as maintaining a patient caseload of at least 30% Medi-Cal patients, being in good standing with state licensing boards and other service time obligations. The first round of awards was just announced, with 247 physicians receiving awards. Applications for the next round of awards will be accepted starting in January of 2020.

Staff continues to monitor the bills that have been introduced, and some of the bills worth highlighting include:

### **AB 329 (Rodriguez) Hospitals, Assaults and Batteries**

This is Washington's sponsored bill. It did not pass out of the Senate Public Safety Committee and is now a 2-year bill. The Senate Committee, and the Legislature in general, is hesitant to pass bills that increase jail sentences due to an already crowded state prison population. Washington will continue to work with Assembly member Rodriguez and his staff to amend the bill as appropriate for next year's legislative session in order to increase the criminal penalties and fines for assaults against all health care workers engaged in providing services inside a hospital, including the emergency department.

**SB 758 (Portantino) Hospitals: Seismic Safety**

This bill did not pass out of the Assembly Health Committee and is now a 2-year bill. As reported previously, The Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 establishes, under the jurisdiction of the Office of Statewide Health Planning and Development, a program of seismic safety building standards for certain hospitals. The Legislature has indicated they intend to evaluate seismic safety building standards applicable to hospitals, and this bill was amended last month to require hospitals to report specific information regarding seismic compliance to the State by January 2020 and January 2021. Now that the bill is a 2-year bill, these dates will be adjusted when the bill is amended in the future. The California Hospital Association continues to work with key stakeholders on specific language to potentially update the 2030 seismic requirements, and an amended version of the bill is anticipated during the start of the next legislative session in 2020.

**AB 1611 (Chiu) Emergency Hospital Services: Costs**

This bill did not pass out of the Senate Health Committee and is now a 2-year bill. This bill would require a health care service plan contract or insurance policy issued, amended, or renewed on or after January 1, 2020, to provide that if an enrollee or insured receives covered services from a non-contracting hospital, the enrollee or insured is prohibited from paying more than the same cost sharing that the enrollee or insured would pay for the same covered services received from a contracting hospital. The bill would require a health care service plan or insurer to pay a non-contracting hospital for emergency services rendered to an enrollee or insured pursuant to a specified formula, would require a non-contracting hospital to bill, collect, and make refunds in a specified manner, and would provide a dispute resolution procedure if any party is dissatisfied with payment.

**SB 227 (Leyva) Health and Care Facilities: Inspections and Penalties**

This bill passed out of the Assembly Health Committee and currently sits in the Assembly for a floor vote before September 13. Existing law generally requires the State Department of Public Health to license, regulate, and inspect health and care facilities. Existing law specifically requires the department to adopt regulations that require a general acute care hospital, an acute psychiatric hospital, and a special hospital to meet minimum nurse-to-patient ratios and assign additional staff according to a documented patient classification system for determining nursing care requirements. Existing law also generally requires the department to periodically inspect every health facility for which a license or special permit has been issued for compliance with state laws and regulations. This bill would require the periodic inspections of these specified health facilities to include reviews of compliance with the nurse-to-patient ratios and staff assignment regulations described above. The bill would require the department to ensure that these inspections are not announced in advance of the date of inspection, and would also increase financial penalties for failure to meet the required nurse-to-patient ratios.

### **Federal Legislature**

Earlier this year, a Federal judge in Texas ruled that the entire Affordable Care Act was invalid. That decision was appealed to the 5th Circuit Court of Appeals, and the three judge panel heard oral arguments this week. The heart of the case, *Texas v. United States*, goes back to the Supreme Court's *NFIB v. Sebelius* decision which determined that the individual mandate (requirement to have insurance or pay a fine) is not a proper exercise of Congress' commerce clause power, but is justified as an exercise of Congress' power to impose taxes. But since Congress in the 2017 tax bill reduced the tax penalty to zero dollars, the plaintiffs argue that the mandate in the bill is no longer constitutional. And because the ACA does not contain what is known as a "severability clause" (a legislative statement that, if any part of a law is struck down, Congress intends that the rest remain in force) the court must invalidate the entire ACA. The 5<sup>th</sup> Circuit Court of Appeals judges did not indicate when a ruling would be issued, however staff will continue to monitor this case closely due to the potential implications to the District and the Healthcare System.

## **II. FOUNDATION**

### **Critical Care Capital Campaign**

The Critical Care Campaign has raised a total of \$5.61 million. The Foundation is now focusing on raising funds for a new MRI machine for the Hyman Pavilion.

### **Top Hat Dinner Dance**

The Foundation will host the annual Top Hat dinner dance on Saturday, October 12 in the tent at Washington West. Proceeds from this, the 33<sup>rd</sup> annual Top Hat, have been designated to support the 3-D Mammography Program. Sponsorship solicitations have begun and we have raised just over \$79,000 so far. The co-chairs will be Kimberly Petersen, the police chief of the City of Fremont, and Drs. Rohit and Seema Sehgal.

### **Other Fundraising Activities**

The Foundation submitted a \$500,000 grant application to the Stupski Foundation to support an outpatient palliative care program. Staff hope to hear back from the Stupski Foundation in mid-August.