



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, October 23, 2019– 6:00 P.M.
Board Room, 2000 Mowry Avenue

AGENDA

PRESENTED BY:

- | | |
|--|--|
| <p>I. CALL TO ORDER & PLEDGE OF ALLEGIANCE</p> <p>II. ROLL CALL</p> <p>III. COMMUNICATIONS</p> <p>A. Oral
<i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda. "Request to Speak" cards should be filled out in advance and presented to the District Clerk. For the record, please state your name.</i></p> <p>B. Written</p> <p>IV. BOARD EDUCATION</p> <p>Sexual Harassment Training for Elected Officials</p> <p>V. CLOSED SESSION
<i>In accordance with Section 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.</i></p> <p>A. Conference with Legal Counsel-Anticipated Litigation pursuant to Government Code section 54956.9(d)(2)</p> <p>B. Conference involving a trade secret pursuant to Health & Safety Code section 32106</p> <p>VI. OPEN SESSION</p> <p>Report on Closed Session</p> | <p>Bernard Stewart
Board President</p> <p>Dee Antonio
District Clerk</p> <p>Human Resources Legal
Counsel</p> <p>Kimberly Hartz
Chief Executive Officer</p> <p>Bernard Stewart
Board President</p> |
|--|--|

VII. ADJOURNMENT

Bernard Stewart
Board President

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the District Clerk at (510) 818-6500. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



DEVCO FINANCIAL STATEMENTS

Reporting Period 2

Month of August 2019

Kimberly Hartz, Chief Executive Officer

Washington Township Health Care District • Washington Hospital • Institute for Joint Restoration and Research • Sandy Amos RN Infusion Center
Taylor McAdam Bell Neuroscience Institute • UCSF - Washington Cancer Center • Washington Center for Wound Healing & Hyperbaric Medicine
Washington Maternal Child Education • Washington on Wheels • Washington Outpatient Diabetes Program • Washington Outpatient Imaging Center
Washington Outpatient Rehabilitation Center • Washington Outpatient Surgery Center • Washington Prenatal Diagnostic Center
Washington Radiation Oncology Center • Washington Special Care Nursery • Washington Sports Medicine • Washington Township Medical Foundation
Washington Urgent Care • Washington Wellness Center • Washington Women's Center



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

Current Month				Year - To - Date			
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)	
		Variance	%			Variance	%
3,487	3,350	137	4.1%	6,613	6,276	337	5.4%
298	215	83	38.6%	598	490	108	22.0%
3,785	3,565	220	6.2%	7,211	6,766	445	6.6%
				Gross Revenue			
4,315,305	4,381,827	(66,522)	(1.5%)	8,407,652	8,447,842	(40,190)	(0.5%)
876,661	867,863	8,798	1.0%	1,718,178	1,722,949	(4,771)	(0.3%)
5,191,966	5,249,690	(57,724)	(1.1%)	10,125,830	10,170,791	(44,961)	(0.4%)
				Deductions			
2,331,961	2,305,770	(26,191)	(1.1%)	4,457,001	4,438,203	(18,798)	(0.4%)
54.0%	52.6%	(1.4%)		53.0%	52.5%	(0.5%)	
2,860,005	2,943,920	(83,915)	(2.9%)	5,668,829	5,732,588	(63,759)	(1.1%)
				Expenses			
882,215	900,146	17,931	2.0%	1,772,130	1,792,575	20,445	1.1%
291,415	293,276	1,861	0.6%	577,702	585,718	8,016	1.4%
392,168	354,266	(37,902)	(10.7%)	752,946	668,308	(84,638)	(12.7%)
359,957	306,290	(53,667)	(17.5%)	688,786	655,526	(33,260)	(5.1%)
237,778	234,304	(3,474)	(1.5%)	486,446	456,986	(29,460)	(6.4%)
94,423	93,347	(1,076)	(1.2%)	188,878	186,695	(2,183)	(1.2%)
26,970	27,284	314	1.2%	53,581	55,055	1,474	2.7%
417,712	415,192	(2,520)	(0.6%)	833,722	826,228	(7,494)	(0.9%)
123,524	127,061	3,537	2.8%	265,975	263,573	(2,402)	(0.9%)
2,826,162	2,751,166	(74,996)	(2.7%)	5,620,166	5,490,664	(129,502)	(2.4%)
33,843	192,754	(158,911)	(82.4%)	48,663	241,924	(193,261)	(79.9%)
37,907	147,970	110,063	74.4%	96,955	238,318	141,363	59.3%
(4,064)	44,784	(48,848)	(109.1%)	(48,292)	3,606	(51,898)	(1,439.2%)

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
October 18, 2019

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook is cautiously optimistic, but increasingly guarded. The national labor market had lower hiring than anticipated recently, although the unemployment rate hit its lowest level since December 1969. Unemployment claims continue to remain at historically low levels, however, wages showed their slowest growth since July 2018. Global economic indicators continue to point to an increasingly broad slowdown in international economic growth, particularly in key Asian and European economies, as ongoing trade tensions continue to impact international economics. The International Monetary Fund recently projected 2019 global economic growth will be at its slowest pace since the 2008-2009 financial crisis, due primarily to increasing trade tensions.

The Bureau of Labor Statistics job report showed the U.S. economy created 136,000 jobs in September, as the unemployment rate declined to 3.5% from 3.7% in the prior month, which is the lowest unemployment rate since December 1969. Hourly wage growth showed year-over-year growth of just 2.9%, the lowest year-over-year increase since July 2018. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 210,000, suggesting the labor market remains on solid footing even as hiring is slowing in tandem with a moderation in economic growth. The four-week moving average, a less volatile measure, declined slightly to 213,750. The national housing market continues to show signs of softening as housing price growth stabilizes; however, low mortgage rates have helped to increase market activity in the lower end of the housing market. Affordability across the country remains a concern, however, as housing supply is expected to decline in the coming months as the typically busy summer season is over.

The California economy showed continued hiring in August (state unemployment data lags national data by a month), as the economy added 34,500 jobs and the state's unemployment rate remained at 4.1%. The California Employment Development Department reported that California has added an average of 29,200 jobs per month over the 114-month expansion since the financial crisis, which is well above the 9,000 new jobs needed monthly to keep up with growth of the labor force. The California housing market, like the national market, continues to show signs of softening as very tight inventories have depressed overall sales activity and affordability remains an issue in many parts of the state.

Locally, the District's unemployment rate decreased in August (local unemployment data lags national data by a month) declining to 2.8% from 3.0% in the previous month. Approximately 5,500 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 13 to sign or veto all bills sent to his desk by the Legislature this Session.

Some of the bills that were signed into law worth highlighting include:

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

This bill was signed into law by the Governor. 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 requires 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 requires 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 464 (Mitchell) California Dignity in Pregnancy and Childbirth Act

This bill was signed into law by the Governor. Existing law requires the State Department of Public Health to maintain a program of maternal and child health, which may include facilitating services directed toward reducing infant mortality and improving the health of mothers and children. Existing law requires the Office of Health Equity within the department to serve as a resource for ensuring that programs collect and keep data and information regarding ethnic and racial health statistics, and strategies and programs that address multicultural health issues, including, but not limited to, infant and maternal mortality. This bill makes legislative findings relating to implicit bias and racial disparities in maternal mortality rates. The bill requires hospitals that provides perinatal care to implement an evidence-based implicit bias program for all health care providers involved in perinatal care of patients within those facilities. The bill requires the health care provider to complete initial basic training through the program and a refresher course every 2 years thereafter, or on a more frequent basis if deemed necessary by the facility. The bill also requires the facility to provide a certificate of training completion upon request, to accept certificates of completion from other facilities, and to offer training to physicians not directly employed by the facility.

AB 824 (Wood) Preserving Access to Affordable Drugs

This bill was signed into law by the Governor. As pharmaceutical prices remain a cost concern within the healthcare industry, this bill gives the state attorney general more power to pursue pharmaceutical companies that engage in “pay for delay”, a practice in which makers of brand-name drugs pay off generic manufacturers to keep the lower-cost generic versions of their medications off the market. This bill provides that an agreement resolving or settling a patent infringement claim, in connection with the sale of a pharmaceutical product, is to be presumed to have anticompetitive effects if a non-reference drug filer receives anything of value from another company asserting patent infringement and if the non-reference drug filer agrees to limit or forego research, development, manufacturing, marketing, or sales of the non-reference drug filer’s product for any period of time. The bill provides various exceptions to this prohibition, including, among others, if the agreement has directly generated procompetitive benefits and the procompetitive benefits of the agreement outweigh the anticompetitive effects of the agreement. The bill makes a violation of these provisions punishable by a civil penalty that is recoverable only in a civil action brought by the Attorney General. The bill also provides that a violator is liable for any other remedies available under the Cartwright Act, the Unfair Practices Act, or the unfair competition law.

Federal Legislature

On October 9, 2019, the Department of Health and Human Services released companion proposed rules to reform the physician-self referral prohibitions (“Stark Law”), as well as the Medicare and Medicaid Anti-Kickback Statute (“AKS”). The proposed rules are the result of a CMS request for information (RFI) on potential modifications to the Stark Law, and a separate RFI from the HHS Office of Inspector General (OIG) on potential changes to the anti-kickback statute.

The proposed rules would create new protections under the AKS and Stark Law for healthcare entities engaging in value-based arrangements, allowing “value-based enterprises” to design and participate in certain “value-based activities.” A value-based arrangement would be required to have a “value-based purpose” related to coordinating and managing care, improving quality of care, reducing the cost, and/or transitioning to health care delivery and payment mechanisms based on the quality of care and control of costs of care.

The proposed changes add flexibility and some critical clarifications. The newly proposed value-based exceptions and safe harbors are generally broad and flexible; however, OIG is considering excluding certain players from participating in Safe Harbor-approved “Value-Based Enterprises (VBE),” specifically pharmaceutical manufacturers, distributors, or suppliers of durable medical equipment, prosthetics, orthotics or supplies, and laboratories. The rules also add documentation complexity to an already highly technical regulatory scheme. For example, a significant requirement in both rules is creating a document outlining any value-based arrangement to get the safe harbor exception. The document must include the targeted patient population, value-based outcome, and duration of the deal.

The proposals, if finalized, will remove legal barriers that have impeded care coordination, but are likely to primarily benefit larger organizations that have the infrastructure to implement these types of value-based programs. Comments on the proposed rules are due by December 31, 2019, and staff is currently reviewing the proposals for the potential impact to the Health Care District.

II. FOUNDATION

Critical Care Capital Campaign

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

Top Hat Dinner Dance

The Foundation hosted the annual Top Hat dinner dance on Saturday, October 12 in the tent at Washington West, to support the 3-D Mammography Program. The final net proceeds for the event have not yet been finalized, but sponsorships totaled \$240,000 and 655 joined us for the event.