

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



FROM: Supervisor Jeff Stone


SUBMITTAL DATE: October 28, 2009

SUBJECT: Resolution No. 2009-333 – Supporting Measure P, a Local Ballot Measure Authorizing the Sale of Valley Health System Hospitals and Related Assets to Physicians for Health Hospitals

RECOMMENDED MOTION: That the Board adopt Resolution No.2009-333.

BACKGROUND:

Valley Health System, an unfunded public healthcare district and the largest healthcare district in Riverside County, covering 886 square miles and more than 400,000 residents, has been in Chapter 9 bankruptcy since 2007. The district's hospitals, Hemet Valley and Menifee Valley, are threatened with closure and the disruption or permanent loss of hospital and trauma services. Closure of these hospitals and loss of their 240 acute beds would be catastrophic for the region's emergency healthcare delivery system. Hundreds of thousands of residents would be left without access to local lifesaving emergency services, further straining other local hospitals and Riverside County Regional Medical Center, which are not prepared to deal with the healthcare and economic impacts that would result from an overflow of patients from the Valley Health System district. The passage of Measure P would authorize Valley Health System to sell its hospitals and related assets to Physicians for Healthy Hospitals, a coalition of 132 local doctors and would enable health care services to continue with out disruption.



Jeff Stone
Supervisor
Third District

JS:vc

3.55

**RESOLUTION NO. 2009-333
SUPPORTING MEASURE P, A LOCAL BALLOT MEASURE
AUTHORIZING THE SALE OF VALLEY HEALTH SYSTEM HOSPITALS
AND RELATED ASSETS TO PHYSICIANS FOR HEALTHY HOSPITALS**

WHEREAS, the primary role of local elected officials is to protect the health, safety and welfare of their residents, and to promote and sustain economic activity; and

WHEREAS, the Board of Supervisors of the County of Riverside recognizes the important contributions of the Hemet Valley and Menifee Valley medical centers (hereinafter, "hospitals") to the emergency response and public healthcare system in a region that has less than half the number of hospital beds per 1,000 residents as the state average; and

WHEREAS, Valley Health System, the public healthcare district that operates the Hemet and Menifee hospitals, is the region's largest employer, responsible for 1,400 direct healthcare jobs and 1,500 indirect jobs, representing an annual economic activity of \$834 million; and

WHEREAS, the Board of Directors of Valley Health System has accepted a \$160 million proposal from Physicians for Healthy Hospitals, a group of more than 130 local doctors who practice in the Valley Health System that has come together to purchase the hospitals and other assets of Valley Health System; and

WHEREAS, Valley Health System has been in Chapter 9 bankruptcy since 2007 and the Board of Directors of Valley Health System has determined that it should sell its assets to Physicians for Healthy Hospitals to preserve hospital and emergency room services and to satisfy the district's debt obligation of at least \$44.5 million to bond holders and \$21 million to unsecured bankruptcy creditors; and

WHEREAS, the offer from Physicians for Healthy Hospitals provides the district with more than the appraised value of the hospitals and Valley Health System assets and assumes tens of millions of dollars in debt without any taxpayer debt or liability; and

WHEREAS, Physicians for Healthy Hospitals has entered an association agreement with St. Bernardine/Catholic Healthcare West to expand local access to nationally recognized healthcare

1 programs; and

2 **WHEREAS**, Physicians for Healthy Hospitals, whose physician members are key stakeholders in
3 the local healthcare delivery system, has committed to maintaining local acute-care and trauma services
4 and to preserving hospital and healthcare jobs; and

5 **WHEREAS**, the sale of the Hemet and Menifee hospitals would preserve \$834 million in
6 economic activity, nearly 3,000 local jobs and keep local hospitals and emergency rooms open to patients
7 who in many cases would otherwise face up to 30 mile transportation times to the next closest emergency
8 room; and

9 **WHEREAS**, voters within Valley Health System's 886 square-mile service area have been asked
10 to approve Measure P in a special ballot election on December 15, 2009, which would authorize the sale
11 of Valley Health System assets, including its Hemet and Menifee hospitals, to Physicians for Healthy
12 Hospitals; now, therefore,

13 **BE IT RESOLVED, FOUND, DETERMINED AND ORDERED** by the Board of Supervisors
14 of the County of Riverside, in regular session assembled on November 3, 2009, that it supports Measure P
15 and the sale of Valley Health System hospitals and related assets to Physicians for Healthy Hospitals.