



Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111

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, August 24, 2016 – 6:00 P.M.

Boardroom

AGENDA

- | | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| I. | CALL TO ORDER &
PLEDGE OF ALLEGIANCE | Michael Wallace
Board Member |
| II. | ROLL CALL | Christine Flores
District Clerk |
| III. | COMMUNICATIONS
A. Oral
B. Written | |
| IV. | CLOSED SESSION
A. Report and discussion regarding
California Government Code section
54957: Personnel matters | Nancy Farber
Chief Executive Officer |
| V. | OPEN SESSION
Report on Closed Session | Michael Wallace
Board Member |
| VI. | ADJOURNMENT | Michael Wallace
Board Member |

STRATEGIC PLANNING

PRIORITIES & PROGRESS REPORT

August 19, 2016

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains cautiously optimistic. Domestic economic figures continue to indicate that the national economy is generally stable, although it is growing at a slower rate than desired. A recent GDP report showed that the national economy grew at a rate of just 1.2% in the second quarter of 2016 and has now grown at an average of 1.2% over the past twelve months. International market data continues to point to generally sluggish growth and macroeconomic concerns in parts of Europe and Asia. The Federal Reserve continues to point to a potential rate increase between September and December of 2016.

The Bureau of Labor Statistics job report showed the U.S. economy added 255,000 jobs in July, as the unemployment rate was unchanged at 4.9%. The unemployment rate is less than half of the 10% unemployment rate seen during the Great Recession seven years ago. Claims for U.S. jobless benefits have risen slightly from their lows last month, increasing to 266,000. Claims have now been below 300,000, a threshold associated with a strong labor market, for seventy-five consecutive weeks, which is the longest streak since 1973. The four-week moving average, a less volatile measure, rose by 3,000 to 262,750. The national housing market continues to show signs of price growth, albeit at a slower pace than last year, as limited supply continues to put upward pressure on pricing. However, national homeownership rates continue to decline compared to historical averages, as recent data shows the homeownership rate at a 51-year low of 62.9%. Last month, the number of properties that received a foreclosure filing in the U.S. was 9% lower than the previous month and 31% lower than the same time last year.

The California economy continues to demonstrate solid growth, as the latest jobs report showed payroll jobs increased in June (state unemployment data lags national data by a month) by 40,300 jobs. However the unemployment rate increased to 5.4% from 5.2% a month earlier as more individuals entered the job market. In the last twelve months, California has added 461,100 jobs, growing at a rate of 2.9%, which is faster than the national rate of 1.7%. Last month, the number of properties that received a foreclosure filing in the state was 9% lower than the previous month and 25% lower than the same time last year.

Locally, the District's unemployment rate increased in June, (local unemployment data lags national data by a month) rising to 4.0% from 3.2% a month earlier. Just over 7,400 District residents in the labor force are unemployed. This rise in the unemployment rate was primarily driven by more than 1,200 residents entering the labor force compared with the previous month. Foreclosure activity in the District decreased slightly last month to 36 foreclosures.

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 is back in session as of August 1. August 31 is the last day for each house to pass bills, at which point they will go to the Governor, who has until September 30 to take action.

Some of the introduced legislation worth noting includes:

AB 2471 (Quirk) Health Care Districts: Dissolution

This bill passed out of the Senate Appropriations Committee and is currently on the Senate Floor. If passed by the Senate, this bill will go to the Governor. This bill would require the Alameda County local agency formation commission to order the dissolution of the Eden Township Healthcare District if that health care district meets certain criteria. The criteria established by this bill would require the expedited dissolution of the District if the District: a) does not currently receive property tax; b) has substantial net assets; c) does not own or operate a hospital, medical clinic, wellness center, or ambulance service; and, d) fails to comply with the provisions of AB 2737 (Bonta). If Alameda LAFCO orders the dissolution of the District, the expedited dissolution process pursuant to AB 912 (Gordon), would require Alameda LAFCO to hold at least one noticed public hearing, and after conducting protest proceedings, order an election only if majority protest is registered. This bill is sponsored by Alameda County. One of the big questions surrounding this bill is what will happen to the District's net assets and cash accounts if it is dissolved.

SB 1076 (Hernandez) General Acute Care Hospitals: Observation Services

This bill passed out of the Assembly Appropriations Committee and currently sits on the Assembly Floor. A final vote on this bill is expected within a week, after which it will go to the Governor for action. This bill would require a general acute care hospital that provides observation services to comply with the same licensed nurse-to-patient ratios as supplemental emergency services (1:4). The bill would require that a patient receiving observation services receive written notice that his or her care is being provided on an outpatient basis, which may affect the patient's health coverage reimbursement.

AB 2737 (Bonta) Non-provider Health Care Districts

This bill passed out of the Senate Appropriations Committee and now sits on the Assembly floor for a final vote. The Local Health Care District Law provides for local health care districts that govern certain health care facilities. Each health care district has specific duties and powers respecting the creation, administration, and maintenance of the districts, including the authority to purchase, receive, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district. This bill would require a non-provider health care district, as defined, to spend at least 80% of its annual budget on community grants awarded to organizations that provide direct health services

and not more than 20% of its annual budget on administrative expenses, as defined. The bill would require a non-provider health care district to pay any amount required to be paid in the district's annual budget year by a final judgment, court order, or arbitration award before payment of those grants or administrative expenses. By requiring a higher level of service from non-provider health care districts, this bill would impose a state-mandated local program.

SB 957 (Hueso) Healthcare Districts: Design-Build Process

This bill has been approved, enrolled, and now sits on the Governor's desk. This bill would authorize, until January 1, 2025, any health care district to use the design-build process when contracting for the construction of a hospital or health facility building. Because the bill would expand the application of the procurement process to additional design-build entities, the bill would expand the crime of perjury, thereby imposing a state-mandated local program.

AB 1306 (Burke) Scope of Practice: Nurse-Widwives

This bill has passed out of the Senate Appropriations Committee and currently sits on the Senate floor for a final vote. This bill would require an applicant for a certificate to practice nurse-midwifery to provide evidence of current advanced level national certification by a certifying body that meets standards established and approved by the Board of Registered Nursing. The bill would also require the board to create and appoint a Nurse-Midwifery Advisory Committee consisting of certified nurse-midwives in good standing with experience in hospital settings, alternative birth settings, and home settings, a nurse-midwife educator, as specified, 2 qualified physicians, and a consumer of midwifery care.

II. FOUNDATION

Capital Campaign

CCS, the consulting group working with the Foundation on a capital campaign for the Critical Care Pavilion, is roughly half way through its six-month engagement. The Campaign Cabinet, the volunteer leadership of the campaign, has met once, and is scheduled to meet again on August 25th. The campaign has received its first gift, with several others in the pipeline.

Top Hat

Planning for Top Hat continues. We have received roughly \$138,000 in sponsorships and invitations to the dinner dance will be mailed on 8/22.



Washington Hospital Healthcare System

2000 Mowry Avenue Fremont California 94538-1716 • (510) 797-1111
www.whhs.com

DEVCO FINANCIAL STATEMENTS

Reporting Period 12

Month of June 2016

Nancy Farber, Chief Executive Officer

Washington Township Health Care District • Washington Hospital • Institute for Joint Restoration and Research
Sandy Amos R.N. Infusion Center • Taylor McAdam Bell Neuroscience Institute • Washington Center for Wound Healing and Hyperbaric Medicine
Washington Outpatient Imaging Center • Washington Outpatient Rehabilitation Center • Washington Outpatient Surgery Center
Washington Radiation Oncology Center • Washington Special Care Nursery • Washington Urgent Care • Washington Women's Center



**Washington Township Hospital
Development Corporation
Summary Income Statement
June 2016**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)		Actual	Budget	Favorable/(Unfavorable)		
		Variance	%			Variance	%	
3,225	3,567	(342)	(9.6%)	38,441	42,878	(4,437)	(10.3%)	
269	272	(3)	(1.1%)	4,291	4,651	(360)	(7.7%)	
3,494	3,839	(345)	(9.0%)	42,732	47,529	(4,797)	(10.1%)	
				Gross Revenue				
3,405,178	3,513,142	(107,964)	(3.1%)	39,701,598	42,775,151	(3,073,553)	(7.2%)	
1,395,168	767,612	627,556	81.8%	9,934,465	9,259,933	674,532	7.3%	
4,800,346	4,280,754	519,592	12.1%	49,636,063	52,035,084	(2,399,021)	(4.6%)	
				Deductions				
1,653,433	1,930,248	276,815	14.3%	20,855,106	23,449,206	2,594,100	11.1%	
48.6%	54.9%	6.4%		Contractual Percentage	52.5%	54.8%	2.3%	
3,146,913	2,350,506	796,407	33.9%	(8) Net Revenue	28,780,957	28,585,878	195,079	0.7%
				Expenses				
775,680	743,029	(32,651)	(4.4%)	(9) Purchased Labor	9,449,353	8,933,870	(515,483)	(5.8%)
260,431	250,478	(9,953)	(4.0%)	(10) Purchased Benefits	3,050,197	3,029,441	(20,756)	(0.7%)
261,907	252,477	(9,430)	(3.7%)	(11) Supplies	2,941,226	3,041,714	100,488	3.3%
374,769	261,958	(112,811)	(43.1%)	(13) Professional Fees	3,488,700	3,402,034	(86,666)	(2.5%)
214,248	180,960	(33,288)	(18.4%)	(14) Purchased Services	2,402,093	2,286,985	(115,108)	(5.0%)
79,702	76,527	(3,175)	(4.1%)	(16) Depreciation and Amort	955,144	950,000	(5,144)	(0.5%)
19,145	22,427	3,282	14.6%	(17) Utilities	233,014	237,288	4,274	1.8%
456,292	441,567	(14,725)	(3.3%)	(18) Building Lease	5,244,271	5,291,817	47,546	0.9%
126,709	68,787	(57,922)	(84.2%)	(19) Other Expenses	1,565,316	827,421	(737,895)	(89.2%)
2,568,883	2,298,210	(270,673)	(11.8%)	(20) Total Expenses	29,329,314	28,000,570	(1,328,744)	(4.7%)
578,030	52,296	525,734	1,005.3%	(21) Net Operating Income/Loss	(548,357)	585,308	(1,133,665)	(193.7%)
324,919	88,853	(236,066)	(265.7%)	(22) Minority Interest	464,755	1,064,766	600,011	56.4%
253,111	(36,557)	289,668	792.4%	(23) Net Income/Loss	(1,013,112)	(479,458)	(533,654)	(111.3%)