Approved by the Board – April 26, 2016

Strategic Planning Session

Hospital Needs & Industry Trends
Mental Health Delivery System

March 30, 2016

I. BACKGROUND

On March 30, 2016, the Desert Healthcare District Board of Directors held a special, day-long workshop. The workshop included a morning session focused on industry trends and hospital needs of the community. Steve Valentine, industry expert and consultant from Premier Inc., gave a presentation and facilitated Board discussion. All members of the Board were present and there were members of the public in the audience.

The afternoon session focused on the mental health delivery system in the Coachella Valley. In addition to Board members, representatives from various healthcare providers participated in the discussion along with members of the public who were in the audience. Lisa Burke, Burke Consulting, facilitated the discussion.

A summary of the discussion, key findings and follow-up activities resulting from each session follows.

II. PRESENTATION AND GUIDED DISCUSSION, MORNING SESSION

Steve Valentine provided an overview of the current environment and industry trends related to hospitals. Key findings or factors he noted include:

- A large volume of patients is needed in the current industry setting in order for hospitals to operate cost-effectively/to compete in the market.
- This means hospitals will need to expand their spheres of influence to a larger population base and across multiple venues.
- Reimbursements are not increasing, which means hospitals must increase their patient volume in order to improve their margin.
- Patient “stickiness” is desired – not only do hospital systems need a large volume of patients, but they need to retain those patients.
- Mental health beds are shrinking out of the system due to pure economics – the reimbursement rates are too low to be viable.
- CVS Pharmacy is moving into population health. It is the single largest chronic care platform in the U.S. and becoming a serious competitor to health systems in the chronic care service area. Retail care should be tracked in the Coachella Valley to see if this trend occurs here.
- Several propositions and measures will be on the November 2016 ballot, including the CCalifornia Medi-Cal Hospital Reimbursement Initiative (2016); California Hospital Association Medi-Cal Hospital Fee Protection; the California Children’s Education and Health Care Protection Act of 2016 (Proposition 30); and a tobacco tax raise of $2.00 per pack that would go to Medi-Cal (Senate Bill 591).

Mr. Valentine and the Board walked through several specific examples of hospitals and the range of situations they encompass. He noted several healthcare districts are capital-starved, and have given up owning hospital facilities, looking to sell or lease. Other districts or hospitals have issued or plan to issue debt in order provide an infusion of capital and resources. One district took back their hospital facility from a lessee, and is currently doing well but has substantial debt and therefore not a lot of capital to invest in the facility. One hospital closed its doors. In short, there are varying approaches, but all are dealing with a rapidly changing industry. Smaller margins require a larger volume of patients; therefore, providers will be competing for the population base. Further, the competitors are shifting from traditional players to include those like retail platforms (e.g., CVS). The resulting lesson is that getting back into the acute care market will be harder today than 10 years ago.

Following this presentation and discussion, the Board of Directors held a closed session concerning proposed hospital services.

III. Mental Health Delivery System in the Coachella Valley, Afternoon Session

In addition to the Desert Healthcare District Board of Directors and District CEO, participants in the afternoon discussion included:

- Dr. Anthony G. Bassanelli, Medical Director, Eisenhower Outpatient Behavioral Health Clinic
- Carolyn Caldwell, Chief Executive Officer, Desert Regional Medical Center
- Dr. Matt Chang, Medical Director, Riverside University Health System (RUHS) – Behavioral Health
- James A. Grisham, RN, LMFT, Desert Regional Administrator, RUHS – Behavioral Health
- Gary Honts, Chief Executive Officer, JFK Memorial Hospital
- Dr. Gary Levinson, DRMC, Consulting Psychiatrist
- Dr. Gerald Maguire, University of Riverside School of Medicine, Chair of Psychiatry
- Zareh Sarrafian, CEO, Riverside University Health System (RUHS)
- Steve Steinberg, Director, RUHS-Behavioral Health
- Arnold Tabuenca, Chief Medical Officer, RUHS – Behavioral Health
- Joe Zamora, Deputy Director of Finance, RUHS – Behavioral Health

The afternoon session began with a presentation by Steve Steinberg on Proposition 63 and the status of the mental health system today. Lisa Burke then facilitated group discussion about existing and needed mental health services in the Coachella Valley.

The group spent some time defining terms, as they began to discuss mental health needs in the region. Inpatient needs include both crisis mental health beds and separately, med-psych beds,

for both adults and youth (under 18). Also needed are step-down units. Long-term care includes several types of facilities including locked care, unlocked care (licensed board and care, which is a higher level of care than room and board), medical skilled nursing facilities (SNF), and room and board care (unlicensed). Outpatient services encompass stabilization units, emergency room, and Regional Emergency Assessment at Community Hospitals (REACH) and Community Response Evaluation and Support Teams (CREST).

The group thought it was important to view mental health services as a continuum rather than a series of separate services or facilities. Consequently, participants helped create a matrix of planned and needed facilities/services, as shown on the following page.

There was discussion about stand-alone mental health hospitals and requirements to be proximate to another hospital facility to provide a full range of services. It was suggested there might be a need to advocate for legislation to allow free-standing hospital facilities, but other opinions were shared about wanting to provide integrated care. There was concern expressed about geographical barriers to providing care. The issue of the lack of interoperability of EMRs was briefly discussed but set aside as ancillary to the primary focus of mental health delivery system.

More information was identified as needed for several topics:

1. How many inpatient beds exist for patients already in the hospital with medical issues but who also need mental health care (co-diagnosis)? Referred to as “med-psych” beds. Where are they located?
2. How many more med-psych beds are needed?
3. Clarify intensive outpatient insurance care.
4. What is the licensing required for a step down unit?
5. What are the mental health needs of the jail population and what is the volume?

Several follow up activities were identified through the afternoon session.

IV. FOLLOW UP ACTIVITIES (Responsible Party)

1. Conduct quarterly meetings of this group (DHCD)
2. Clarify the 35-mile rule for stand-alone mental health facilities (Steve Steinberg)
3. Initiate discussion with three hospitals about provider training/funding including consultation rotation, geriatric rotation (Dr. Maguire)
4. Explore next steps for telemedicine, e.g., internal analysis vs. consultant assistance; explore use at FQHCs (Dr. Maguire)
5. Conduct inventory of what beds are where, if any. Initiate a consortium of three hospitals to address hospital in-patient bed needs. (Supervisor Benoit’s office, Kim Trone)
6. Identify organizations interested in and promote the RUHS RFQ (Steve Steinberg)

7. Conduct an assessment to determine need/capacity/feasibility for expansion of REACH and CREST (DHCD)
8. Find answers to the "need more information" list (DHCD/Lisa)
9. For the SNF (51%-49%) new beds: (Joe Zamora/DHCD)
    a. Conduct status check
    b. Review business model if there is one
    c. Explore other possible providers
10. Initiate discussion with other health care agencies (beyond hospitals) about funding mental health provider training (Dr. Maguire)
11. Share with this group the RFP related to expanding Veteran Care (Dr. Maguire)

Age	Inpatient	Partial Hospitalization	Long-Term Care	Outpatient*	Providers*
0-12	Psych Beds – Quantity Needed TBD Planned expansion of Arlington Campus of Riverside County RMC with additional psych beds by 2020	Step Down Program for Psych Step Down Program for Med-Psych		Telemedicine Need to serve patients of all payer mixes REACH/CREST: expand REACH; extend CREST response area	Telemedicine Therapists Social Workers
13-18	Psych Beds – Quantity Needed TBD Planned expansion of Arlington Campus of Riverside County RMC with additional psych beds by 2020	Step Down Program for Psych Step Down Program for Med-Psych		Substance Use Treatment Program Expanded Substance Use Treatment Supported Affordable Housing	RNs Geriatric Mental Health Specialists Expansion of Psych Resident Program/ Fellowship
18-65	Psych Beds – Quantity Needed TBD Substance Abuse Treatment Program Planned expansion of Arlington Campus of Riverside County RMC with additional psych beds by 2020	Step Down Program for Psych Step Down Program for Med-Psych Substance Abuse Augmented Care	Care for jailed population and those recently released from jail County RFP for Augmented Board and Care 49 Psych Beds SNF - private by 2020	Care for jailed population and those recently released from jail CSU Palm Springs 12 beds	CVEP Mental Health pipeline VA Clinic 2016
65+	Psych Beds – Quantity Needed TBD Planned expansion of Arlington Campus of Riverside County RMC with additional psych beds by 2020	Step Down Program for Psych Step Down Program for Med-Psych		Trial Telemedicine County ECT	

Program or service needed

Program or service planned

*Not age-specific unless noted