



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, July 23, 2014

6:00 p.m., Boardroom

AGENDA

- I. **CALL TO ORDER & PLEDGE OF ALLEGIANCE**
Bernard Stewart, DDS
Board Member
 - II. **ROLL CALL**
Catherine Bartling
District Clerk
 - 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**
Discussion of Human Resources Matters, pursuant to California Government Code Section 54956.
Nancy Farber
Chief Executive Officer
 - 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: January 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).

- E. Conference with Legal Counsel and Deliberation Regarding Peer Review Matter re: Physician #1619, pursuant to Government Code 54956.9 and Health & Safety Code 32155.

V. OPEN SESSION

- A. Report on Closed Session

Bernard Stewart, DDS
Board Member

VI. ADJOURNMENT

Bernard Stewart, DDS
Board Member

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
July 18, 2014

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic. The national employment figures continue to show meaningful job growth, with the fifth straight month of more than 200,000 new jobs added to the economy. The national housing market shows signs of slowing, as home sales continue to decline from their robust pace earlier in the year due to tight supply, quickly rising prices, tighter mortgage loan standards, and tepid growth in household incomes. The Federal Reserve has indicated it does not plan on any short-term increases in the interest rates, however if the job market continues its improvement we can likely expect some upward movement in rates in the next six months.

The Bureau of Labor Statistics job report showed the US economy added 288,000 jobs in June, as the unemployment rate declined to 6.1%. This is the fifth straight month in which the national economy has added more than 200,000 jobs and is the lowest unemployment rate since September 2008. Still, wages have yet to rise significantly despite an economic recovery now entering its sixth year. Eventually, the falling unemployment rate should cause pay to rise more sharply. Claims for U.S. jobless benefits declined recently by 11,000 to a seasonally adjusted 304,000. The four-week moving average, a less volatile measure, dipped by 3,500 to 311,500, which is the second-lowest level since August 2007. The national housing market continues its uneven recovery. In June, the number of properties that received a foreclosure filing in the U.S. was 2% lower than the previous month and 16% lower than the same time last year. Home sales were up 12% compared with the previous month, and down 20% compared to a year ago.

The California economy showed positive signs in May (state unemployment data lags national data by a month), as the state added 18,300 jobs. California's unemployment rate declined to 7.6% in May, down from 7.8% in the previous month, maintaining its steady decline past pre-recession levels. A recent analysis released by UC Davis of the potential economic impacts of the drought the state is currently facing estimates the dry-spell will cost the state economy \$2.2 billion and 17,100 jobs in 2014. In June, the number of properties that received a foreclosure filing in California was 1% lower than the previous month and 15% lower than the same time last year. Home sales were up 15% compared with the previous month, and down 19% compared with a year ago.

Locally, the District's unemployment rate dropped in May, (local unemployment data lags national data by a month), declining to 4.4%. Just under 8,000 District residents in the labor force are unemployed. Foreclosure activity in the District declined to 35 foreclosures, down from 50 in the previous month. Home sales figures in the District show a somewhat better sales activity rate than that seen at the national and state level.

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

Medicare Physician Fee Schedule

This month, the Centers for Medicare & Medicaid Services (CMS) released a proposed rule relating to the Medicare physician fee schedule (PHS) for CY 2015 and other revisions to Medicare part B policies. Comments on the proposed rule are due by September 2, 2014. Highlights of the proposed rule include:

- A 20.9% reduction in Medicare physician payments effective March 31, 2015 as called for under the sustainable growth rate (SGR) formula.
- Updates to the relative value units (RVUs) used to calculate physician payments and changes to various payment policies and quality programs for physicians and other qualified health care professionals.
- Elimination of global surgery periods: 10-day global periods would become 0-days in 2017, with 90-day global periods shifting to 0-days in 2018.
- Continued phase-in of Value Based Payment Modifier (VBPM): CMS proposes to apply the VBPM to physicians in groups with two or more eligible professionals and to physicians who are solo practitioners in CY 2017. Under the proposed rule, the downward adjustment under the Value Modifier will increase from -2.0 percent in the CY 2016 payment adjustment period to -4.0 percent for the CY 2017 payment adjustment period.
- Expansion of services covered under telehealth benefits

Outpatient Prospective Payment System

Additionally, CMS released a proposed rule relating to the Outpatient Prospective Payment System (OPPS) for CY 2015. Comments on the proposed rule are due by September 2, 2014.

The rule implements and refines comprehensive Ambulatory Payment Classifications (C-APCs) and expands packaging to include additional low cost/ancillary diagnostic and therapeutic services. While the proposed changes are smaller than CY 2014 (which represented the most significant system overhaul since CY 2008), CMS continues to emphasize larger payment bundles and consolidation of APCs as mechanisms to drive hospital efficiencies.

Hospital Outpatient Department (HOPD) payments meeting quality reporting requirements are proposed to increase by 2.1 percent. That overall increase reflects a projected hospital market basket increase of 2.7 percent, minus a 0.4 percentage point multi-factor productivity adjustment and a 0.2 percentage point adjustment required by law.

Staff is in the process of assessing the potential impact of these initiatives on the Healthcare System.

CA Legislature

The California Legislature is currently on Summer Recess and will reconvene on August 4th. All bills currently in consideration must pass through the appropriate fiscal committees by August 15th, after which the Floor Session will commence on August 18th. The last day for each house to pass bills is August 31st, after which the Governor must sign or veto bills passed by the Legislature by September 30th.

II. FOUNDATION

Capital Campaign

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

IJRR Research and Education Fund

The Foundation has recently established a fund to support the research and education function within the IJRR. To date, the fund has received over \$70,000 in contributions. With the help of Dr. Sah, a candidate for the position has been identified and a contract is being developed for her.

Top Hat Dinner Dance

The Top Hat Committee has been meeting and is working on securing raffle prizes and live-auction items. The look this year will be based on a Gatsby/Twenties theme. Funds from the event were designated by Foundation trustees to support equipment needs in the Washington Special Care Nursery and to establish a Family Assistance fund for families of patients in the special care nursery who are transferred to out-of-district hospitals.