

Community Hospital of Long Beach

June 19, 2018





Overview

- Progress Since April 3rd Study Session
- Seismic Overview & OSHPD Recommendations
- Due Diligence Process
- Recommendation for City Council Action
- Next Steps



Progress Since Last Study Session (April 3rd)

- County Emergency Medical Services Agency (LEMSA) Public Hearing conducted.
- City staff testified to State Health Committee to support AB 2591 (O'Donnell) to delay State seismic compliance at the facility.
- Weekly tours of Community Hospital with potential operators conducted.
- City contracted with architect Perkins + Will and meets with State regulatory agency to prepare seismic compliance plans.
- MemorialCare renewed State hospital license for new year (thru April 28, 2019).
- MemorialCare issued Workforce Adjustment & Retraining Notice (WARN) for 363 employees at Community Hospital indicating employment will terminate July 3rd.
- County Board of Supervisors adopted Impact Evaluation Report from County Emergency Medical Services Agency (LEMSA) for the closure of Community Hospital.
- Operator due diligence process completed.



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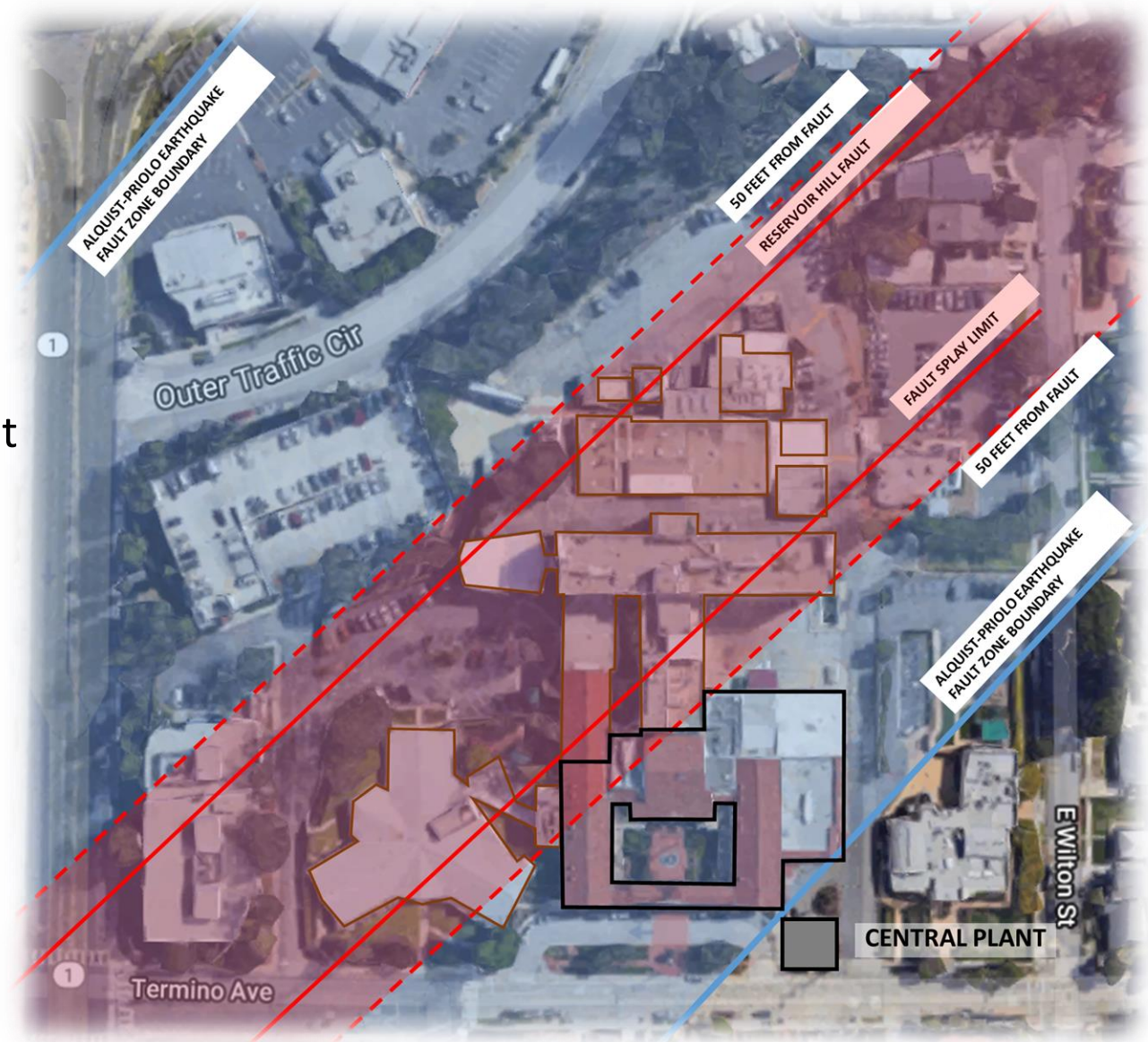
Seismic Retrofit

Seismic Compliance

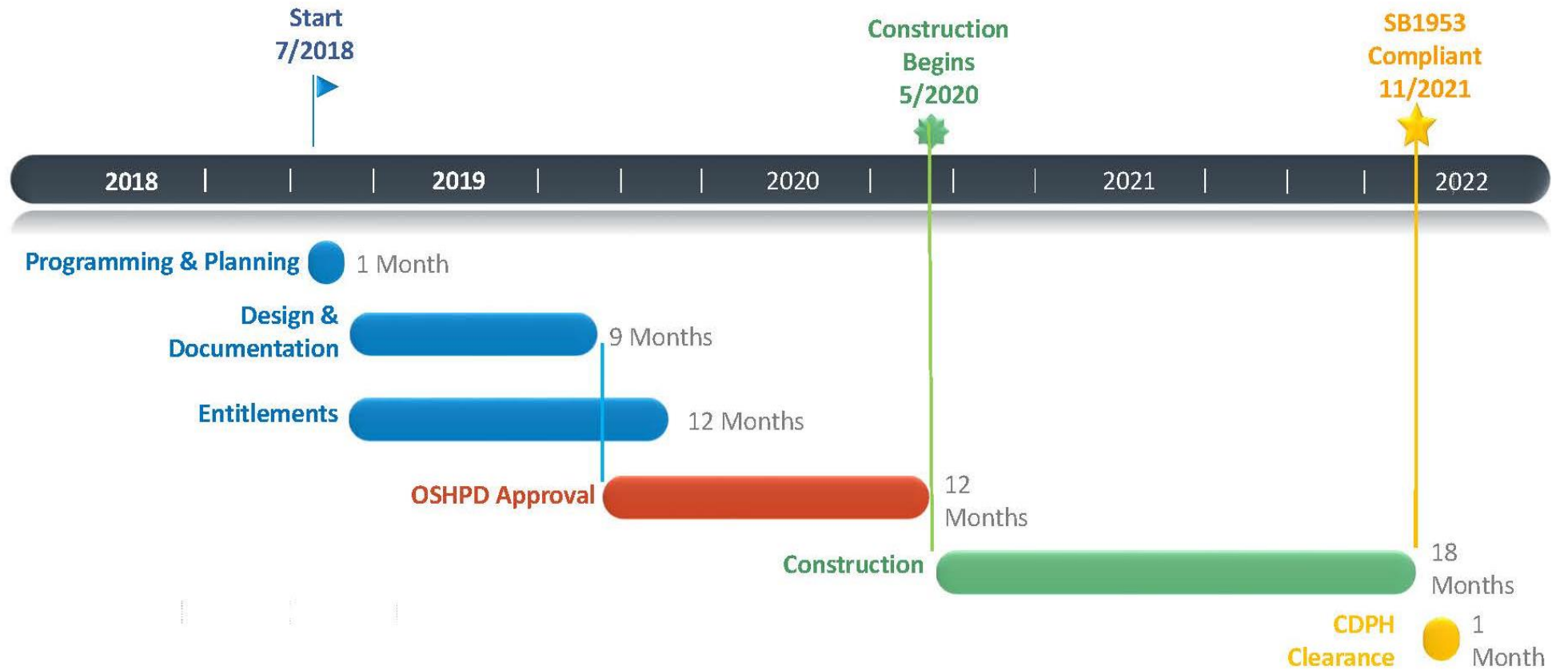
- SB-1953 and SB-90 require acute care hospitals to meet seismic regulations by June 30, 2019. Non-acute care facilities are exempt.
- MemorialCare conducted a peer review to confirm the presence of an active fault.
- City Building & Safety Bureau commissioned seismic expert to conduct a 3rd party review of the study.
- City confirmed with OSHPD on Monday, June 18th that MemorialCare never formally submitted a plan to retrofit the facility, and that statements regarding the feasibility of an acute care facility on the Site were not attributable to OSHPD.
- Over the past 6-months, City staff worked closely with OSHPD, Perkins + Will, and State Geological Survey to establish plans for providing acute care services in seismically safe buildings on the site.

Conditions Report: Completed

- Alquist Priolo Fault Zone (AP-Zone) established.
- Active fault Zone identified within AP-Zone.
- Confirmed 50-foot development setback required for new construction near active fault.
- Confirmed Up to 50 percent construction on safe buildings allowed.
- **OSHPD Proposed Solution:** Consolidate acute care services in seismically safe Heritage Building; and, move Central Plant to seismically safe area of site.



Conceptual Schedule



Note: This conceptual schedule represents the architect's best guess for the design, approval, and construction schedule and is subject to change.



Seismic Solutions: Next Steps

- Complete feasibility study that demonstrates the ability to maintain an acute care facility with the essential services on the campus.
- Prepare cost estimates and then schematic drawings (basic drawings).
- Establish concurrence from OSHPD.
- Develop construction plans (construction-level drawings will cost approximately \$1+ million to prepare).
- Identify funding sources for construction.
- Reconnect with State Assembly Health Committee to present:
(a) MWN as new operator, and (b) viable seismic compliance plan prepared by Perkins + Will.



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Hospital Operations



Molina, Wu, Network, LLC. (MWN)

Conceptual Proposal

- Operate a smaller fully-licensed hospital (40 beds).
- Minimum 40-year lease for \$1 per year.
- AHMC will operate hospital and NMM will manage care contracts.
- Exploring a partnership with CSULB School of Gerontology & School of Nursing.
- Propose to reconfigure those portions of the hospital which meet seismic standards to maintain an acute care hospital, with emergency department and 30-40 inpatient beds as well as the capability to receive Advanced Life Support (ALS) paramedic ambulances.
- Add complimentary components such as independent & assisted living services, inpatient/outpatient behavioral health services, program for All-Inclusive Care for the Elderly (PACE), medical education in conjunction with CSULB, outpatient medical and surgical services and possible additional nonmedical residential.
- Propose to substantially hire Community Hospital employees.
- Requesting City to explore financial participation in the immediate transition and seismic retrofit of the City (costs yet to be determined and terms to be negotiated and brought back to public meeting of the City Council).

Molina (Pacific6 & Golden Shore Clinics)

- Dr. Mario Molina, Founder, Golden Shore Medical Group
- John Molina, Pacific6
- Over 30 years of experience in working in Long Beach health care.
- Former executives of Molina Healthcare, serving over 5 million clients and employing 25,000 employees nationwide.
- Golden Shore Medical Group: 17 clinics located in California (including counties of Los Angeles, Riverside, San Bernardino, Sacramento).
- Pacific6: a Long Beach-based investment and development partnership capitalized at \$100 million invested in non-profit and for-profit ventures.

Economic
Development
LONG BEACH



AHMC Healthcare (Alhambra Hospital Medical Center)

- Dr. Jonathan Wu, M.D., Ph.D, Chairman
- For-profit privately held hospital corporation based in the Greater San Gabriel Valley.
- Over 30 years of experience in hospital management.
- Owns and operators (7) community hospitals with (1,200 beds) and over (7,000 caregivers) in Southern California:
 - Alhambra Hospital Medical Center (144 beds)
 - Anaheim Regional Medical Center (228 beds)—purchased from MemorialCare in 2009
 - Garfield Medical Center (210 beds)
 - Greater El Monte Community Hospital (117 beds)
 - Monterey Park Hospital (101 beds)
 - Whittier Hospital Medical Center (181 beds)
 - San Gabriel Valley Medical Center (231 beds)
 - Montclair Hospital Medical Center (101 beds)
- Membership: California Hospital Association (CHA)



Network Medical Management

- Dr. Kenneth Sim, M.D., F.A.C.S., Chairman
- Nearly 25 years of experience in managing physicians and working with managed care organizations to improve patient care.
- Providing services in 10 counties in California and providing management to over 650,000 members. Services include:
 - Case management, claims, contracting, credentialing, customer services
 - Finance, accounting, health services, human resources, information technology, marketing
 - Member services, provider relations, quality management, quality care improvement, utilization management
- Currently serving thousands of physicians in Long Beach and contracts with Golden Shore Medical Group, as well as Accountable IPA (large Long Beach-based independent physicians association).



Network Medical Management



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Response to MemorialCare

Response to Statement from MemorialCare

“Impossible for Community Medical Center to comply with applicable seismic requirements for acute care hospitals due to the hospital being located on an active earthquake fault. These conclusions were confirmed by the California Office of Statewide Health Planning and Development (OSHPD), and, later, by the City’s own outside experts.” (MemorialCare, July 15, 2018)

- OSHPD confirmed MemorialCare never formally submitted a construction plan.
- OSHPD only comments on plans submitted for review.
- City seismic expert confirmed quality of seismic study (not viability of acute care facility on the site).



Response to Statement from MemorialCare

An interim management agreement “would enable the private group to benefit financially by avoiding the need to make costly safety and other improvements to the facilities that would otherwise be required”. (MemorialCare, July 15, 2018)

- MemorialCare executed a 2010 management agreement with Community Hospital of Long Beach.
- Operator will still be responsible for making all safety improvements to the facilities.



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Recommendations





Recommendation One:

Authorize the City Manager, or designee, to execute all documents necessary for an **Exclusive Negotiating Agreement with Molina, Wu, Network, LLC (MWN)**, for the lease and potential development of the property.

- Use: acute care hospital and other health care facilities.
- Term: approximately 40 years.
- Rent: one dollar per year.
- Staffing: good faith effort to hire current hospital employees.
- Negotiating Period: 180 days with up to two periods of 90 days extension.
- Due Diligence: sole cost of the Lessee.
- Council Approval: requires staff to return to City Council for approval.



Recommendation Two:

Authorize the City Manager, or designee, to execute all documents necessary to accept the **assignment, management, and revenue collection for existing leases** between Long Beach Memorial Medical Center (MemorialCare), and tenants.

- Allows the City to take over operations, management, and security of the Site during the negotiating period.
- Allows for the negotiation of leases with existing tenants in the medical office building on the Site.
- Provides for the continuity of services to the community at the Site.



Recommendation Three:

Authorize the City Manager, or designee, to **express the City's position** that maintenance of uninterrupted emergency services is critical and **urging MemorialCare to take steps necessary** to ensure a smooth transition to a new operator.

Formally request MemorialCare to establish a transition plan with MWN to:

- Avoid or limit closing the emergency room (before the State-established seismic deadline);
- Suspend the license for hospital beds or transfer responsibility for hospital operations through a management agreement to MWN; and,
- Work with area hospitals and partner agencies to limit the negative impacts of emergency services disruption to area residents identified by the County Impact Evaluation Report.



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Next Steps



Next Steps

- Exclusive negotiating agreement (ENA) with potential operator.
- Return to City Council for approval of negotiated terms and conditions.
- Work with architect, operator, and State regulatory agency to finalize seismic retrofit plans (and cost estimate).
- Return to State legislature with operating and seismic construction plans to advance legislation to extend seismic compliance deadline.
- Pacific Gateway “Rapid Response Team” to continue weekly meetings with Community Hospital staff to place 100 percent of impacted staff.
- MemorialCare will cease operations of Community Hospital and begin transition to new operator (July 3rd).
- New Operator will take control of Community Hospital and submit a change of ownership application for licensing with the State.