



# 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, January 22, 2020– 6:00 P.M.  
Board Room, 2000 Mowry Avenue, Fremont, CA

## AGENDA

### PRESENTED BY:

- I. **CALL TO ORDER & PLEDGE OF ALLEGIANCE**  
Michael J. Wallace  
Board President
- II. **ROLL CALL**  
Dee Antonio  
District Clerk
- III. **COMMUNICATIONS**
  - A. Oral  
*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.*
  - B. Written
- IV. **CONSENT CALENDAR**  
*Items listed under the Consent Calendar include reviewed reports and recommendations and are acted upon by one motion of the Board. Any Board Member or member of the public may remove an item for discussion before a motion is made.*
  - A. Consideration of Budgeted Capital Request:  
OR 5 Lights (\$54,000.00)
- V. **REPORTS**
  - A. SPP&PR
  - B. DEVCO Financials
- VI. **CLOSED SESSION**  
*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.*  
Kimberly Hartz  
Chief Executive Officer
  - A. Conference involving a trade secret pursuant to Health & Safety Code section 32106 Facility and Program discussion – to be disclosed July 2020

Board Meeting Agenda  
January 22, 2020

B. Conference involving a trade secret pursuant to Health & Safety Code section 32106  
Continuing Program discussion – to be disclosed July 2020

C. Conference with real property negotiators pursuant to Government Code Section 54956.8

Property: 45388 Warm Springs Boulevard,  
Fremont, CA

Agency Negotiator(s): Kimberly Hartz, Chris Henry, Ed Fayen, Donald Pipkin, and Paul Kozachenko and will include instruction concerning price and terms of payment

Negotiating Parties: Washington Hospital Healthcare System and Paul W. Heng and Sacha Heng

**VII. OPEN SESSION**

Report on Closed Session

Michael J. Wallace  
Board President

**VIII. ADJOURNMENT**

Michael J. Wallace  
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.*

**STRATEGIC PLANNING  
PRIORITIES & PROGRESS REPORT  
January 17, 2020**

**I. LEGISLATION**

**Federal and Local Economic Update**

The national economic outlook remains cautiously optimistic. The national labor market had lower growth than anticipated last month; however, unemployment claims continue to remain at historically low levels. Global economic indicators continue to point to an increasingly broad slowdown in international economic growth as ongoing trade tensions continue to impact international economics.

The Bureau of Labor Statistics job report showed the U.S. economy created 145,000 jobs in December, as the unemployment rate remained at 3.5%. Hourly wage growth also declined in December, showing average hourly earnings rose by just 2.9%, which is the first time that wage gains were below 3.0% since July 2018. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 214,000. The four-week moving average, a less volatile measure, decreased recently to 224,000. The national housing market remains relatively stable across the nation; however, affordability and inventory shortages continue to create challenges for consumers across the country.

The California economy showed continued hiring in November (state unemployment data lags national data by a month), as the economy added 28,400 jobs and the state's unemployment rate held steady at 3.9%. November marks 117 months of job growth in the state, the longest job market expansion since the 1960s. The California housing market, like the national market, continues to show signs of stabilization, however, affordability and inventory shortages remain a concern, especially in the Bay Area.

Locally, the District's unemployment rate held steady in November (local unemployment data lags national data by a month) at 2.4%. Approximately 4,700 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 California Legislature reconvened for the start of the new session on January 6, 2020. All new bills to be considered during the next session will need to be introduced in their house of origin by February 21, 2020, after which they will proceed through the applicable policy and fiscal committee review process. All bills that will be sent to the Governor's

desk must pass through both houses by the end of August, and the Governor will then have until September 30, 2020 to sign or veto bills.

To date, only a small number of bills have been introduced and staff is monitoring current bills that could potentially impact the Health Care District.

This month, Governor Newsom released his proposed budget for the 2020-21 fiscal year that includes more than \$222 billion in spending, which is approximately 3% higher than last year's budget. The proposed budget includes a surplus of \$5.6 billion, \$2 billion of which is proposed to be moved into reserves, which would grow total state reserves to \$21 billion. Although the budget continues to be strong, Governor Newsom is wary to establish any new ongoing spending and warns on an impending recession.

Homelessness has been a major focus of the Governor, and he is proposing using an additional \$1 billion in funds to house many unsheltered individuals living in California, by launching the California Access to Housing and Services Fund. The fund will create a structure for developing affordable housing units, supplementing and augmenting rental subsidies, and stabilizing board and care homes.

Healthcare and healthcare care costs have also been a key component of the Governor's discussions around the proposed budget. The Governor has described the need to transform and improve the Medi-Cal program to better address not only the medical needs of its enrollees, but also the social determinants of health. The Governor has indicated by focusing on treating the "whole person", Medi-Cal enrollees will ultimately stay healthier and this will lead to lower overall health costs for the state.

Many of these changes to the Medi-Cal program will be included in this year's Medicaid waiver application, which occurs once every five years. The waiver application is an opportunity for states to try out different ways of running their Medicaid programs with the federal government funding a portion. The Governor envisions the Medi-Cal program providing other services such as housing transition and sustaining services, recuperative services, home and community-based wrap around services, and other non-clinical services.

To also help control Medi-Cal healthcare costs, the Governor proposed a new CalRx generic drug program, which would make California the first state to create its own generic drug label and making the state's generic prescription drugs available for sale to all Californians.

Other aspects of the health budget include:

- Establish the Behavioral Health Task Force at the Health and Human Services Agency. The Task Force will bring together relevant state departments, counties, consumers, health plans, providers, and other stakeholders. The Task Force will review existing policies and programs to improve the quality of care, and coordinate

system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California's communities.

- Currently, Mental Health Services Act funds (Prop 63) cannot be used for substance use disorder treatment. The Governor is proposing to update the Act to better focus on people with mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and for early intervention for youth. The Administration will submit a proposal in the spring regarding this proposed reform.

### **Federal Legislature**

The federal legislative focus continues to be on the ongoing impeachment investigation of the President. As reported previously, over the last year, there had been a notable legislative focus on key health care issues, including prescription drug pricing, surprise billing, and price transparency, however, these continue to be a low priority as Congress focuses on the impeachment process. Given the current political climate, it is anticipated that key legislative issues pertaining to health care will not rise in priority until after the impeachment proceedings are complete. Staff will continue to monitor the federal legislative focus on health care for potential impacts to the Health Care District.

## **II. FOUNDATION**

### **Executive Director, Washington Hospital Healthcare Foundation**

One candidate has been interviewed for the position this month, and the recruiter is sourcing more candidates for consideration.

### **Annual Meeting of the Foundation**

The Foundation will hold its annual meeting on Tuesday, January 28. At the meeting, the trustees will vote in new members of the board of trustees, select officers, recognize those terming off the board, and approve the annual disbursement to the Hospital. Bruce Lin, MD, will provide the medical presentation for the event.

### **Golf Tournament**

The 35<sup>th</sup> Annual Gene Angelo Pessagno Golf Tournament will take place on Thursday, May 7, 2020 at Castlewood Country Club. Sponsorship requests will begin in February.



# Washington Hospital Healthcare System

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

www.whhs.com

## DEVCO FINANCIAL STATEMENTS

Reporting Period 5

Month of November 2019

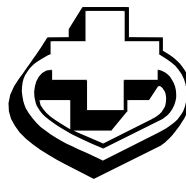
*Kimberly Hartz, Chief Executive Officer*

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  
November 2019**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	%				Variance	%
3,287	3,493	(206)	(5.9%)	(1) Visits	17,130	16,689	441	2.6%
330	352	(22)	(6.3%)	(2) Treatments & Procedures	1,827	1,716	111	6.5%
<b>3,617</b>	<b>3,845</b>	<b>(228)</b>	<b>(5.9%)</b>	<b>(3) Total</b>	<b>18,957</b>	<b>18,405</b>	<b>552</b>	<b>3.0%</b>
				Gross Revenue				
4,289,111	4,710,765	(421,654)	(9.0%)	(4) Patient Revenue	20,724,199	21,703,974	(979,775)	(4.5%)
907,812	860,519	47,293	5.5%	(5) Other Revenue	4,470,675	4,334,642	136,033	3.1%
<b>5,196,923</b>	<b>5,571,284</b>	<b>(374,361)</b>	<b>(6.7%)</b>	<b>(6) Total Gross Revenue</b>	<b>25,194,874</b>	<b>26,038,616</b>	<b>(843,742)</b>	<b>(3.2%)</b>
				Deductions				
2,326,207	2,485,723	159,516	6.4%	<b>(7) Total Deductions</b>	<b>10,848,937</b>	<b>11,412,672</b>	<b>563,735</b>	<b>4.9%</b>
54.2%	52.8%	(1.4%)		Contractual Percentage	52.3%	52.6%	0.3%	
<b>2,870,716</b>	<b>3,085,561</b>	<b>(214,845)</b>	<b>(7.0%)</b>	<b>(8) Net Revenue</b>	<b>14,345,937</b>	<b>14,625,944</b>	<b>(280,007)</b>	<b>(1.9%)</b>
				Expenses				
905,607	884,357	(21,250)	(2.4%)	(9) Purchased Labor	4,494,344	4,464,138	(30,206)	(0.7%)
306,699	289,700	(16,999)	(5.9%)	(10) Purchased Benefits	1,454,062	1,455,775	1,713	0.1%
370,097	395,492	25,395	6.4%	(11) Supplies	1,835,252	1,773,731	(61,521)	(3.5%)
306,452	283,096	(23,356)	(8.3%)	(12) Professional Fees	1,678,491	1,535,746	(142,745)	(9.3%)
188,605	218,804	30,199	13.8%	(13) Purchased Services	1,115,141	1,123,354	8,213	0.7%
94,299	92,778	(1,521)	(1.6%)	(14) Depreciation and Amort	471,914	465,101	(6,813)	(1.5%)
19,929	21,756	1,827	8.4%	(15) Utilities	134,422	129,160	(5,262)	(4.1%)
483,488	415,190	(68,298)	(16.4%)	(16) Building Lease	2,215,892	2,071,800	(144,092)	(7.0%)
124,306	122,083	(2,223)	(1.8%)	(17) Other Expenses	650,651	645,565	(5,086)	(0.8%)
<b>2,799,482</b>	<b>2,723,256</b>	<b>(76,226)</b>	<b>(2.8%)</b>	<b>(18) Total Expenses</b>	<b>14,050,169</b>	<b>13,664,370</b>	<b>(385,799)</b>	<b>(2.8%)</b>
<b>71,234</b>	<b>362,305</b>	<b>(291,071)</b>	<b>(80.3%)</b>	<b>(19) Net Operating Income/Loss</b>	<b>295,768</b>	<b>961,574</b>	<b>(665,806)</b>	<b>(69.2%)</b>
<b>79,174</b>	<b>222,857</b>	<b>143,683</b>	<b>64.5%</b>	<b>(20) Minority Interest</b>	<b>317,983</b>	<b>721,381</b>	<b>403,398</b>	<b>55.9%</b>
<b>(7,940)</b>	<b>139,448</b>	<b>(147,388)</b>	<b>(105.7%)</b>	<b>(21) Net Income/Loss</b>	<b>(22,215)</b>	<b>240,193</b>	<b>(262,408)</b>	<b>(109.2%)</b>



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# Memorandum

**DATE:** January 22, 2020

**TO:** Kimberly Hartz, Chief Executive Officer

**FROM:** Edward Fayen, Executive Vice President & Chief Operating Officer

**SUBJECT: OR #5 Surgical Lights**

The surgical lights in Operating Room #5 have reached the end of their useful life and are no longer supported by the manufacturer. Replacement parts are not available for any repairs. New Stryker LED lights (the same lights as in the rest of the ORs) will be purchased and installed. They are energy efficient and emit less heat, which is important in maintaining the ambient temperature in the room.

The total cost to purchase and install the surgical lights in operating room #5 is approximately \$54,000.00. This purchase was not included in the Fiscal Year 2019-2020 Fixed Asset Capital Budget. With the savings we achieved in the capital purchase of the lights for Operating Room #4 and the OB Operating Rooms #1 and #2, we are able to cover the purchase of these lights.

In accordance with District Law, Policies and Procedures, I request that the Board of Directors authorize the Chief Executive Officer to proceed with the purchase and installation of new Stryker surgical lights for OR #5 for an amount not to exceed \$54,000.00.