

KaufmanHall

New Providers, Facilities, Programs, and Services Board Study Session



Palm Springs, California | November 16, 2017

Agenda

- Kaufman Hall Engagement Objective
- Study Session Objective
- Market Environment
 - Geography and Healthcare Access Points
 - Gaps, Initiatives & Considerations
 - Key Implications
- Potential Scenarios

Kaufman Hall Engagement Objective

Deliver to the District Board a document that describes a process and framework for development of the healthcare facilities to serve the Coachella Valley communities over the next 20 plus years. The framework will:

- Describe the anticipated acute care facilities, including hospitals, outpatient facilities (including ambulatory surgery and urgent care sites), as well as physician clinic needs.
- Describe scenarios under which Desert Regional Medical Center (“DRMC”) could comply with current seismic requirements.
- Review preliminary estimates of the cost of construction of any seismic retrofit and facilities construction scenario
- Propose a potential relationship between Tenet Healthcare and the District.
- Propose who will own which facilities.
- Propose a funding source for the construction needs, which may include a combination of public and private funding sources.

Study Session Objectives

- **Confirm a common understanding of the service area fact base** that will inform the District's preferred approach for addressing elements of Desert Healthcare District's Strategic Priority 1.
- **Review and discuss some potential scenarios** for addressing New Providers, Facilities, Programs, and Services within the context of Priority 2 and Priority 3



Priority 1

New Providers, Facilities, Programs, and Services

Offer new provider, facility, program, and service initiatives that enhance delivery system capacity and promote stable, high-quality health services that respond to community needs

Priority 2

One Coachella Valley

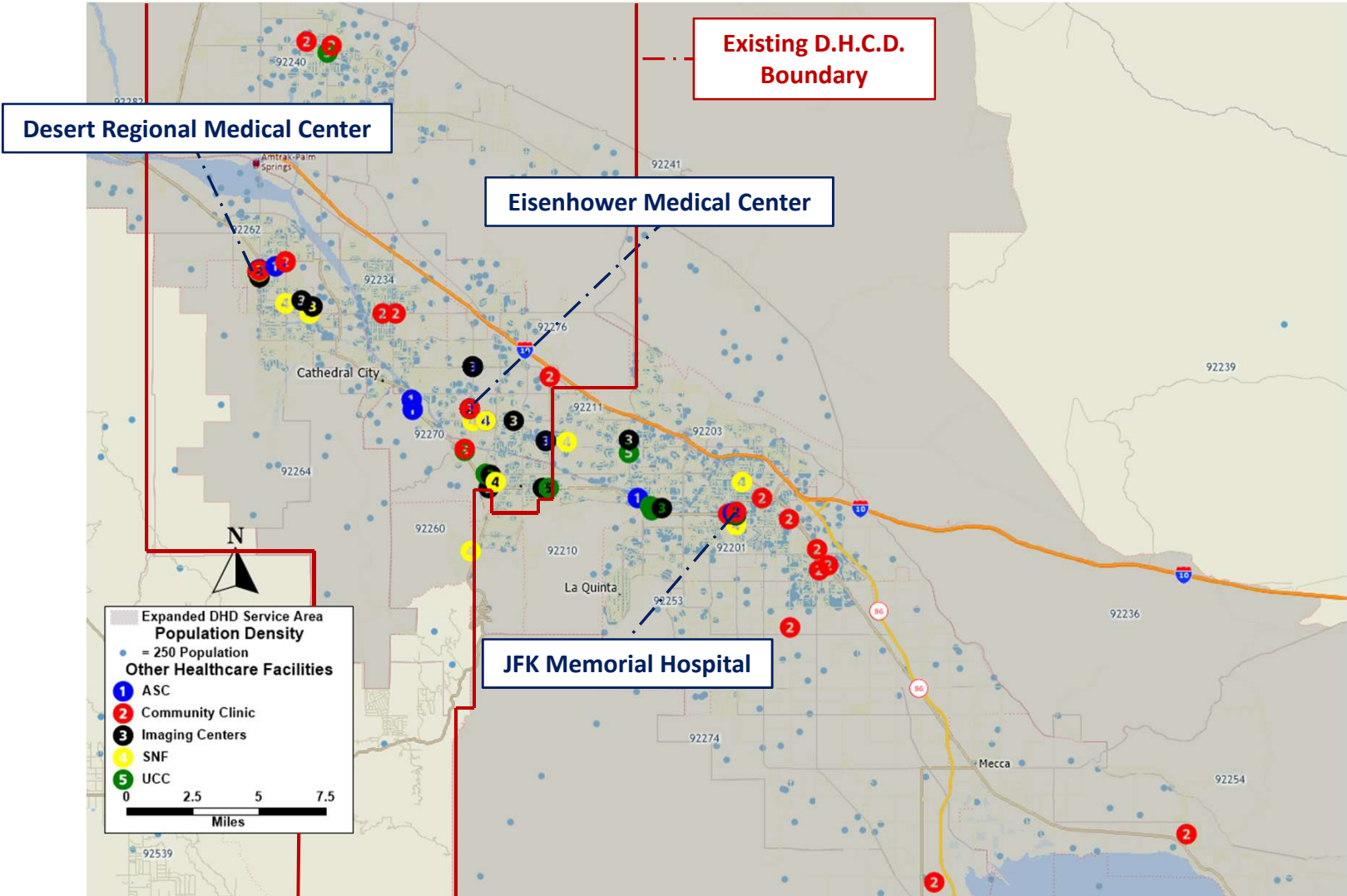
Strengthen community health outcomes by implementing a District expansion that enhances and broadens community funding, considers the health needs of all residents, and effectively engages residents in the entire Coachella Valley

Priority 3

Community Health and Wellness

Demonstrably improve community health in the Coachella Valley leveraging District/Foundation investments and activities

Geography and Healthcare Access Points



Market Environment | Providers, Facilities, Programs, and Services: Gaps, Initiatives & Considerations

Care Type	Needs	Current/Recent Initiatives & Considerations
General Acute Care	<ul style="list-style-type: none"> • Current overall surplus of beds in the market; shortage of ED stations • Emerging capacity constraints in obstetrics and critical care • Any delay or failure to address SB1953 seismic issues will reduce DRMC beds from 330 to 217 resulting in a shortfall of 88 beds against a future need of 305 	<ul style="list-style-type: none"> • Utilization trends may soften or reduce inpatient hospital demand growth • Eisenhower Medical Center has voluntary seismic improvements underway which will extend life of some bed units • Small scale inpatient facilities (~10 beds) called micro-hospitals are seen as a way to efficiently provide access to acute care
Behavioral Health	<ul style="list-style-type: none"> • Current need for local provision of care is not met <ul style="list-style-type: none"> ✓ Market is underserved with respect to behavioral health resources ✓ Outpatient psychiatric services are fragmented ✓ Travel is a barrier to behavioral health access • Projected market need for 84 beds as well as step down, crisis, and outpatient care capacity 	<ul style="list-style-type: none"> • Significant initiatives from RUHS to address gaps <ul style="list-style-type: none"> ✓ Recently developed or planned development of crisis stabilization units ✓ CREST and REACH ✓ Board and care services ✓ 200 inpatient beds proposed for western Riverside County
Subacute/ Post Acute Care	<ul style="list-style-type: none"> • Current overall surplus of rehabilitation and SNF beds at DRMC • Any delay or failure to address SB1953 seismic issues will reduce DRMC beds from 12 to 0 resulting in a shortfall of 12 beds against a future need of 12 	<ul style="list-style-type: none"> • Post-acute care resource availability is an important part of efficient and effective delivery of care across the continuum.

Market Environment | Providers, Facilities, Programs, and Services: Gaps, Initiatives & Considerations

Care Type	Needs	Current/Recent Initiatives & Considerations
Ambulatory Care	<ul style="list-style-type: none"> Ancillary ambulatory care for imaging and surgery is adequate in the market 	<ul style="list-style-type: none"> 12 ASCs with a total of 31 operating rooms as of CY15 20 imaging centers Access issues may relate more to insurance coverage status
Primary Care	<ul style="list-style-type: none"> Coachella Valley has large areas classified as Medically Underserved or Health Professional Shortage area Travel can be barrier to primary care access 	<ul style="list-style-type: none"> 24 Community Clinics/FQHCs in the service area as of CY2015 10 urgent care centers Access issue is multi-faceted: includes cost/insurance and willingness of providers to accept Medi-Cal
Specialty care	<ul style="list-style-type: none"> Travel can be barrier to access of care – particularly cancer and pediatric subspecialties 	<ul style="list-style-type: none"> Some movement towards deployment of specialists to the Coachella Valley – i.e. Loma Linda’s Indio Children’s Hospital Outpatient Pavilion UCSD is collaborating with Eisenhower around areas such as cancer, HIV/AIDS and medical education

Market Environment | New Providers, Facilities, Programs, and Services: Key Implications

- General Acute Hospital Care
 - Seismic SB1953 issues present significant capital investment requirements in the Coachella Valley to ensure that adequate inpatient hospital services are available
 - Although the current bed capacity in the Coachella Valley exceeds requirements, the scale of the seismic issue and future population growth will require retrofit, renovation and/or new construction
 - Potential to rationalize services across hospitals for efficient development of capacity
- Increasing access to primary care, specialty care and behavioral health must recognize that access is a function of several factors including provider supply, travel distance, knowledge of care sources, provider willingness to accept Medi-Cal and the patient's insurance status
- Access to specialty care may be most efficiently developed through partnerships with academic and other tertiary/quaternary centers.
- Behavioral Health has significant pent up demand given limited resources and suboptimal configuration of care delivery system
- Post-acute/skilled nursing/rehabilitation care may be most appropriately provided through partnerships.
- Ambulatory care such as imaging and ambulatory surgery centers are sufficient for the market; development should be aligned with other strategic needs such as physician alignment

Potential Scenarios | New Providers, Facilities, Programs, and Services

	Current	Post Seismic	Scenario W	Scenario X	Scenario Y	Scenario Z
Description	Current Capacity	Capacity After Removing Beds From Service	DRMC Partial Upgrade	DRMC Partial Upgrade Plus New Small Hospital (Micro)	DRMC Reconfigured Plus New Hospital (De Novo)	DRMC Full Seismic Retrofit
Scale	330 Acute 12 Rehab 30 SNF	217 Acute 12 Rehab 32 SNF	+70 Acute +6 ED Bays	+96 Acute +35 Micro Hospital Beds +14 Micro Hospital ED Bays	+163 Acute (De Novo) +14 ED Bays (De Novo)	+92 Acute +6 ED Bays
Geographic Expansion			Ambulatory Geographic Expansion	Inpatient and Ambulatory Geographic Expansion	Inpatient and Ambulatory Geographic Expansion	Ambulatory Geographic Expansion
Capital Required		\$	\$\$	\$\$\$	\$\$\$\$\$	\$\$\$

Note: Micro-hospitals are small-scale inpatient facilities that offer a wide range of medical services in a small, neighborhood setting. They run 24/7, all year long. They commonly have between eight and 20 beds where patients can be observed or admitted for a short stay.

Potential Scenarios | New Providers, Facilities, Programs, and Services

Care Component	Scenario W	Scenario X	Scenario Y	Scenario Z
Inpatient Acute Care/ED/OB	✓	✓/N	✓/N	✓
Behavioral Health	✓	P	P	P
Rehab/SNF	P	P	P	P
Pediatric Care	P	N	N	P
Ambulatory Services	P	P	P	P
Primary Care	P	P	P	P
Specialty Care	P	P	P	P

- ✓ = Provided at DRMC
- P = Provided at a partner facility
- N = Provided at newly constructed facility

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