



# 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, September 25, 2019– 6:00 P.M.**

**Board Room, 2000 Mowry Avenue**

### **AGENDA**

#### **PRESENTED BY:**

- |  |   |
|--|---|
| <b>I. CALL TO ORDER &amp; 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 Litigation pursuant to Government Code section 54956.9(d)(2) | Kimberly Hartz<br>Chief Executive Officer |
| B. Conference involving a trade secret pursuant to Health & Safety Code section 32106                  |   |
| <b>V. OPEN SESSION</b>   |   |
| Report on Closed Session   | Bernard Stewart<br>Board Member           |
| <b>VI. ADJOURNMENT</b>   | Bernard Stewart<br>Board Member           |

**STRATEGIC PLANNING**  
**PRIORITIES & PROGRESS REPORT**  
**September 20, 2019**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains optimistic, but guarded. The national labor market had lower hiring than anticipated recently, however, unemployment claims remain at historically low levels while wages continue to show favorable annual growth. Global economic indicators continue to point to a general slowdown in international economic growth, particularly in key Asian and European economies, as ongoing trade tensions continue to impact international economics. Economists generally anticipate that the Federal Reserve is likely to reduce target interest rates by an additional quarter point when they meet later this month, as early indications of an eventual recession continue to mount.

The Bureau of Labor Statistics job report showed the U.S. economy created 133,000 jobs in August, as the unemployment rate remained at 3.7%. Hourly wage growth showed year-over-year growth of 3.2%, the eleventh 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 215,000. The four-week moving average, a less volatile measure, declined slightly to 214,500. U.S. second-quarter gross domestic product (GDP) growth recently had a downward revision to 2.0% annualized growth from 2.1%, well below the 3.1% annualized rate for the same quarter last year. The national housing market continues to show signs of softening as housing price growth stabilizes across the country with some areas seeing a small decline in overall market prices, despite generally low mortgage rates. Affordability across the country remains a concern as tight supply is still a barrier to market growth.

The California economy showed continued, albeit slower, hiring in July (state unemployment data lags national data by a month), as the economy added 19,600 jobs and the state's unemployment rate declined to 4.1% from 4.2% in the previous month. Although the California labor market continues to show favorable growth, the state's economy remains vulnerable to uncertainties regarding trade, global growth, interest rates, and stock markets. The California housing market is in a similar position as the national housing market, as tight supply and affordability concerns remain common issues, however the market did see sales activity pick up over the summer months as is typically anticipated.

Locally, the District's unemployment rate increased in July (local unemployment data lags national data by a month) rising to 3.0% from 2.8% in the previous month. Approximately 5,700 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 state Legislature had until September 13 to pass bills that will go to the Governor's desk. The Governor now must sign or veto bills by October 13.

Some of the bills worth highlighting include:

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

This bill passed out of the Assembly and now sits on the Governor's desk. 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.

#### **SB 778 (Committee. on Labor, Public Employment, & Retirement) Employers: Sexual Harassment Training Requirements**

This bill has been signed by the Governor. Current law, by January 1, 2020, requires an employer with 5 or more employees to provide at least 2 hours of classroom or other effective interactive training and education regarding sexual harassment to all supervisory employees and at least 1 hour of classroom or other effective interactive training and education regarding sexual harassment to all nonsupervisory employees in California within 6 months of their assumption of a position. Current law also specifies that an employer who has provided this training to an employee after January 1, 2019, is not required to provide sexual harassment training and education by the January 1, 2020, deadline. This bill requires an employer with 5 or more employees to provide the above-described training and education by January 1, 2021, and thereafter once every 2 years.

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

As reported previously, this bill did not pass out of the Assembly Health Committee and is now a 2-year bill. However, given the priority of this topic to the healthcare systems throughout the state and the California Hospital Association, the bill was amended on the last day of this Session on September 13 to reflect language that will go through the

legislative process beginning next Session in January. 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 recently to require hospitals to report specific information regarding seismic compliance to the State by January 2021 and proposes modifying the current 2030 seismic requirements for general acute care hospitals. The bill would require, on and after January 1, 2030, all general acute care inpatient hospitals that have been approved by the State Department of Public Health to operate emergency medical service, surgical suite, and postsurgical services to be capable of providing these services for 72 hours following a seismic event, unless the office determines a general acute care inpatient hospital is in a county that has a low seismic risk. The bill would specify the conditions under which a general acute care inpatient hospital is authorized to operate these services, for 72 hours following a seismic event, in an alternative location or manner. The bill would authorize how utility lines, including electrical systems, necessary for the operation of emergency medical service, surgical suite, and postsurgical services are authorized to be installed and braced. It is expected this bill will be a key bill for the healthcare providers and associations when the next Session begins in January.

### **Federal Legislature**

#### *Drug Prices*

The Senate Finance Committee passed policies to curb rising drug prices without actual legislative language; instead, the Committee reviewed descriptions of the base bill, as well as a series of amendments, before voting to send the concept to the Senate floor. The *Prescription Drug Pricing Reduction Act of 2019*, approved on a 19-9 vote, will save \$100 billion over ten years through both Medicare and Medicaid changes according to an estimate by the Congressional Budget Office. An amendment that would give Medicare power to negotiate prices failed in Committee, however, if the bill is taken up on the Senate Floor, it will likely be raised again. Now that the Federal Congress is back in Session as of last week, the next step is for the Senate to take a floor vote on the bill. However, it is not clear yet if the bill will come up for a vote before the December recess as Senate Majority Leader Mitch McConnell, as have several other Republican Senators, indicated he is against the bill due to the potential financial impact to the Research and Development function within the pharmaceutical industry.

#### *Surprise Billing*

Due to division within both chambers of Congress, the surprise billing legislation that has passed the relevant Committees was not voted on prior to the August recess. The divisions are primarily between providers, who want more fee negotiating authority, and insurers, who want to set reimbursement rates. In the Senate, there are reportedly as many as 14 Senators who have put “holds” on the bill to stop it from going to the floor, prompting a rare bi-partisan statement from the lead Republican and Democratic members of the Senate Health Committee saying “The Senate does not have time before the August recess to consider the bipartisan Lower Health Care Costs Act,” pushing consideration until at least September. In the House, the Chairman of the Energy & Commerce Committee says it will

be late September, at the earliest, before its surprise billing legislation will go to the floor. While the State Legislative Session has ended, the Federal Legislature is back in Session as of last week after their August recess. Their next recess is in December. Unlike the State Legislature, the Federal legislature does not “end” their sessions in the same way states do.

## **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 33rd annual Top Hat, have been designated to support the 3-D Mammography equipment. Sponsorship solicitations have begun and we have raised just over \$208,000 so far. The co-chairs will be Kimberly Petersen, the police chief of the City of Fremont, and Drs. Rohit and Seema Sehgal.

**DEVCO  
FINANCIAL STATEMENTS**

Reporting Period 1

Month of July 2019

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

| Current Month |           |                         |         | Year - To - Date |           |                         |         |
|---------------|-----------|-------------------------|---------|------------------|-----------|-------------------------|---------|
| Actual        | Budget    | Favorable/(Unfavorable) |         | Actual           | Budget    | Favorable/(Unfavorable) |         |
|               |           | Variance                | %       |                  |           | Variance                | %       |
| 3,126         | 2,926     | 200                     | 6.8%    | 3,126            | 2,926     | 200                     | 6.8%    |
| 300           | 275       | 25                      | 9.1%    | 300              | 275       | 25                      | 9.1%    |
| 3,426         | 3,201     | 225                     | 7.0%    | 3,426            | 3,201     | 225                     | 7.0%    |
|               |           |                         |         |                  |           |                         |         |
| 4,092,347     | 4,066,015 | 26,332                  | 0.6%    | 4,092,347        | 4,066,015 | 26,332                  | 0.6%    |
| 841,517       | 855,086   | (13,569)                | (1.6%)  | 841,517          | 855,086   | (13,569)                | (1.6%)  |
| 4,933,864     | 4,921,101 | 12,763                  | 0.3%    | 4,933,864        | 4,921,101 | 12,763                  | 0.3%    |
|               |           |                         |         |                  |           |                         |         |
| 2,125,040     | 2,132,433 | 7,393                   | 0.3%    | 2,125,040        | 2,132,433 | 7,393                   | 0.3%    |
| 51.9%         | 52.4%     | 0.5%                    |         | 51.9%            | 52.4%     | 0.5%                    |         |
| 2,808,824     | 2,788,668 | 20,156                  | 0.7%    | 2,808,824        | 2,788,668 | 20,156                  | 0.7%    |
|               |           |                         |         |                  |           |                         |         |
| 889,915       | 892,429   | 2,514                   | 0.3%    | 889,915          | 892,429   | 2,514                   | 0.3%    |
| 286,287       | 292,442   | 6,155                   | 2.1%    | 286,287          | 292,442   | 6,155                   | 2.1%    |
| 360,778       | 314,042   | (46,736)                | (14.9%) | 360,778          | 314,042   | (46,736)                | (14.9%) |
| 328,830       | 349,236   | 20,406                  | 5.8%    | 328,830          | 349,236   | 20,406                  | 5.8%    |
| 248,668       | 222,681   | (25,987)                | (11.7%) | 248,668          | 222,681   | (25,987)                | (11.7%) |
| 94,455        | 93,347    | (1,108)                 | (1.2%)  | 94,455           | 93,347    | (1,108)                 | (1.2%)  |
| 26,611        | 27,771    | 1,160                   | 4.2%    | 26,611           | 27,771    | 1,160                   | 4.2%    |
| 416,010       | 411,036   | (4,974)                 | (1.2%)  | 416,010          | 411,036   | (4,974)                 | (1.2%)  |
| 142,451       | 136,512   | (5,939)                 | (4.4%)  | 142,451          | 136,512   | (5,939)                 | (4.4%)  |
| 2,794,005     | 2,739,496 | (54,509)                | (2.0%)  | 2,794,005        | 2,739,496 | (54,509)                | (2.0%)  |
| 14,819        | 49,172    | (34,353)                | (69.9%) | 14,819           | 49,172    | (34,353)                | (69.9%) |
| 59,048        | 90,348    | 31,300                  | 34.6%   | 59,048           | 90,348    | 31,300                  | 34.6%   |
| (44,229)      | (41,176)  | (3,053)                 | (7.4%)  | (44,229)         | (41,176)  | (3,053)                 | (7.4%)  |