

Minutes of the Health Commission Meeting

Tuesday, November 15, 2005
at 3:00 p.m.
101 GROVE STREET, ROOM 300
San Francisco, CA 94102

EXCERPT.....

7) HEARING TO CONSIDER THE FUTURE OF ST. LUKE'S HOSPITAL, INCLUDING THE IMPACT OF THE ELIMINATION OF OUTPATIENT MENTAL HEALTH FACILITIES ON THE HEALTH CARE OF THE COMMUNITY

Martin Brotman, M.D., President and CEO of California Pacific Medical Center (CPMC) and interim CEO of St. Luke's Hospital presented the Health Commission with an update on the affiliation between CPMC and St. Luke's Hospital. Dr. Brotman introduced the team that he brought with him to the meeting, including Robert Tomasello, Chair of CPMC's Board of Directors, and Dr. Brian Goodell, Interim COO of St. Luke's Hospital. The presentation focused on the current situation, the merge update, management transition, plans for future development and community stakeholders.

St. Luke's projected losses for calendar year 2005 are \$31 million. Budget projections for 2006 show a \$27 million deficit. The acute daily census in October was 47, and 57 year to date for 2005. There has been significant investment in sustaining St. Luke's. Since the affiliation with Sutter Health in 2001 more than \$164 million has been invested. Since January 2002, operations subsidies to the hospital are more than \$102 million and the operations subsidy to the Health Care Center have been \$18 million. Dr. Brotman provided examples of investment, including ICU monitors, diabetes center, emergency department upgrades, cardiac center, MRI upgrade and other investments.

In October 2005 both the St. Luke's Board of Directors and CPMC's Board of Directors approved the affiliation agreement whereby St. Luke's would become the fourth campus of CPMC. CPMC has a track record of turning around failing hospitals. This agreement is subject to approvals by Episcopal Charities and Sutter Health. The merger will be complete after approval by the California Attorney General. Upon approval there will be one CPMC budget, one expanded board of directors and one management team. There will be separate medical staffs, at least for the short term. There will be two community advisory boards. Dr. Brotman was appointed interim CEO of St. Luke's by the St. Luke's Board of Directors on November 1, 2005.

Dr. Brotman discussed the new approach to delivering healthcare at St. Luke's. The problem at St. Luke's is not bad cost-management. The major thrust of the solution is on

the revenue side, and that means improving the attractiveness of St. Luke's to doctors and then, through doctors, to patients in the community. The new approach is to:

- Work in collaboration with key stakeholders to revitalize St. Luke's
- Solidify and enhance ambulatory care delivery in the community
- Collaborate with community-based organizations that have expertise in service diverse populations within the South of Market area
- Develop culturally competent community resources: education, social services, financial counseling, care management
- "Right-size" the acute care hospital:
 - Goal: 10 more patients per day
 - Focus on core acute services: emergency, lab, radiology, pharmacy, anesthesia, surgical services, medical/surgical nursing care
- Assess other services as they enhance or support the core acute services
- Immediate investment: \$30 million plus in new Emergency Department; Improvements to Maternity service facility.

Dr. Brotman said a turnaround committee has been formed to affect management transition. The committee is accountable to the Board of Directors at St. Luke's Hospital and includes board chairs from each hospital, the CEO, Executive Vice President and Site Administrator and medical staff leaders. There are three working groups— Operations Integration, Communications and Community Development and Service Enhancements and Work Culture. The timeline is for a three-year revitalization program. Dr. Brotman said that CPMC would engage with community stakeholders in considering the future of St. Luke's. They are seeking a legitimate forum in which all stakeholders that share the concerns about the health care delivery system, particularly in South of Market, participate in decision-making. If we work in collaboration, we can find solutions together. Dr. Brotman's second commitment, beyond the investment CPMC will make in St. Luke's, is that CPMC would come to the appropriate table when those responsible for health care decisions say this is the proper forum.

Commissioners' Comments

- Commissioner Monfredini asked if there is an effort to get physicians on board at St. Luke's and to entice doctors to the hospital. Dr. Brotman said the physician strategy is underway. He has been meeting with physicians for the past three and a half years. Dr. Goodell has taken on this effort and is meeting with as many physicians as soon as possible. Physicians must come to St. Luke's in order for the recovery to work. Commissioner Monfredini asked Mr. Tomasello if CMPC's board is committed to supporting a facility that is not as profitable as other CMPC campuses, and in fact loses money. Mr. Tomasello replied that he was pleased that the Board made the decision to look at the community's best interest even in difficult economic times. The first meeting of the turnaround committee was very encouraging. Commissioner Monfredini wants the CPMC board to wrap its arms around St. Luke's. Mr. Tomasello said that the board got beyond economics and he is enthusiastic about its commitment to move forward.

Commissioner Guy welcomes the commitment to investing services in St. Luke's. Not all patients are equal, and not all come with health insurance. So an additional 10 patients may not generate the anticipated revenue. She wants to partner with CPMC on any changes that will happen at St. Luke's and asked for confirmation that proposed changes would be disclosed to the Health Commission. Dr. Brotman replied that CPMC is a full-disclosure hospital and if they have a problem they would discuss it with the Health Commission. Commissioner Guy asked what happens if patients are uninsured. Dr. Brotman said that the financial forecasts include the current payor mix, including uninsured, and an expanded payor mix.

Commissioner Illig thanked CPMC for taking on St. Luke's. He is struck by the different cultures of St. Luke's and CPMC and CPMC and the Health Commission. A trust needs to develop between all entities. The community expects St. Luke's to stay open as an acute care hospital with an emergency department, serving poor people in that part of the city. He asked if CPMC could commit to St. Luke's beyond three years. Dr. Brotman said his intent is that the hospital be there. It is his intent to succeed. CPMC is not going to work for three years then close the hospital. He suggests providing regular updates to the Commission. Commissioner Illig asked how confident Dr. Brotman is about fundraising for St. Luke's, given that they are embarking on a capital campaign at the same time. Dr. Brotman is very confident in St. Luke's fundraising outcomes. Commissioner Illig asked where the money for St. Luke's seismic retrofit would come from. Dr. Brotman said they project they will need to rebuild St. Luke's by 2016. He does not know where the money would come from.

Commissioner Chow said part of this hearing is to clear the air about what happened with outpatient mental health services and what was the disposition of the patients that had been receiving services. He also asked if the Commission and public could expect to see St. Luke's charity care levels similar to what they were in the past. Commissioner Chow said the Commission considers St. Luke's a safety net hospital and he wants to see this continue. Dr. Brotman said the charity care commitment would be preserved. The St. Luke's community will be represented on the board and they will hold the organization to this commitment. Jim Strong, Director of Operations and CFO for St. Luke's Hospital responded to the outpatient mental health question. He said that patients were referred to outpatient services by three mechanisms: referred by Community Behavioral Health Services (CBHS); seen in the inpatient psychiatric unit and discharged with a referral for outpatient services; and screened through the Emergency Department and recommended for outpatient services. Mr. Strong said those from the ED are generally being served by SFGH. CBHS is re-referring its patients. Mr. Strong said that the doctors communicated with each patient, but he does not know the specific client disposition. Commissioner Chow wants to know to where the 30 patients were referred. Mr. Strong will get this information to the Health Commission within 72 hours. Commissioner Chow asked if CPMC was seriously considering a split OB. Dr. Brotman said he does not know the answer right now. Commissioner Chow said if there is to be a change, CPMC must comply with Proposition Q.

Commissioner Umekubo thanked CPMC for coming before the Commission, and asked the status of the sub-acute care unit. Dr. Brotman said the sub-acute unit is still

at St. Luke's. However the goal is for St. Luke's to be an acute hospital, not a chronic-care facility. Sub-acute is very expensive in an acute care setting and will be very closely examined.

Commissioner Tarver said there is a grave deficit at the institution due to the closure of the inpatient psychiatric ward. It is imperative to provide referrals when care is going to cease. St. Luke's should have known long before services ended how and where the patients were going to be served. He is dismayed by the lack of information about patient disposition. He asked what the potential is for CPMC to restore psychiatric services to St. Luke's within the next several years. Dr. Brotman said that at one time psychiatry was threatened at CPMC. Now the services are provided by CPMC, with different campuses having different services. Patients' needs could be addressed by making sure that psychiatric patients are served by the CPMC system or by recreating a unit at St. Luke's, but he does not know the answer at this time. Commissioner Tarver urged CPMC to enhance psychiatric services in the southeast part of the city.

Commissioner Sanchez reinforced St. Luke's critical mission and history to the people of San Francisco. He congratulated Dr. Brotman for getting the Skirball Grant. The key is to work with the community to plan around this grant. St. Luke's has always been a community partner and a partner with San Francisco General. It is good to hear Dr. Brotman discuss the plans for the hospital and the commitment to not downsize.

Commissioner Monfredini asked Dr. Katz if he had any comments. Dr. Katz said that when St. Luke's has a patient that needs services St. Luke's does not provide, that patient is transferred to San Francisco General Hospital. One small way to help the system is if CPMC would provide the necessary services, as it has the capacity to do so and St. Luke's is part of its system.

Commissioner Monfredini wants the Health Commission to consider a resolution regarding this merger at the December 6th Health Commission meeting. Commissioner Chow asked that the resolution memorialize CPMC's commitments. Commissioner Tarver and Commissioner Guy asked that the resolution emphasize public process and community input.