

# Community Hospital of Long Beach

March 12, 2019





# Background

**November 14, 2017:** City Council directs City Manager to:

- (a) Explore the feasibility and cost for acute care facility at site; and
- (b) Solicit proposals from potential operators and developers.

**May 5, 2018:** City Staff conduct targeted outreach:

- (a) City Council reviews proposals from top five bidders; and
- (b) Four bidders later drop-out during financial due diligence.

**June 19, 2018:** City Council approves ENA with MWN to:

- (a) Negotiate long-term lease to reopen acute care hospital; and
- (b) Develop plan to address State seismic compliance.



## Progress to Date:

- MemorialCare and City established Transition Agreement.
- CDPH approved hospital license suspension through April 28<sup>th</sup>.
- City completed Feasibility Study for seismic compliance.
- City completed OSHPD required non-structural seismic compliance required to re-open hospital.
- Engaged CDPH to begin a new hospital license application.
- Received approval from CDPH for nearly all license application forms.
- Introduced AB 1495 (O'Donnell), State legislation proposing to extend the deadline for seismic compliance.
- Requested and received approval from OSHPD for 6-month extension (through December 31<sup>st</sup>), for continued use of SPC-1 rated buildings.





# Molina

- Dr. Mario Molina, Founder, Golden Shore Medical Group
- John Molina, Pacific6
- 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.



# Wu

- Dr. Jonathan Wu, M.D., Ph.D, Chairman
- For-profit privately held hospital corporation based in the Greater San Gabriel Valley.
- 30 years 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)
  - 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

- Dr. Kenneth Sim, M.D., F.A.C.S., Chair
- 25 years managing physicians and managed care organizations to improve patient care.
- Providing services in 10 counties in CA and management to over 650,000 members. Including:
  - Case management, claims, contracting, credentialing
  - Finance, accounting, health services, human resources, info tech
  - Member services, provider relations, quality management, quality care
- Currently serving thousands of physicians in Long Beach and contracts with Golden Shore Medical Group, as well as Accountable IPA (independent physicians association).





## Preliminary Agreement:

- Recognizes operation of Community Hospital as a public-private partnership between the City and MWN.
- Establishes 45-year lease term, with the option of two 10-year extensions, at a lease rate of \$1 a year.
- Shares funding responsibility of seismic retrofit costs between the City and MWN up to \$50 million.
- City responsible for up to \$25 million of these costs over 15-year term.
- MWN responsible for any additional seismic-related costs.
- MWN responsible for securing hospital license and managing seismic construction permitting.



## Preliminary Agreement Continued:

- City responsible for legislative extension to complete seismic construction.
- Requires leased premises to be used for the operation and maintenance of an acute care facility, professional office building, and other ancillary medical uses.
- Requests operator to provide sobering center beds, medical detox beds, recuperative care, and psychiatric beds to address community needs identified in the City's Everyone Home task force report, subject to appropriate licensure and regulatory approvals.
- Requests operator to re-hire Community Hospital employees.

# Recommendation Part 1: Interim Lease

- Authorize the City Manager, or designee, to execute a short-term lease (Interim Lease) with MWN Community Hospital, LLC (MWN), for the lease of property owned by the City of Long Beach (City) at 1720 Termino Avenue, 1760 Termino Avenue, and 4111 East Wilton Street.
  - ✓ Allows MWN to secure State hospital license before it expires on April 28<sup>th</sup>.
  - ✓ Allows City and MWN to finalize long-term agreement for cost-sharing and seismic retrofit.
  - ✓ Provide City and MWN up to 1 year to complete long-term agreement at \$1 per year.
  - ✓ Provides for reimbursement up to \$1 million for MWN costs if long-term agreement fails.







## Recommendation Part 2: Letter of Intent

- Authorize the City Manager to execute a Letter of Intent related to the development of a long-term replacement lease between the City and MWN for approval by the City Council once completed.
  - ✓ Documents commitment for long-term agreement to operate an acute care hospital and cost sharing for seismic compliance (described above).
  - ✓ Provides State regulatory and legislative agencies with plan to reopen and rebuild facility.
  - ✓ Provides time for both parties to negotiate detailed terms of the agreement while hospital reopens to the public.
  - ✓ Provides time to secure State license and permit approval.



# Next Steps: Reopen & Rebuild

- Execute Interim Lease March
- Submit Seismic Rebuild Plan to State March
- Submit Legislative Extension to State March
- Secure Hospital License April
- Finalize Long Term Agreement April/May
- City Council Approval Pending Agreement
- Begin Rehiring of Employees May
- Reopen Hospital Pending State Approval
- Approve Construction Plans 2020
- Complete Construction 2022-2025

