

Community Medical Center
Long Beach

(Community Hospital Long Beach)

November 14, 2017

Objectives:

- Provide brief history on our continued commitment to serving the Long Beach community.
- Explain the current state on seismic issues.
- Share data on acute care, emergency services and behavioral health services in the community.
- Discuss next steps to continue to work together to meet the needs within our community.

Our Commitment:

- With our 112-year history in Long Beach, our hospitals are committed to continuing to serve and meet the growing and changing health care needs in the community.
- We are expanding inpatient and outpatient services throughout Long Beach including:
 - Physician practices
 - Emergency room capacity
 - Urgent care centers
 - Miller Children's capacity
 - Ambulatory surgery centers
 - Imaging centers
 - Kidney dialysis centers

Background:

Community Medical Center Long Beach (Community)

- Acquired Community April 29, 2011
- Earthquake fault beneath property was known to all parties
- Facility was weeks from closure due to financial challenges
- Decision made to proceed with property lease due to the needs of the community

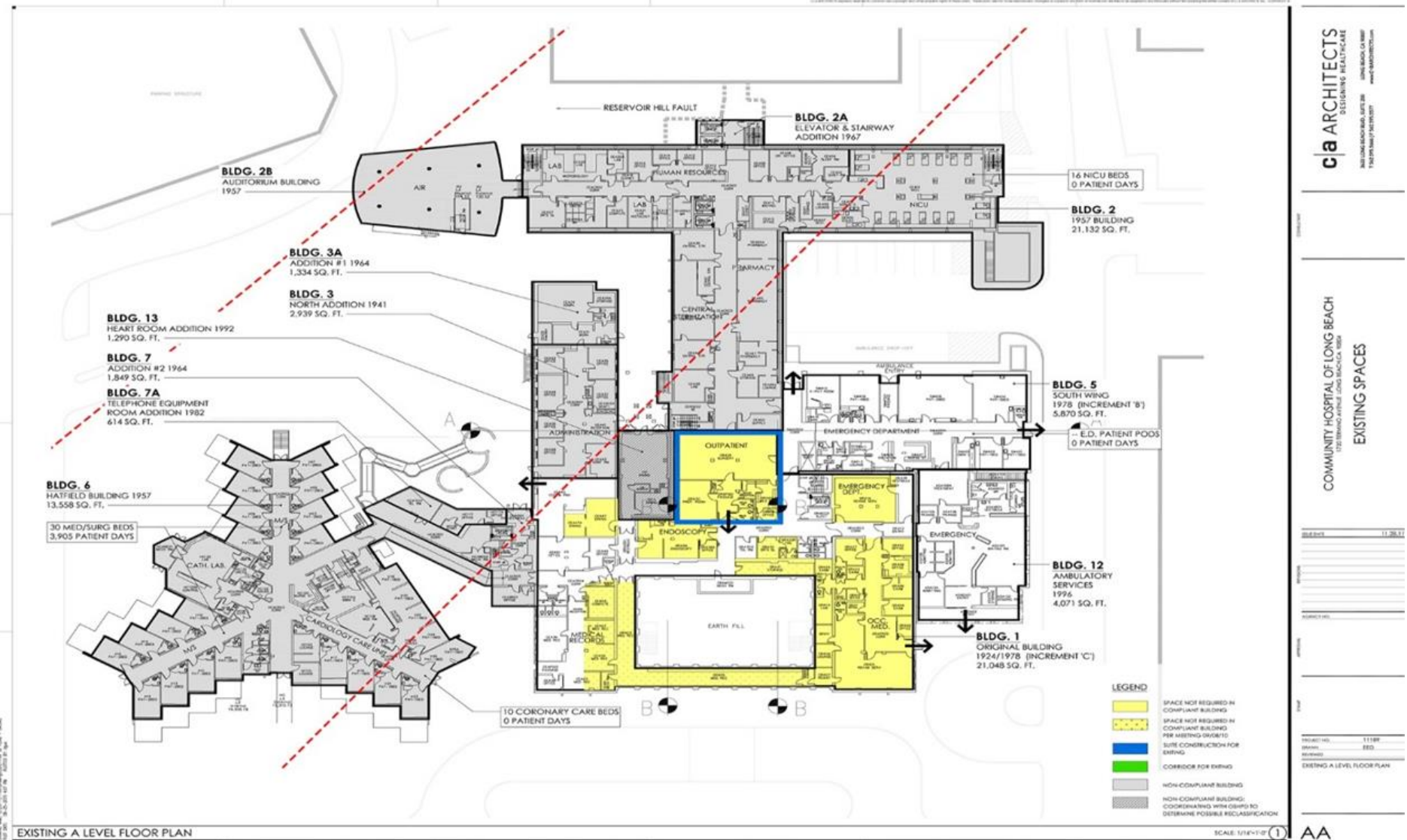
Senate Bill-1953:

- SB-1953 requires acute care hospitals to meet seismic regulations effective January 1, 2013.
- An extension through June 30, 2019 was granted to many hospitals, including Community, under SB-90 predicated on the ability of hospital to attain seismic compliance as of that date.

Background/Seismic Issues:

- We have invested more than \$22 million in programmatic/operational enhancements since we acquired the hospital in 2011, including \$15 million in capital funding.
- Staff, physician and care models have been integrated across all our campuses.
- Nearly \$1 million has been spent evaluating options to become compliant with seismic law.
- Three seismic studies have been performed over the last eight years, including two recent studies which confirmed that the fault is larger than anticipated and that the fault is active.

Seismic Issues: Splay Fault Line



Seismic Conclusion:

- After two years of significant due diligence, including consulting with seismic experts, structural engineers and architects, we have concluded and the **California Office of Statewide Planning and Development (OSHDP)** has confirmed that **seismic earthquake remediation necessary for acute care hospitals to meet SB-1953 compliance by June 30, 2019 is not feasible for Community.**
- Non-acute care facilities are exempt from SB-1953.

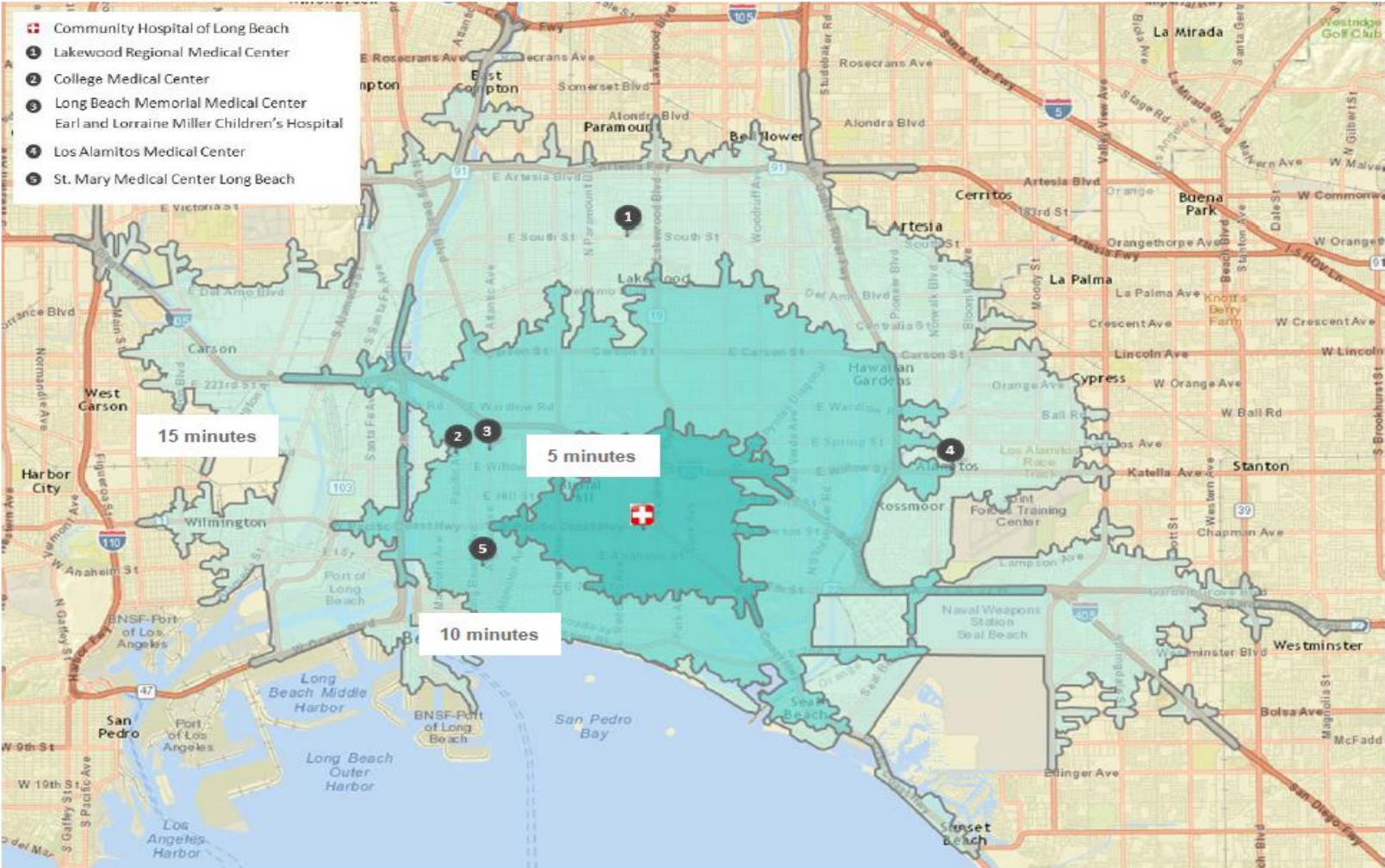
Community Needs Assessment:

We engaged a nationally known, highly respected third-party health care organization to assess the current and future medical services demand in the Long Beach area including:

- General acute care hospital services
- Emergency department and urgent care services
- Inpatient and outpatient behavioral health services

Service Area Travel Times

- All of the area hospitals are located within 10-15 minutes of CHLB



Acute Care Services:

- Community's service area includes 7 operating acute care hospitals within a short travel distance that have a large number of available beds and excess capacity.
- Analysis shows a low combined occupancy rate of only 56% of licensed inpatient beds in Community's service area.
- Conclusion: Area hospitals are able to absorb Community's acute care hospital patients.

Source: 2017 Community Needs Assessment

Emergency Services:

- More than 50% of the community's emergency visits are low acuity and these patients could be seen in other settings, such as urgent care centers and Federally Qualified Health Centers (FQHCs).
- Community Medical Center only represents about 10% of area's emergency room patients visits.

Emergency services planned expansion:

- Long Beach Medical Center recently increased emergency room capacity and is planning additional expansion.
- St. Mary Medical Center has planned expansion of emergency service.
- College Medical Center has planned expansion of emergency service.

Source: 2017 Community Needs Assessment

Behavioral Health Services:

- Behavioral health services are a critical need in Long Beach.
 - *The 2013 Long Beach Department of Health and Human Services assessment confirmed there are gaps in behavioral health across city.*
- Community Medical Center provides much needed behavioral health services that are under-provided in Long Beach and frequently utilizes acute care beds to accommodate an overflow of behavioral health patients.
- Seven other providers of licensed psychiatric beds within 15 miles show a high combined occupancy rate of nearly 90%.

Our Immediate Future:

- The buildings and land are owned by the City of Long Beach.
- We will continue operating for a period of time serving our patients and the community while we work collaboratively with the City and other community stakeholders on transition plans that focus on the needs of the community.
- We are also actively collaborating with Long Beach Fire Department to increase capacity through the creation of an observation unit and the seamless, timely “hand off” of patients on Basic Life Support (BLS) ambulance runs.

Employee Retention Bonus Program:

- We are committed to caring for our patients and community during this time of transition as well as those that care for them.
- We want to retain each employee at Community during this time of transition.
- Community employees will be eligible to transfer to other hospitals in within the System on a priority basis.
- Every employee will be eligible for a generous retention bonus.

Working together:

- Our commitment to meeting the City's needs is unwavering.
- To facilitate this transition, we will continue operating just as we are now as we work expeditiously together with the City of Long Beach and other local stakeholders to identify the best use of the property.

