Washington Township Health Care District
2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111
Nancy Farber, Chief Executive Officer

BOARD OF DIRECTORS' MEETING

Wednesday, February 28, 2018– 6:00 P.M.
Board Room, 2000 Mowry Avenue

AGENDA

		PRESENTED BY:
I.	**CALL TO ORDER & PLEDGE OF ALLEGIANCE**	Michael Wallace Board Member
II.	**ROLL CALL**	Dee Antonio District Clerk
III.	**COMMUNICATIONS**	
	A. Oral	
	B. Written	
IV.	**CLOSED SESSION**	
	A. Conference with Legal Counsel-Anticipated Litigation pursuant to Government Code section 54956.9(d)(2) (1 matter)	Nancy Farber Chief Executive Officer
	B. Conference involving a trade secret pursuant to Health & Safety Code section 32106	
	C. Report on personnel matters, Cal Gov. Code Section 54957	
V.	**OPEN SESSION**	
	Report on Closed Session	Michael Wallace Board Member
VI.	**ACTION**	
	A. Consideration of Digital Upgrade of Existing Fluoroscopy Equipment	Motion Required
VII.	**ADJOURNMENT**	Michael Wallace Board Member

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
February 23, 2018

I. LEGISLATION

Federal and Local Economic Update
The national economic outlook remains cautiously optimistic. National labor figures showed healthy job creation as well as wage growth recently, and unemployment claims continue to come in at historically low levels. Recent economic indicators are showing notable growth in consumer and producer prices, which likely mean the Federal Reserve will move to raise the target interest rate in the coming month.

The Bureau of Labor Statistics job report showed the U.S. economy created 200,000 jobs in January, as the unemployment rate held steady at 4.1% for the fourth straight month. Wage growth showed a notable increase in January, rising 2.9% from a year earlier, the largest year-over-year increase since June 2009, when the last recession ended. Claims for U.S. jobless benefits continue to remain at historically low levels, coming in recently at 230,000. This is a slight increase from the 216,000 claims in mid-January, which was the lowest level since January 1973. The four-week moving average, a less volatile measure, rose to 228,500. The national housing market remains strong with demand continuing to outpace supply, and recent estimates indicate that the national housing market has regained the $9 trillion lost in home values during the recession. Although home prices continue their sustained growth over recent years, Federal Reserve reactions to rising inflation will result in higher mortgage interest rates, which could dampen the growth in home prices over the coming year.

The California economy continues to show strong job growth, as the latest report showed payroll jobs increased in December (state unemployment data lags national data by a month) by 52,700 jobs as the state's unemployment rate dropped to 4.3% from 4.6% in the previous month. California has now shown notable job growth for four straight months, and this is the State's lowest unemployment rate since the current methodology for measuring unemployment in the State began in 1976. The California housing market remains strong and rising prices remain an issue amidst strong demand that continues to outpace supply. As is the case in the national housing market, expected increases in mortgage interest rates in the coming year could begin to cool down the rate of price increases we have seen over the last several years.

Locally, the District's unemployment rate increased slightly in December (local unemployment data lags national data by a month) to 2.5% from 2.4% in the previous month. Just over 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 Legislature had until February 16 to introduce new bills in their house of origin. The Legislature has until April 27 for policy committees to hear and report fiscal bills to fiscal committees and until May 25 for fiscal committees to hear and report to the floor bills introduced in their house.

Some of the bills that have been introduced worth highlighting include:

SB 562 (Lara) The Healthy California Act

The single-payer bill introduced last year, which is now a 2-year bill, has been receiving notable attention in the past several weeks. The new Senate Pro Tem, Toni Atkins, stated this week she did not believe SB 562 should move forward, which is especially telling as she is a co-author of the bill. There have also been rumors the main author, Senator Lara, will no longer meet with the nurses, who are the sponsor on the bill. As reported previously, this bill would create the Healthy California program to provide comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of all residents of the state.

SB 1152 (Hernandez) Hospital Patient Discharge Process: Homeless Patients

Current law prohibits health facilities from causing the transfer of homeless patients from one county to another county for the purpose of receiving supportive services from a social service agency, health care service provider, or nonprofit social service agency within the other county, without prior notice and authorization. This bill would require those health facilities to include within the hospital discharge policy, a written homeless patient discharge planning policy and process. The bill would require the health facilities to develop a written plan for coordinating services and referrals for homeless patients including procedures for homeless patient discharge referrals, designated liaisons at each participating entity, and coordination protocols.

SB 974 (Lara) Medi-Cal: Adult Immigration Status

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. The federal Medicaid program provisions prohibit payment to a state for medical assistance furnished to an alien who is not lawfully admitted for permanent residence or otherwise permanently residing in the United States. This bill would extend eligibility for full-scope Medi-Cal benefits to individuals of all ages who are otherwise eligible for those benefits but for their immigration status.

SB 1004 (Wiener) Mental Health Services Act: Prevention and Early Diagnosis

Existing law, the Mental Health Services Act (MHSA), an initiative measure enacted by the voters by Proposition 63 at the November 2, 2004, statewide general election, establishes the continuously appropriated Mental Health Services Fund to fund various county mental health programs by imposing a tax of 1% on annual incomes above $1,000,000. Under the MHSA, funds are distributed to counties to be expended pursuant to a local plan for specified purposes, including, but not limited to, prevention and early diagnosis. Existing law specifies that prevention and early diagnosis services include outreach, access and linkage to medically necessary care, reduction in stigma, and reduction in discrimination. The MHSA permits amendment by the Legislature by a 2/3 vote of each house if the amendment is consistent with, and furthers the intent of, the MHSA. This bill would amend the Mental Health Services Act by requiring counties to expend Mental Health Services Act prevention and early intervention funds on early psychosis and mood disorder detection and intervention, college mental health outreach, engagement, and service delivery, and childhood trauma prevention and early intervention.

Federal Legislature

Bipartisan Budget Act of 2018

This month, following a brief partial government shutdown, the Senate passed the latest continuing resolution (CR) -- Bipartisan Budget Act of 2018 -- by a vote of 71-28. It was signed by the President on the morning of February 9. The measure extends stopgap funding through March 23, 2018 to keep the federal government fully operating and to give Congress time to enact a full-year omnibus appropriations measure for Fiscal Year 2018. While the CR included an array of health provisions, it is possible we will see additional health reforms in the omnibus.

While the CR contained numerous health-related provisions, several worth highlighting include:

- *Children's Health Insurance Program (CHIP)*: Provides an additional four years of funding for CHIP on top of the six-year extension of funding that was included as part of the January 17 CR to fund the government until February 8 for a total of 10 years of CHIP funding, through FY 2027. 10-year funding for CHIP was the ultimate result of an updated score from the Congressional Budget Office (CBO) as part of the sweeping tax legislation signed into law late last year indicating that the program would save the federal government $6 billion over 10 years as a result of the repeal of the ACA's individual mandate in the aforementioned tax package.

- *Community Health Center (CHC) Funding*: The budget deal includes a total of $7.8 billion for Community Health Centers over two years, $3.8 billion for FY 2018 and $4 billion for FY 2019. Previously, the December 22 CR only provided for $550 million for the program through March 31.

- *Medicare Sequestration*: The law extends the two-percent annual sequestration cut to Medicare provider payments by two years through FY 2027.

- *Meaningful Use Flexibility*: The law updates a very minor section of the Health Information Technology for Economic and Clinical Health (HITECH) Act. This effectively means that CMS is not required to increase the difficulty of Meaningful Use (MU) over time, but it does not eliminate existing MU requirements.

Health Care Extenders: "Health Care Extenders" are expiring health provisions that are regularly renewed, and the CR includes a total of $22 billion to extend or make permanent certain health care extenders, many of which had previously expired on January 1. One of these provisions worth highlighting is the two-year delay in scheduled cuts to Medicaid Disproportionate share hospital (DSH) allotments. This delay would then establish total cuts of $4 billion in FY 2020 and $8 billion for each of FYs 2021-2025. DSH cuts would total nearly $2 billion in FY 2018 without additional congressional action.

President's FY 2019 Budget Request
On February 12, the Trump Administration released its Fiscal Year (FY) 2019 budget request, titled "An American Budget." Unlike last year's budget, which was released in late May, the release of this budget conforms to the typical budget calendar where the Administration presents its budget blueprint to Congress in February ahead of congressional appropriations work in the spring and summer. The budget proposal does not carry with it force of the law; it is, instead, the President's recommendation to the Congress, which ultimately decides whether and how to implement the proposed appropriations funding levels and other changes.

President Trump's FY 2019 budget request includes proposals designed to reduce deficits by $3.6 trillion over 10 years and lower debt levels as a percentage of gross domestic product (GDP). Notably, the proposal calls for steep funding cuts to health initiatives, in part by proposing to enact Affordable Care Act (ACA) repeal-and-replace legislation, consolidating the activities of the Agency for Healthcare Research and Quality (AHRQ), overhauling Medicaid and implementing Medicare payment reforms. The budget proposal also includes a number of proposals aimed at lowering prescription drugs costs for Medicare and Medicaid beneficiaries. It is unclear whether Congress will have the time or inclination to work on dramatic changes to Medicaid and Medicare given the congressional calendar, the political difficulty, and the striking failure in 2017 to "repeal and replace" the ACA.

Surprisingly, the Administration calls for legislation that would fully fund the ACA's risk corridor program that ended in 2016. The Administration also asks Congress to appropriate funding for the ACA's cost sharing reduction (CSR) payments to insurers. Previously, the administration had discontinued these payments based on a determination that they required an appropriation. Legislation to fund the CSR payments is under active discussion in Congress.

Staff will continue to monitor the Congressional discussions related to the President's budget request and the implications for the Healthcare System and health-related programs.

II. FOUNDATION

Critical Care Capital Campaign

The capital campaign has been under way for over a year now and has raised $4.73 million towards the goal of $7.5 million. The total raised includes $332,000 from the employee giving campaign that was recently launched.

33rd Annual Golf Tournament

The Foundation's annual golf tournament will be held on Thursday, May 3, at Castlewood Country Club. Golfers will tee off with a 12 noon shotgun start, and the awards banquet will commence around 6:00 p.m. The tournament has been moved to a Thursday to see if this enables more golfers to be recruited than in previous years.

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www.whhs.com

DEVCO
FINANCIAL STATEMENTS

Reporting Period 6

Month of December 2017

Washington Township Hospital
Development Corporation
Summary Income Statement
December 2017

Current Month Actual	Current Month Budget	Current Month Favorable/(Unfavorable) Variance	Current Month Favorable/(Unfavorable) % Variance		Year-To-Date Actual	Year-To-Date Budget	Year-To-Date Favorable/(Unfavorable) Variance	Year-To-Date Favorable/(Unfavorable) % Variance
3,337	3,443	(106)	(3.1%)	(1) Visits	20,019	20,031	(12)	(0.1%)
198	256	(58)	(22.7%)	(2) Treatments & Procedures	1,738	2,302	(564)	(24.5%)
3,535	3,699	(164)	(4.4%)	(3) Total	21,757	22,333	(576)	(2.6%)
				Gross Revenue				
3,833,620	3,915,230	(81,610)	(2.1%)	(4) Patient Revenue	21,937,540	21,974,062	(36,522)	(0.2%)
777,834	777,426	408	0.1%	(5) Other Revenue	4,867,235	4,709,136	158,099	3.4%
4,611,454	**4,692,656**	**(81,202)**	**(1.7%)**	**(6) Total Gross Revenue**	**26,804,775**	**26,683,198**	**121,577**	**0.5%**
				Deductions				
1,796,471	**2,025,648**	**229,177**	**11.3%**	**(7) Total Deductions**	**10,542,855**	**11,389,731**	**846,876**	**7.4%**
46.9%	51.7%	4.8%		Contractual Percentage	48.1%	51.8%	3.7%	
2,814,983	**2,667,008**	**147,975**	**5.5%**	**(8) Net Revenue**	**16,261,920**	**15,293,467**	**968,453**	**6.3%**
				Expenses				
725,605	773,484	47,879	6.2%	(9) Purchased Labor	4,661,337	4,604,334	(57,003)	(1.2%)
281,195	259,835	(21,360)	(8.2%)	(10) Purchased Benefits	1,516,161	1,558,302	42,141	2.7%
390,670	339,818	(50,852)	(15.0%)	(11) Supplies	1,838,882	1,903,659	64,777	3.4%
239,702	279,760	40,058	14.3%	(13) Professional Fees	1,665,801	1,748,344	82,543	4.7%
208,420	207,451	(969)	(0.5%)	(14) Purchased Services	1,201,772	1,156,168	(45,604)	(3.9%)
83,764	80,728	(3,036)	(3.8%)	(16) Depreciation and Amort	499,357	480,482	(18,875)	(3.9%)
22,359	20,394	(1,965)	(9.6%)	(17) Utilities	146,482	138,005	(8,477)	(6.1%)
424,235	421,953	(2,282)	(0.5%)	(18) Building Lease	2,536,009	2,577,179	41,170	1.6%
118,441	125,156	6,715	5.4%	(19) Other Expenses	741,678	765,002	23,324	3.0%
2,494,391	**2,508,579**	**14,187**	**0.6%**	**(20) Total Expenses**	**14,807,479**	**14,931,475**	**123,996**	**0.8%**
320,592	**158,429**	**162,162**	**102.4%**	**(21) Net Operating Income/Loss**	**1,454,441**	**361,992**	**1,092,449**	**301.8%**
164,628	**113,544**	**(51,084)**	**(45.0%)**	**(22) Minority Interest**	**879,235**	**440,150**	**(439,085)**	**(99.8%)**
155,964	**44,885**	**111,079**	**247.5%**	**(23) Net Income/Loss**	**575,206**	**(78,158)**	**653,364**	**836.0%**

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: January 24, 2018

TO: Nancy Farber, Chief Executive Officer

FROM: Kimberly Hartz, Senior Associate Administrator, Ambulatory
Tina Nunez, Associate Administrator, Ambulatory

SUBJECT: Request for approval of the Digital upgrade of existing Fluoroscopy equipment.

We are recommending moving forward with the digital upgrade of the existing fluoroscopy equipment. The fluoroscopy component of the equipment is digital however the x-ray portion of the equipment uses computer radiography technology (CR technology). The equipment is three years old and effective January 1, 2018, Medicare reduced the claims for x-rays performed on outpatients, including emergency and observation department patients, using CR technology by 7%. CR technology captures the image on a photo screen and then the CR cassette goes into a reader and converts it to a digital image. Most of the hospitals are moving towards all digital imaging. This reduction in reimbursement will increase to 10% by 2023. Initial analysis by finance shows that reimbursement will be reduced by approximately $24,000 in 2018 if we do not covert to digital.

With the opening of the Morris Hyman Critical Care Pavilion, we will move approximately 55-60 percent of the total imaging volume to the new center, including the emergency department volume, which has digital imaging, but this still leaves 40-45 percent of the inpatient volume to be imaged at the hospital. In addition, some patients from the Morris Hyman Pavilion will need to be scanned on the existing equipment. More importantly, the digital equipment gives the option to reduce radiation dose to the patient without sacrificing image quality. It is twice as efficient in dose reduction as our current system and provides better image quality than CR. In addition to the image quality the digital equipment provides faster throughput thereby increasing the efficiency of the technologist. The radiation dose reduction has become a center of discussion at The Joint Commission level and will continue for the foreseeable future.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the purchase of the digital upgrade in an amount not to exceed $89,367. This item was included in the Fiscal Year 2017/18 Fixed Asset Capital Budget.