



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

August 6, 2018

## MEETING NOTICE

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation will be held on Monday, August 13, 2018. The meeting will be held in the Board Room of Washington Hospital, located at 2000 Mowry Avenue, Fremont, California and will commence at 7:30a.m.

In accordance with Sections 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.

This notice is posted pursuant to Section 54956 of the Government Code.

By direction of the President & Chief Executive Officer  
Washington Township Hospital Development Corporation

HOLLY CEDILLO  
Recording Secretary



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

## AGENDA

### BOARD OF DIRECTORS' MEETING WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION

**Monday, August 13, 2018 – 7:30 A.M.**  
**2000 Mowry Avenue, Fremont, CA 94538**  
**Board Room – First Floor**

**Assistance for the Disabled:** If you are disabled in any way and need accommodation to participate in the meeting, please call Holly Cedillo, Recording Secretary, at (510) 818-7839 for assistance so the necessary arrangements can be made.

		<b>PRESENTED BY:</b>
<b>I.</b>	<b>CALL TO ORDER</b>	Chair
<b>II.</b>	<b>ROLL CALL</b>	Holly Cedillo, Executive Assistant
<b>III.</b>	<b>CONSIDERATION OF MINUTES OF May 21, 2018</b>	<i>Motion Required</i>
<b>IV.</b>	<b>COMMUNICATIONS</b> A. Oral B. Written	
<b>V.</b>	<b>PRESIDENT AND CHIEF EXECUTIVE OFFICER REPORT</b>	Nancy Farber, President and Chief Executive Officer

*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.*

**VI. CLOSED SESSION** Chair

**VII. ADJOURN TO OPEN SESSION & REPORT ON CLOSED SESSION** Chair

**VIII. OPEN SESSION** Chair

A. Report to Open Session

B. Action Item

1. Acceptance of the Washington Township Hospital Development Corporation Budget Estimate for Fiscal Year 2018/19.
2. Acceptance of the Washington Township Medical Foundation Budget Estimate for Fiscal Year 2018/19.

**IX. ADJOURNMENT** Chair

**NEXT MEETING: November 12, 2018**

The meeting of the Board of Directors of the Washington Township Hospital Development Corporation was held on May 21, 2018 in the Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont, California. Chairman Sah called the meeting to order at 7:31 a.m. *CALL TO ORDER*

Present: Russ Blowers, Gloria Villasana Fuerniss, Benn Sah, M.D., Jeannie Yee, Nancy Farber, Chief Executive Officer *ROLL CALL*

Absent: Miro Garcia

Also present: Kimberly Hartz, Sr. Associate Administrator, Ambulatory Care Services; Tina Nunez, Associate Administrator, Ambulatory Care Services; Chris Henry, Sr. Associate Administrator/CFO; Walter Choto, Sr. Director Ambulatory Care Services; Holly Cedillo, Executive Assistant

Guest: Ed Fayen, Sr. Associate Administrator, System Operations & Management Support Services

A motion was made by Director Blowers, seconded by Director Fuerniss to approve the minutes of the meeting of February 12, 2018 noting that a correction was made to the minutes clarifying that Director Garcia abstained from the approval of minutes due to his absence from the DEVCO Board Meeting on November 13, 2017. The motion was carried by the following vote.

*APPROVAL OF MINUTES OF February 12, 2018*

Ayes: Directors Blowers, Fuerniss, Sah and Yee

Noes: None

Absent: Director Garcia

Abstain: None

Ms. Hartz noted that there was no written or oral communication.

*COMMUNICATIONS*

Mr. Fayen, Sr. Associate Administrator, System Operations & Management Support Services, presented an update on the Morris Hyman Critical Care Pavilion. Mr. Fayen shared a PowerPoint presentation detailing the layout and construction progress. Mr. Fayen noted that the project remains on schedule and on budget.

*EDUCATION SESSION  
Morris Hyman Critical  
Care Pavilion  
Construction Update and  
Transition Plan*

Mr. Fayen also presented an update on the Morris Hyman Critical Care Pavilion Transition Plan. A PowerPoint presentation reviewing schematic drawings of the floor plan provided details on department relocation, path of travel and parking. Mr. Fayen shared the internal and external flow plan. The internal flow plan included Patient and Public Flow, Food and Nutritional Services, Waste Stream, Supply/Equipment and Linen Flow. The external flow plan included Traffic, Public/Pedestrian, Ambulance/EMS and Helipad flow.

Ms. Farber announced that a successful meeting took place on April 4<sup>th</sup> with the California Department of Public Health and Office of Statewide Health Planning and Development. She also reviewed important upcoming dates in regard to the Morris Hyman Critical Care Pavilion, including the VIP/Ribbon

*PRESIDENT & CHIEF  
EXECUTIVE OFFICER  
REPORT*

Cutting on September 13<sup>th</sup>, Community Open House on September 15<sup>th</sup> and the anticipated opening date on October 10<sup>th</sup>.

*PRESIDENT & CHIEF  
EXECUTIVE OFFICER  
REPORT CONT'D*

Ms. Farber shared that our partnership with ABC7, Bay Area Healthier Together, has been a great success. This exciting endeavor allows us to share resources, information and our continued commitment to the Patient First Ethic with the entire Bay Area. Three videos were shown that reside on the Bay Area Healthier Together website which introduce the partnership to the community.

Ms. Farber announced that the WOW mobile health clinic has returned from Santa Rosa. Santa Rosa Community Health shared a Facebook post expressing their gratefulness for the resources provided by Washington Hospital Healthcare System in response to the tragic October wildfires. Our support allowed them to continue seeing patients and also keep their teams working. Currently the WOW van is receiving required maintenance in preparation to serve our local community.

Ms. Farber spoke about the lawsuit recently filed by the State of California against Sutter Health. The complaint states that Sutter Health has engaged in anticompetitive behavior resulting in higher healthcare costs for Northern Californians. The purpose of the lawsuit is to restore a competitive healthcare market in California.

In accordance with Sections 1461, 1462, 32106 and 32155 of the California Health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, Chairman Sah adjourned the meeting to closed session at 8:30 a.m.

*ADJOURN TO CLOSED  
SESSION*

Chairman Sah adjourned the meeting to open session at 8:43 a.m. He reported that no action was taken in closed session.

*ADJOURN TO OPEN  
SESSION*

At Washington Outpatient Surgery Center (WOSC), DEVCO owns 50.1% of the shares and the physician investors own 49.9%. Physicians may continue to purchase additional shares but DEVCO must purchase the corresponding number of shares in order to remain the majority shareholder. There are two physicians at the Washington Outpatient Surgery Center who are requesting to purchase a total of thirty-two additional shares. For this to occur, DEVCO will need to purchase the same number of additional shares in order to remain the majority shareholder at a value of \$10,900 per share.

*ACTION ITEM –  
DEVCO/New Physicians  
Additional WOSC  
Membership Interest  
Purchase*

A motion was made by Director Fuerniss to authorize the Chief Executive Office to enter into the necessary contracts to proceed with the purchase of the thirty-two additional shares for an amount not to exceed of \$348,800. On a second from Director Blowers, the motion was carried with the following vote:

*Washington Township Hospital Development Corporation*  
*May 21, 2018*  
*Page 3*

Ayes: Directors Blowers, Fuerniss, and Yee  
Noes: None  
Absent: Director Garcia  
Abstain: Director Sah

*ACTION ITEM –*  
*DEVCO/New Physicians*  
*Additional WOSC*  
*Membership Interest*  
*Purchase CONT'D*

There being no further business, the meeting adjourned at 8:45a.m. The next *ADJOURNMENT*  
meeting is currently scheduled for August 13, 2018 at 7:30 am.

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Benn Sah, M.D.  
Chair

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Jeannie Yee  
Secretary



# Washington Township Hospital Development Corporation

2000 Mowry Avenue, Fremont, CA 94538-1716

**DATE:** August 9, 2018  
**TO:** Board of Directors  
Washington Township Hospital Development Corporation  
**FROM:** Nancy Farber  
President and Chief Executive Officer  
**SUBJECT:** Washington Township Hospital Development Corporation  
Budget Estimate FY 2018/19

The Budget Estimate for FY 2018/19 for the Washington Township Hospital Development Corporation (DEVCO) is being presented to the Board of Directors of the Development Corporation for its adoption.

This budget takes into account inflation, contracted changes, staffing changes and other operating changes.

For the FY 2018/19, the Washington Township Hospital Development Corporation is budgeted as follows:

Visits are budgeted at 47,996  
Total Operating Revenue is budgeted at \$36,861,653  
Total Expenses are budgeted at \$31,877,468  
Net Income is budgeted at \$1,945,043  
Total Capital Budget of \$39,392

I am recommending that the Board of Directors of the Washington Township Hospital Development Corporation approve the FY 2018/19 Budget Estimate.

NANCY FARBER  
President and Chief Executive Officer

# Income Statement

## Budget Estimate FY 2018/19

	Budget Estimate FY 2018/19	Projected FY 2017/18	Change	% Change
Visits	47,996	45,447	2,549	5.6%
Gross Patient Revenue	\$ 59,502,107	\$ 48,325,935	\$ 11,176,172	23.1%
Other Revenue	7,953,826	7,667,334	286,492	3.7%
Contractual Allowances	30,594,280	24,561,955	(6,032,325)	-24.6%
<b>Total Operating Revenue</b>	<b>\$ 36,861,653</b>	<b>\$ 31,431,314</b>	<b>\$ 5,430,339</b>	<b>17.3%</b>
<b>Expense:</b>				
Salaries	\$ 7,472,710	\$ 6,796,857	\$ (675,853)	-9.9%
Benefits	2,878,138	2,430,134	(448,004)	-18.4%
Supplies	4,426,527	3,651,339	(775,188)	-21.2%
Contract Mgmt Services	581,000	580,551	(449)	-0.1%
Professional Fees	1,571,833	1,437,710	(134,123)	-9.3%
Purchased Services	2,809,919	2,583,773	(226,146)	-8.8%
Purchased Labor	2,806,542	2,605,277	(201,265)	-7.7%
Purchased Benefits	750,495	676,041	(74,454)	-11.0%
Legal and Audit	270,500	353,852	83,352	23.6%
Depreciation	1,262,366	998,404	(263,962)	-26.4%
Utilities	298,708	263,707	(35,001)	-13.3%
Building Lease	5,174,459	5,191,511	17,052	0.3%
Vehicle Lease	1	1	-	0.0%
Vehicle Expense	6,600	5,697	(903)	-15.9%
Interest Expense	50,000	58,239	8,239	14.1%
Professional Liab Ins	72,582	68,697	(3,885)	-5.7%
Taxes, Fees & Licenses	275,567	267,080	(8,487)	-3.2%
Other Expense	1,169,521	1,146,054	(23,467)	-2.0%
<b>Total Expense</b>	<b>\$ 31,877,468</b>	<b>\$ 29,114,924</b>	<b>\$ (2,762,544)</b>	<b>-9.5%</b>
<b>Income from Operations</b>	<b>\$ 4,984,185</b>	<b>\$ 2,316,390</b>	<b>\$ 2,667,795</b>	<b>115.2%</b>
Minority Interest in WOSC	3,039,142	1,548,602	(1,490,540)	-96.3%
<b>Net Income</b>	<b>\$ 1,945,043</b>	<b>\$ 767,788</b>	<b>\$ 1,177,255</b>	<b>153.3%</b>





# Memorandum

**DATE** August 6, 2018

**CONFIDENTIAL**

**TO:** Board of Directors  
Washington Township Hospital Development Corporation

**FROM:** Nancy Farber  
President and Chief Executive Officer

**SUBJECT: WTMF Budget Estimate FY 2018/19**

The Budget Estimate for FY 2018/19 for the Washington Township Medical Foundation (WTMF) is being presented for recommendation of adoption to the Board of Directors of the Development Corporation.

This budget takes into account inflation, contracted changes, staffing changes, budgetary changes and market growth.

For the FY 2018/19, Washington Township Medical Foundation is budgeted as follows:

Visits are budgeted at 192,879  
Total Operating Revenue is budgeted at \$43,467,226  
Total Expenses are budgeted at \$64,252,998  
Net Loss is budgeted at (\$20,785,772)  
Total Capital Budget of \$240,494

This budget reflects a medical foundation that continues to grow and is committed to meeting the health care needs of the community through the provision of high quality, cost effective care locally. Washington Township Medical Foundation contracts with third-party payers for the delivery of health care services and focuses on research and educational activities.

Washington Township Medical Foundation is helping to better position Washington Hospital Healthcare System and physicians for the rapidly changing health care landscape at both the state and federal levels along with an environment driven by great uncertainty. Washington Township Medical Foundation provides opportunities for care coordination and collaboration that is important to the current and future success of Washington Hospital Healthcare System. WTMF also creates a vehicle that allows us to continue to successfully recruit primary care and specialist physicians to our community and offers community physicians another option for practicing medicine so that the health care needs of the community can be met now and into the future.

Our continued commitment to Washington Township Medical Foundation provides an important strategic initiative in helping us meet our goal of providing local access to quality care along with improving and maintaining the health status of the residents of our District. I am recommending that the Board of Directors of the Washington Township Hospital Development Corporation approve the FY 2018/19 Budget Estimate.

A handwritten signature in black ink that reads "Nancy Farber". The signature is written in a cursive style with a large initial 'N'.

NANCY FARBER  
President and Chief Executive Officer

# WTMF FY 2019

## Consolidated Income Statement

	FY 2019 Budget	FY 2018 Projected	Change	% Change
Visits	192,879	174,658	18,221	10.4%
<b>OPERATING REVENUE</b>				
Gross Patient Revenue	65,176,698	59,633,793	\$5,542,905	9.3%
Contractual Adjustments	(33,868,757)	(31,602,325)	(2,266,432)	-7.2%
Net Patient Revenue	31,307,941	28,031,468	3,276,473	11.7%
Contractual Adjustments %	52.0%	53.0%	1.0%	
Other Non-Patient Revenue**	12,159,285	11,016,396	1,142,889	10.4%
Total Operating Revenue	43,467,226	39,047,864	4,419,362	11.3%
<b>OPERATING EXPENSES</b>				
PSA Costs	40,442,403	39,084,781	(1,357,622)	-3.5%
Salaries & Wages	10,292,112	9,129,783	(1,162,329)	-12.7%
Benefits	3,306,400	2,870,677	(435,723)	-15.2%
Professional & Purchased Services	2,868,250	2,677,880	(190,370)	-7.1%
Supplies	2,382,982	2,011,832	(371,150)	-18.4%
Occupancy Costs	2,888,139	2,861,064	(27,075)	-0.9%
Depreciation	218,681	201,134	(17,547)	-8.7%
Other Expense*	1,854,031	1,681,451	(172,580)	-10.3%
Total Operating Expense	64,252,998	60,518,602	(3,734,396)	-6.2%
<b>NET PROFIT / (LOSS)</b>	<b>(\$20,785,772)</b>	<b>(\$21,470,738)</b>	<b>\$684,966</b>	<b>3.2%</b>

\* Other Expense includes: Insurance, Marketing, Bank Charges, Interpreting, Record Storage, Equip Rent, Taxes & Licenses

\*\* Other Non Patient Revenue includes: Incentive Rev, Hospitalist Rev, Meaningful Use Rev, WTMG Management Fees, Lean Phys Champion, & PAMF Rev

