



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, July 22, 2020 – 6:00 P.M.
Meeting Conducted by Teleconference
Dial In: 1-877-336-1829 Passcode: 2122606

AGENDA

PRESENTED BY:

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| <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. ANNOUNCEMENTS</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 involving trade secrets pursuant to Health & Safety Code section 32106
Continuing Program discussion – to be disclosed January 2021</p> <p>B. Report of Medical Staff and Quality Assurance Committee, Health & Safety Code section 32155</p> <p>VI. OPEN SESSION</p> <p>Report on Closed Session</p> | <p>Michael Wallace
Board President</p> <p>Dee Antonio
District Clerk</p> <p>Kimberly Hartz
Chief Executive Officer</p> <p>Kimberly Hartz
Chief Executive Officer</p> <p>Michael Wallace
Board President</p> |
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Board Meeting Agenda
July 22, 2020

VII. ADJOURNMENT

Michael 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.



Washington Hospital Healthcare System

2000 Mowry Avenue, Fremont, California 94538-1716 | 510.797.1111
www.whhs.com

DEVCO FINANCIAL STATEMENTS

Reporting Period 11

Month of May 2020

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 • UCSP - 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
May 2020**

Current Month				Year - To - Date				
Actual	Budget	Favorable/(Unfavorable)			Actual	Budget	Favorable/(Unfavorable)	
		Variance	%				Variance	%
1,388	3,775	(2,387)	(63.2%)	(1) Visits	32,651	39,410	(6,759)	(17.2%)
109	232	(123)	(53.0%)	(2) Treatments & Procedures	3,273	3,064	209	6.8%
1,497	4,007	(2,510)	(62.6%)	(3) Total	35,924	42,474	(6,550)	(15.4%)
				Gross Revenue				
2,451,496	4,499,982	(2,048,486)	(45.5%)	(4) Patient Revenue	40,362,585	48,107,038	(7,744,453)	(16.1%)
895,323	854,940	40,383	4.7%	(5) Other Revenue	10,595,823	9,499,415	1,096,408	11.5%
3,346,819	5,354,922	(2,008,103)	(37.5%)	(6) Total Gross Revenue	50,958,408	57,606,453	(6,648,045)	(11.5%)
				Deductions				
1,199,983	2,366,015	1,166,032	49.3%	(7) Total Deductions	20,671,794	25,267,772	4,595,978	18.2%
48.9%	52.6%	3.7%		Contractual Percentage	51.2%	52.5%	1.3%	
2,146,836	2,988,907	(842,071)	(28.2%)	(8) Net Revenue	30,286,614	32,338,681	(2,052,067)	(6.3%)
				Expenses				
792,512	926,324	133,812	14.4%	(9) Purchased Labor	9,512,787	9,903,591	390,804	3.9%
263,356	303,615	40,259	13.3%	(10) Purchased Benefits	3,166,921	3,251,348	84,427	2.6%
240,094	364,960	124,866	34.2%	(11) Supplies	3,707,484	3,964,935	257,451	6.5%
293,649	288,919	(4,730)	(1.6%)	(12) Professional Fees	3,836,637	3,306,415	(530,222)	(16.0%)
232,307	216,666	(15,641)	(7.2%)	(13) Purchased Services	2,794,700	2,451,844	(342,856)	(14.0%)
94,622	91,715	(2,907)	(3.2%)	(14) Depreciation and Amort	1,039,713	1,016,641	(23,072)	(2.3%)
22,175	26,355	4,180	15.9%	(15) Utilities	262,172	263,767	1,595	0.6%
549,829	419,257	(130,572)	(31.1%)	(16) Building Lease	5,653,332	4,579,581	(1,073,751)	(23.4%)
126,563	124,611	(1,952)	(1.6%)	(17) Other Expenses	1,398,973	1,396,840	(2,133)	(0.2%)
2,615,107	2,762,422	147,315	5.3%	(18) Total Expenses	31,372,719	30,134,962	(1,237,757)	(4.1%)
(468,271)	226,485	(694,756)	(306.8%)	(19) Net Operating Income/Loss	(1,086,105)	2,203,719	(3,289,824)	(149.3%)
(125,224)	166,878	292,102	175.0%	(20) Minority Interest	40,987	1,574,044	1,533,057	97.4%
(343,047)	59,607	(402,654)	(675.5%)	(21) Net Income/Loss	(1,127,092)	629,675	(1,756,767)	(279.0%)

STRATEGIC PLANNING
PRIORITIES & PROGRESS REPORT
July 17, 2020

I. LEGISLATION

Federal and Local Economic Update

The national economic outlook remains unfavorable, however, it is improving compared to the last several months. The global COVID-19 pandemic continues to put a significant strain on financial, commercial, and services sectors across all segments of the national and global economies.

The Bureau of Labor Statistics job report showed the U.S. economy added 4,800,000 jobs in June, as the unemployment rate declined to 11.1% from 13.3% in the previous month as states begin to slowly reopen portions of their economies. The June total is the largest monthly employment gain in U.S. history. Claims for U.S. jobless benefits continue to come in at very high levels, as nearly 1.3 million Americans filed for unemployment last week. In just a few months, the roughly 50 million unemployment claims filed during the coronavirus pandemic have far surpassed the 37 million during the 18-month Great Recession. Even though weekly claims have now consistently declined for 14 weeks in a row, the latest figure is still roughly double the 665,000 filed during the Great Recession's worst week. Although economic indicators have begun to show improvement over the last few weeks as states open their economies, the incidence of COVID-19 in those states is increasing and could lead to another slowdown in the economy as states close down portions of their economies that they had allowed to re-open.

The California economy showed an increase in jobs in May (state unemployment data lags national data by a month), as the economy added 141,600 jobs and the state's unemployment rate declined to 16.3%, down from a revised unemployment rate of 16.4% in April. Like the national economy, the impact from the global pandemic is significant for the state's economy, and is expected to continue over the coming months, if not quarters.

Locally, the District's unemployment rate declined slightly in May (local unemployment data lags national data by a month) to 11.8%, down from 12.3% in the previous month. Approximately 21,000 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

Late last month, the Governor and Legislature agreed to a deal on the budget. As discussed in previous reports, the main difference between the Governor's May revise and the budget sent to the Governor by the Legislature was how to account for money expected to be received from the federal government to address the impact of the COVID-19 pandemic. Both sides were estimating the amount the state may receive would be approximately \$14 billion.

The Governor felt due to the uncertainty on how much California may receive, cuts should take place on July 1. Once the money was received, those cuts would be adjusted. The Legislature took a more optimistic approach passing a budget, which assumed the state would receive \$14 billion. If there was a discrepancy on the amount, cuts would take place on October 1.

The compromise between the groups was to make adjustments to the budget passed on June 15 that incorporated both approaches. Some cuts were avoided and others will take place July 1. If funds are received from the federal government by October 15, restorations will occur on a prorated basis to the cuts. There were no cuts in the health care area that are tied to receiving federal funds.

Focusing on health related items of the budget, the following is what was agreed to:

- Medi-Cal Managed Care capitated rates are reduced by 1.5% going back to July 2019 and may continue beyond 2021.
- The proposal to expand Medi-Cal to cover adult undocumented individuals is not included in the budget, but is prioritized for future budgets if a portion of the state's reserve funds are available.
- Restores all Medi-Cal optional benefits that were proposed to be eliminated in the May Revise, including: adult dental (partial reduction), optometry, optician/optical lab, audiology, incontinence creams/washes, pharmacist-delivered services, speech therapy, podiatry, acupuncture, nurse anesthetists, occupational therapy, physical therapy, and the Diabetes Prevention Program.
- Program approved in the 2019-2020 budget for \$20 million to place alcohol and drug counselors in emergency departments will remain in place with no cuts. New budget language is adopted to allow for hospitals to apply for up to \$100,000. This is an increase from the previous \$50,000 limit.
- Proposal to assist with the cost of hearing aids and related services for children without health insurance coverage in low income households will remain in the budget.
- There is trailer bill that requires the Department of Health Care Services to establish a stakeholder process on or before July 15, 2020, to develop and implement the methodology for distribution of payments from the 340B supplemental payment pool, including the eligibility criteria for receipt of payments, the aggregate amount of pool funding, the criteria for apportioning the funding, and timing of payments.

- There is trailer bill language dealing with the all payer claims database issue. This year there was a bill that would have required physicians to submit their claims to this state-run database. The language included in the budget trailer bill makes it voluntary for physicians to submit claims.

The Legislature continues the process of assessing the bills that will proceed to floor votes, and one of the bills we continue to monitor is the seismic bill, SB 758.

SB 758 (Portantino) Hospitals: Seismic Safety

This is a two-year bill, and currently sits in Assembly Health Committee. The bill in its current form provides for the following:

- Would require that an acute care hospital be able to operate its emergency, surgical suite, and post-surgical care for 72-hours post a seismic event (i.e. reduces the departments that need be in a new seismically compliant building)
- Allows for the potential for two 5-year extensions for certain hospitals that can prove through an application that compliance would result in "financial hardship" and the potential loss of the hospital's services to the community
- Excludes hospitals in counties that have a "low seismic risk" (Alameda is not included in the "low seismic risk" category)
- The California Hospital Association (CHA) is currently in discussions with legislators to amend the bill to provide for a seven-year extension to the 2030 requirements given the impact of COVID-19, and the anticipated difficulty of hospitals across the state to meet the 2030 deadline.
- In addition, CHA is advocating for an advisory committee to be formed to assess the 2030 requirements and potentially adjust the seismic requirements in the future.
- SB758 currently sits in the Assembly Health policy committee, and is expected to be scheduled for a hearing in the next month.

Federal Legislature

The federal legislature continues to assess legislation aimed at addressing the economic impacts of COVID-19. Although the House last month passed the HEROES Act, summarized in last month's report, the Senate has not yet taken action on this bill. Discussions continue around one-time economic stimulus payments to citizens, as well as other relief for healthcare, financial, and other sectors of the economy that have been impacted over the last several months. It is uncertain whether the legislature will take action on a new stimulus bill before the traditional August recess.

II. FOUNDATION

Executive Director, Washington Hospital Healthcare Foundation

Kathy Hansen, the candidate for the executive director position in the Foundation, declined our offer of employment. After considerable discussion and consultation with her spouse, Kathy decided to remain in her current position at Mills Peninsula Hospital. Recruitment for the position has begun again, and the opening for the director of development position has been reposted.

Golf Tournament and Top Hat

The Executive Committee of the Foundation has decided to cancel this year's golf tournament and to host Top Hat as a virtual event on Zoom. Most sponsors and supporters who have already committed to the tournament have offered to have the Foundation retain the sponsorship money and put it towards the Hospital's COVID-19 Response Fund. Proceeds from Top Hat have also been designated to support the COVID-19 Response Fund.

COVID-19 Emergency Response Fund

The Foundation has received a number of large monetary donations for the COVID-19 relief fund totaling over \$363,000. Donations of personal protective equipment and meals continue to be received from the public, who are very supportive of the work that WHHS is doing to care for patients. The Foundation has set a goal to raise \$1 million for the COVID-19 Response Fund by the end of 2020.