

822

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Executive Office

SUBMITTAL DATE:
November 4, 2003

SUBJECT: A Report on Strategies to Ensure Health Care
in the Event of a Local Hospital Closing

RECOMMENDED MOTION: That the Board of Supervisors: 1) Receive and file the attached report; and
2) Approve implementation of the Plan of Action on page 4 of the report.

BACKGROUND: On August 27, 2002, the Board considered a request from Parkview Hospital and the City of Riverside for a \$1 million short-term loan to Parkview Hospital. County Counsel opined that the County could not make such a loan. The Board directed the Executive Office to study the impact of hospital closures and recommend strategies to minimize the impact of a hospital closure on the health care system.

The Executive Office established a committee comprised of representation from the Riverside County Regional Medical Center (RCRMC), Emergency Medical Services (EMS) Agency, and the Inland Region of the Hospital Association of Southern California (HASC). A Plan of Action was developed that includes continued updating of hospital emergency plans and coordination of staff deployment in the event of a hospital closure due to an emergency or natural disaster. In addition, the plan recommends a proactive County role in attempting to address barriers to increased capacity.

Barbara Dunmore
Barbara Dunmore, Deputy County Executive Officer

**FINANCIAL
DATA**

Current F.Y. Total Cost:	\$	In Current Year Budget:
Current F.Y. Net County Cost:	\$	Budget Adjustment:
Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:

Positions To Be Deleted Per A-30
Requires 4/5 Vote

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature

Kenneth M. Mohr

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COUNTY OF RIVERSIDE
RECEIVED

Prev. Agn. Ref.: 3.65 (8/27/02)

District: All

Agenda Number:

3.1

Dept' Recomm.:
Per Exec. Ofc.:

Consent
Consent

Policy
Policy

Departmental Concurrence

Introduction

On August 27, 2002, the Board considered a request from Parkview Hospital and the City of Riverside for a \$1 million loan to Parkview Hospital. Parkview Hospital was in a financial crisis that eventually led to a temporary closure of the emergency department. County Counsel opined that the County could not make such a loan. The Board directed the Executive Office to study the impact of hospital closures and recommend strategies to minimize the impact of a hospital closure on the health care system.

Background

A hospital may be unable to render services in a number of circumstances. These include natural disaster (e.g., earthquake, flood, fire, etc.) or man-made crisis, such as an act of terrorism. However the most common circumstance for hospitals closing or being unable to provide service in California is for financial reasons.

More than fifty-one percent of hospitals in California, both public and private, are losing money and nearly 60 hospitals have closed in the state during the past 10 years, most as a result of serious financial problems. The latest closing (July 2003) in Los Angeles County, was due to bankruptcy.

Riverside County is home to sixteen general acute care hospitals. These hospitals compete for patients, but are also dependent upon each other in a system to provide emergency care. A single closing or curtailment in services impacts all the hospitals in the system. Typically, hospitals operate near maximum capacity making it difficult to absorb the impact of a local hospital closing (see discussion below). All hospitals in Riverside County have consistent policies to transfer stable patients in the event of a disaster to accommodate emergencies.

Current Plans in the Event of an Emergency

Following the Parkview Emergency Room (ER) closure a number of hospital CEOs, administrators and staff met routinely with representatives from the Community Health Agency (CHA) and the Emergency Medical Services (EMS) Agency in an effort to alleviate as much of the closure's impact as possible.

All hospitals in Riverside County have consistent policies in place regarding transferring stable patients out in order to make room for spikes in patient numbers in the event of a disaster. The Rapid Emergency Digital Data Information Network (ReddiNet) is currently used to check hospital bed availability to insure patients are routed to the most appropriate facilities. Previous experience with Parkview's ER closing indicates area hospitals coordinate well during such limited events.

The County Emergency Medical Services Agency (EMS) has a Multi Hazard Emergency Response Plan created in cooperation with hospitals, fire and law enforcement. It is designed to address a variety of large-scale disaster events including earthquakes, fire, flood, riots, terrorism, transportation catastrophes, and hazardous material mishaps. The plan's goal is to ensure Riverside County medical/health providers are prepared to respond effectively to the needs of the community during extraordinary times of emergency. It contains information on pre-hospital treatment, medical facilities, field treatment sites, patient transportation and Emergency Operation Center/Department Operations Center policies and procedures. This plan is currently in the process of being updated and revised.

Hospitals within the county meet regularly, exercise their disaster plans twice annually and work together to achieve uniformity of plans, where possible.

The key elements to the hospital disaster plans are:

- Identifies specific needs and procedures necessary to successfully mitigate hazards, effectively prepare for, respond to, and recover from disastrous events; and
- Establishes an incident command structure that can expand and contract with an event and integrate with public safety's emergency response command structure; and
- Identifies procedures to increase capacity to deal with the influx of patients.

Capacity Issues

The number of licensed beds and the number of available beds define the capacity of a hospital. *Licensed beds* reflect the upper limit of a hospital's physical design capacity to accommodate patients. *Available beds* are the number of beds available for patients based on the staff available to treat the patients. The number of available beds is usually lower than the number of licensed beds.

The sixteen general hospitals within the county's borders operate 2,596 available beds—16 for every 10,000 people. Comparatively, statewide California averages 23 available beds per 10,000 people. At the current county growth rate of 8% annually, 426 additional available beds will be needed by 2005 to maintain the current ratio.

Demand for Service

An increased demand for service directly impacts hospital capacity. Specifically, population growth and seasonal illnesses increase demand on emergency rooms. Operating regulations, such as seismic requirements and nursing ratios, limit hospitals' ability to respond to increased demand.

Barriers to Supply

The State enacted stringent seismic regulations for hospitals in 1994 following damage caused to several hospitals during the Northridge earthquake. It is estimated that it will cost \$23 billion (statewide) to upgrade all the hospitals affected by the legislation. The average cost per facility is over \$8.5 million. Hospitals have until 2008 to meet the requirements; 2013 if they filed a plan with the State to meet the even more stringent 2030 standards. Riverside County Regional Medical Center is the only facility in Riverside County to meet the new regulations.

California has enacted minimum nursing ratios, effective January 1, 2004, that will require hospitals to hire more nurses or reduce their staffed patient beds. Hospitals will be attempting to hire more nurses in order to meet the ratios at a time when there is a critical shortage of nurses. California currently ranks 49th out of 50 states in the number of nurses per capita. Estimates indicate that California will have a shortfall of approximately 30,000 nurses by 2006. The competition to hire nurses is fierce not only in California, but throughout the world. It is not yet clear whether there will be enough people entering the nursing profession and trained in time to meet the demand.

In addition, the Physician Workforce Studies show indications that physician shortages may be on the horizon in the areas of anesthesiology, radiology, gastroenterology, neurosurgery, orthopedics and general surgery. Rural areas are also experiencing shortages with primary care and obstetrics physician coverage. Rising malpractice costs, overwhelmed medical practices, physicians moving to administrative positions, and decreasing payment for medical care are factors contributing to the shortages.

Diminished reimbursement(s) for hospital services contribute to tighter hospital operating margins. The largest of these payor sources are Medicare and Medicaid. Supplemental payments such as the Disproportionate Share Hospital (DSH) program have also been reduced. Investment in new hospitals or expansion of existing facilities is hard to justify when costs for services are exceeding reimbursements.

Planned Capacity Increases

In spite of the barriers, there is one new hospital being planned for construction in the county and there are at least ten hospitals that have either recently completed or are in various stages of the planning/construction process. The new hospitals and the numerous expansion projects are estimated to add 370 in-patient beds and 32 emergency department beds.

Table 1: Increased Capacity Planned by Hospitals in Riverside County

Hospital	Inpatient Beds	Emerg. Dept. Beds	Construction	New Beds Opening Date
Corona Reg. Med	No	Yes	Capital campaign in progress	N/A
Desert Reg.	No	No	No	N/A
Eisenhower	26	12	New central plant/new cancer center	2008/2004
Hemet	6 chem. depen.	12	In process	Jan. 2004
Inland Valley	56	8	No	2005
Kaiser-Riv	100	Yes	ED waiting room, triage/check in.	TBD
Menifee Valley	No	No	No	N/A
Moreno Valley	Yes	No	Behavioral Health Unit	Open end of 2003
Palo Verde	No	No	No	N/A
Parkview	No	No	No	N/A
Riverside Comm.	Yes	Yes	Planning/approval process	Pending approval
RCRMC	No	Yes	Enlarge Trauma Room	N/A
San Geronio	No	No	Opened Women's Center	Aug. 2002
Rancho Springs	No	No	No	N/A
JF Kennedy	32	3 1/2 yrs.	Pending approval	Approval pending
Valley Plaza Drs	No	No	No	N/A
Southwest Healthcare System	150	Later phase	Planning process	TBD

Plan of Action

- Continue updating and revising hospital disaster plans and emergency operation center policies and procedures, as necessary.
- Develop a Memorandum of Understanding allowing hospitals to share staff in the event of an emergency or disaster that shuts down part or all of any hospital. This would allow resources to follow demand.
- Identify, monitor, and endorse state and federal legislation that: 1) assists hospitals in responding to a downgrade or closure of a hospital or emergency service; 2) provides for corresponding adjustments in reimbursements; 3) funds hospital seismic stabilization; and 4) provides local flexibility in nurse staffing ratios.
- Provide support to hospitals during the planning and construction approval process in an effort to reduce delays and expand capacity to meet patient demand
- Collaborate with hospitals in the county to develop a marketing plan to attract health care professionals, physicians and nurses, to the region.
- Continue relationships with physician residency programs, such as Loma Linda University Medical Center, and nurse training facilities such as Riverside Community College, to retain health care professional graduates in the county.