

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

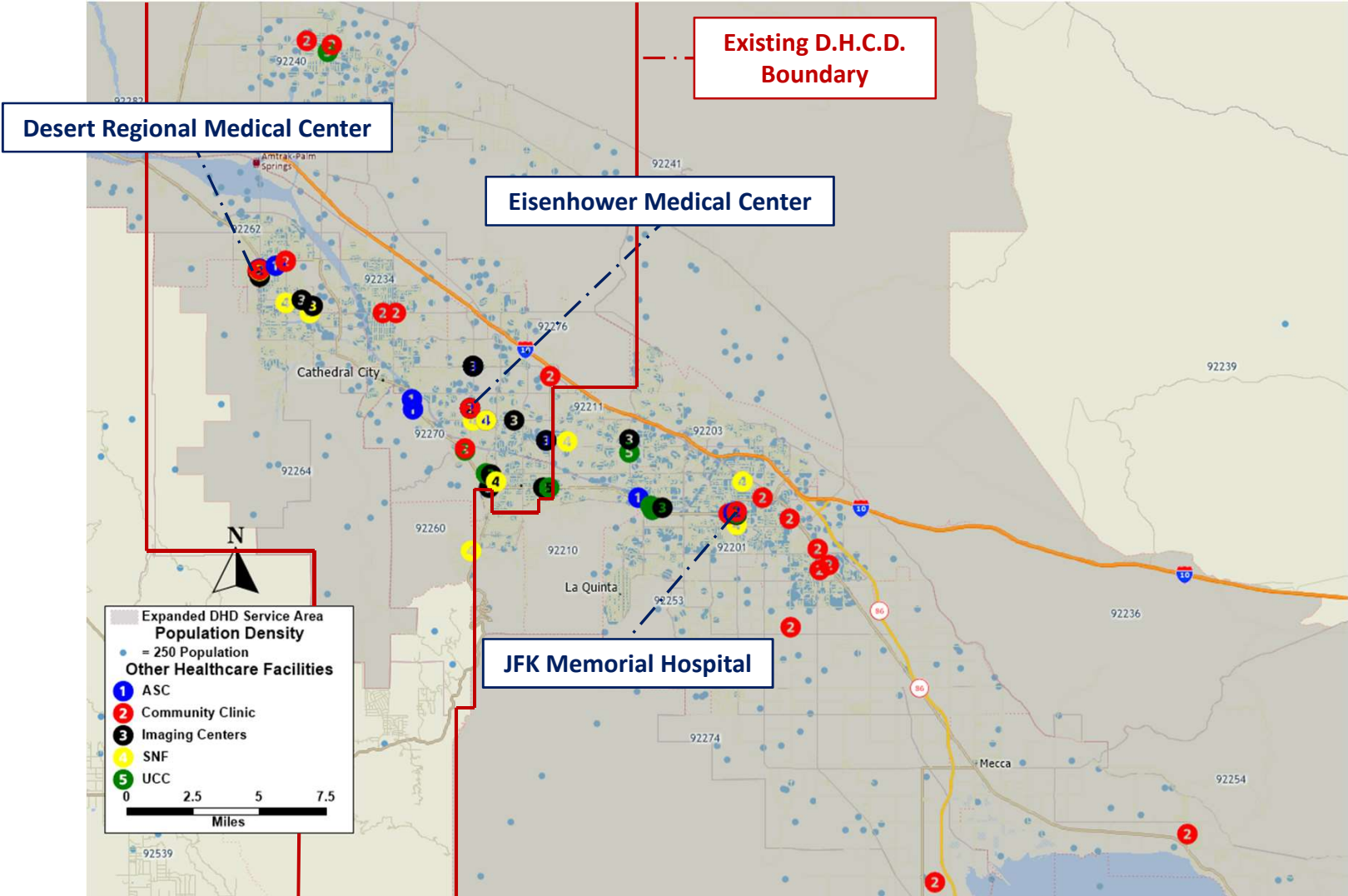
Strengthen community health outcomes by implementing a District expansion that enhances and broadens community funding, considers the health needs of all residents, and effectively engages residents in the entire Coachella Valley

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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