

24/7 HEALTHCARE ON THE COAST WHAT'S POSSIBLE?

SEA RANCH FORUM
Steve Kaplan, CLSD Board President
Alex Long, RCMS Board co-chair

A Joint Project of
Coast Life Support District
&
Redwood Coast Medical Services



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Scott Foster-Administrator
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AGENDA

- Background
 - Health Services In Our Community
 - History of 24x7 Urgent Care
 - Options and Costs
- What Do Other Rural Communities Do?
 - Description of CAH
 - Consultant Report
 - Experience of Others
- How Do We Get There?
 - Vision
 - Process
 - How You Can Help



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THE PROBLEM

- Access To A Medical Provider At Any Time Is an Un-met Community Want and Need
- “It Was Available Once and Now It’s Gone”
 - High Cost, Mostly Standby
 - Not Able To Bill At E/R Rates
 - Difficult To Attract & Retain Qualified Staff

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CURRENT HEALTHCARE SERVICES

RCMS

- Primary & Geriatric Care
- Dental, Mental Health
- Daytime Urgent Care
- Home Health Visits

CLSD

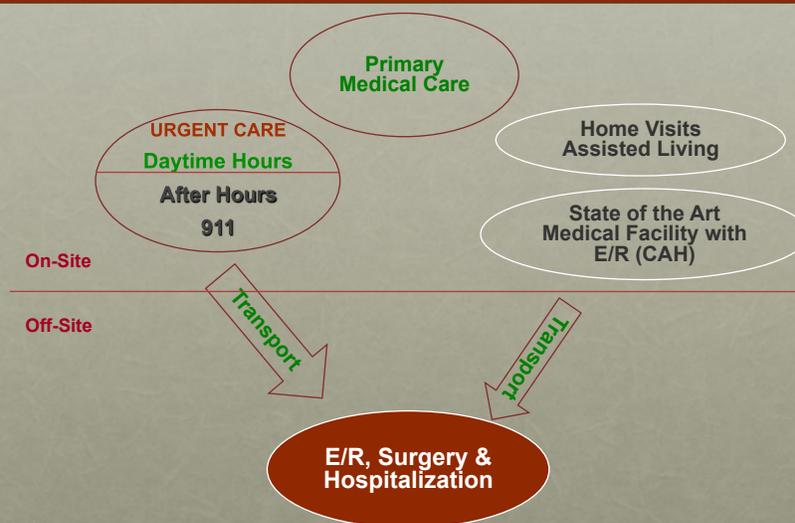
- Emergency Paramedic Ambulance Transport
- After Hours Urgent Care – Telephone Advice Line
- Parcel Tax Supported: \$132/yr for single family residence

Reach & Calstar

- Emergency Helicopter Transport

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COMMUNITY HEALTH SERVICES



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COST OF URGENT CARE

	Daytime	24 x 7
Patient Visits	4420	4764
Revenue	\$486K	\$524K
Grants/Taxes	\$0K	\$0K
Expenses	(758K)	(1500K)
Net Loss/Year	(272K)	(976K)

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HOW DO RURAL COMMUNITIES PROVIDE 24/7 HEALTHCARE ?

- Critical Access Hospital (CAH)
 - A Federal Program Created In 1997 Specifically For Small Rural Hospitals
 - Cost Based Reimbursement For Medicare Patients
 - No Limits On The Services A CAH May Offer
 - e.g. Surgical, Skilled Nursing (Swing Bed), Assisted Living
 - Majority Of CAH's Are In Health Professional Shortage Areas And/Or Medically Underserved Areas.

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CAH REQUIREMENTS

- At Least 35 Miles From Nearest Hospital
- 25 Inpatient Beds Or Fewer
- Average Hospital Inpatient Stay Less Than 4 Days (No Limit On Individual Hospitalization)
- 24/7 Emergency Services
- We Easily Satisfy The Federal Requirements

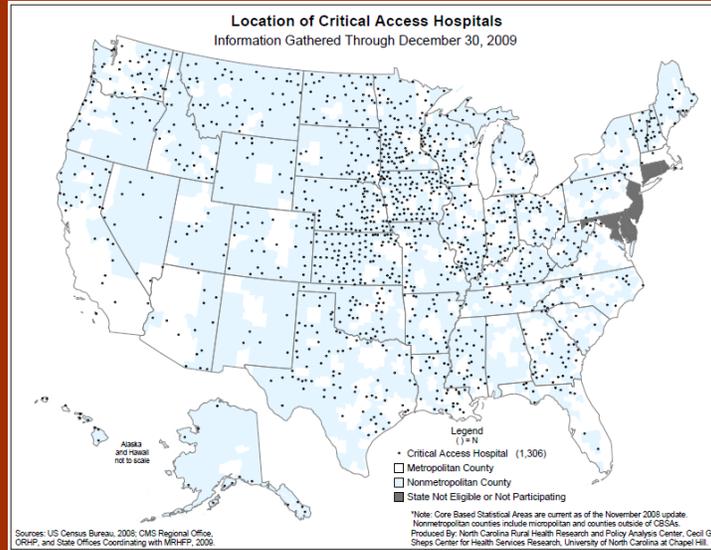
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WHAT WILL CAH PROVIDE?

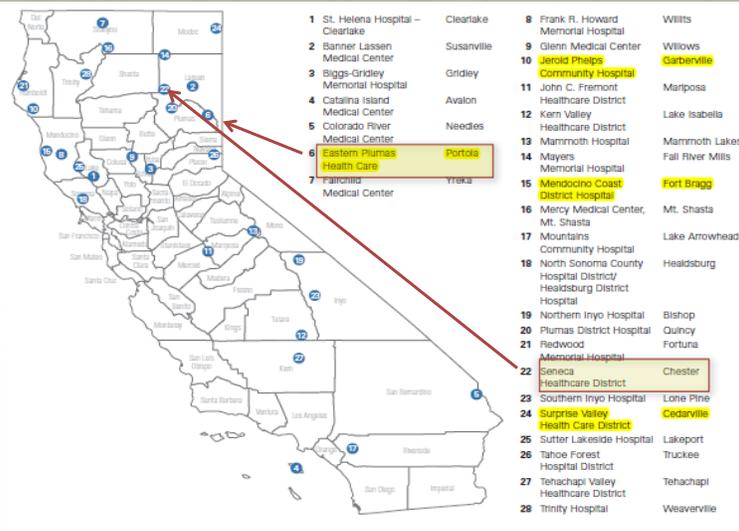
- 24x7 Emergency Room
- 6 Beds to Hold Patients (on average <4 days)
 - Observation, stabilization and recovery
- Diagnostics
 - Laboratory, X-Ray, Mammography, Bone Density, Other Part Time
- No In-Patient Surgery
- No ICU

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U.S. CAH'S (1306)



CALIFORNIA CAH'S (28)



LOCAL BENEFITS OF CAH

- Local 24/7 ER
- Local Stabilization & Rehab Facility
- Local Diagnostic & Outpatient Procedures
- Financial
 - Cost Based Medicare Reimbursement
 - Reimbursement For ER Provider Standby Cost
 - Urgent Care Billing at ER Rates
 - Very Significant Revenue for Community

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COST OF URGENT CARE

	Daytime	24 x 7	CAH
UC Patient Visits	4420	4764	4764
Revenue	\$486K	\$524K	\$1803K
Grants/Taxes	\$0K	\$0K	\$0K
Expenses	(758K)	(1300K)	
Net Loss/Year	(272K)	(976K)	*

•Total CAH Loss (\$420K/yr)

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WHAT HAVE WE LEARNED

- Consultant Study
- CAH Site Visits

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STROUDWATER STUDY

Stroudwater Associates: a well recognized Healthcare consultancy that has helped many communities with CAHs (mostly rebuilds)

- Goal: High Level Economic Feasibility Analysis For New Critical Access Hospital in Gualala, CA
- Methodology
 - Assumptions
 - Services
 - Facility Model
 - Feasibility Model
 - Conclusions

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STROUDWATER ASSOCIATES

CAH SERVICES

- ⊗ ER 24/7
- ⊗ Inpatient Care
 - i.e. Observation, Pneumonia, Hospital Recovery, Rehab,
- ⊗ Skilled Nursing Care (Swing Bed)
- ⊗ Diagnostic Services
 - CT, Mammography, Bone Density, Ultrasound, MRI
 - Lab
- ⊗ Outpatient Procedures
 - Colonoscopy, Gastroscopy, IV Medications

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STROUDWATER ASSOCIATES

FACILITY COST MODEL INPUT

- ⊗ Primary Care Clinic, Emergency Care Hospital
 - Size: 38,000 sq. ft.
 - Patient Beds: 6
- ⊗ **Total Cost: \$37M**
 - Construction Cost: \$26M
 - Design Cost: \$2.5M
 - Equipment Cost: \$6.3M
 - Contingency \$1.7M

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STROUDWATER ASSOCIATES

FEASIBILITY COST MODEL OUTPUT

Patient Revenue (\$M)	Year 1	Year 2	Year 3	Year 4	Year 5
Patient Billings	19.5	20.1	20.8	21.5	22.2
Adjustments	(8.6)	(9.0)	(9.4)	(9.8)	(10.1)
Net Patient Revenue	10.8	11.1	11.4	11.7	12.0
Expenses	11.3	11.5	11.7	12.1	12.4
Loss (\$)	(519,000)	(441,000)	(399,000)	(363,000)	(346,000)

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STROUDWATER ASSOCIATES

STROUDWATER CONCLUSIONS

- ⊗ A Gualala CAH Serving Our Six Zip Code Area
 - Meets Federal Requirements
- ⊗ Estimated Cost: \$35M - \$40M
- ⊗ Estimated Revenue Loss For Five Years: \$2M
 - Current Tax Revenue: \$132/yr/family = \$850,000/yr
- ⊗ Feasibility Requires Further Analysis
- ⊗ Complete Report Available At: www.clsd.ca.gov

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FEASIBILITY ISSUES

- ⊗ Rapid Development of Profitable Services Attractive to Patients With 3rd Party Insurance
 - Requires Service Excellence & Effective Marketing
- ⊗ Negotiate Favorable Non-Medicare Payment Rates
 - Makeup Revenue Shortfall Through Grants, Capital Campaign, Taxation
- ⊗ Achieve Cost Savings Through Collaboration & Consolidation
 - RCMS, CLSD & CAH; Regional Hospital
- ⊗ Develop a Local Modern Health Care System
 - Clinical Quality, Customer Focus, Physician/Hospital Alignment

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STROUDWATER ASSOCIATES

SITE VISITS

- ⊗ Eastern Plumas Healthcare
- ⊗ Seneca Healthcare District
- ⊗ San Juan Islands Hospital District

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EASTERN PLUMAS HEALTHCARE PORTOLA, CA

- ☉ Meetings With CEO, CFO, COO & Board
- ☉ Population ~8000 45min to Reno
- ☉ 9 Beds and Nursing Home
- ☉ \$10M Debt, \$1M Tax Revenue, Net Profitable



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SENECA HEALTHCARE DISTRICT CHESTER, CA

- ☉ Meeting With CEO, CNO, HR Director, Board Members
- ☉ Population 7000, 90 min. from Chico
- ☉ 10 Beds, Nursing Home
- ☉ Managed by RENOWN Health (Reno)
- ☉ 24 Hr ER, Clinic, Lab, Outpatient Therapy
- ☉ \$2M Debt, \$1M Tax Revenue, Net Profitable

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SAN JUAN ISLAND CAH

- New CAH on San Juan Island (Jan. 2012)
 - 10 Beds, 24Hr ER, Clinic
- Managed and Operated by Peace Health Under Contract to Hospital District
 - Operates Clinics and Hospitals in AK, WA, OR
 - Employs All Staff and Provider
 - Searched Two Years to Find Peace Health
 - Required Fifteen Months To Negotiate Agreement
- Financial
 - Community Contributes \$10M to Construction Cost
 - Peace Health Contributes \$20M Plus Land Purchase
 - Tax Subsidy: \$1.4M/yr

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LEARNED FROM OTHERS (OPERATIONAL)

- Similar Rural Communities Provide 24/7 Services With a CAH
 - Provides Significant Economic Benefit to Local Community (~\$8M)
- Quality Primary Care Providers Are The Key
 - Primary Source of Hospital Referrals
 - Difficult to Attract and Retain
 - Keeping Providers Current is Critical
- Integration of Primary, Urgent Care and Emergency Services Is Essential
- Affiliation With Parent Health Care Organization Also Essential
 - Attract, Retain & Maintain Provider Quality
 - Broad Administrative Knowledge

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LEARNED FROM OTHERS (FINANCIAL)

- Retain FQHC Status of RCMS
 - Enables Significant Grant Funding
 - Requires Separate BOD
- Profitable Services
 - Diagnostic, Lab, Swing Beds
- Unprofitable Services
 - ER
- Separate Hospital Facility to Minimize Construction Costs & Maximize Reimbursement

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COMPARISON OF OPTIONS

Issues	24/7 UC	CAH
Scope of Services	<ul style="list-style-type: none"> •Provider Limited •Diagnostics Limited 	<ul style="list-style-type: none"> •X-Ray •Imaging •Lab •Overnight Beds
Net Cost	<ul style="list-style-type: none"> •Reimbursement Limited •High Tax Subsidy 	<ul style="list-style-type: none"> •Higher Reimbursement
Staffing	<ul style="list-style-type: none"> •Difficult To Attract, Retain and Keep Trained 	<ul style="list-style-type: none"> •Improved With Major Hospital Affiliation
Impact	<ul style="list-style-type: none"> •High Stand-By Costs 	<ul style="list-style-type: none"> •Requires Coordination of Staffs (RCMS, CLSD, CAH)
Timing	<ul style="list-style-type: none"> •Depends On Tax Increase (>\$1M/yr) 	<ul style="list-style-type: none"> •5+ Years •Tax Increase (<\$1M/yr)

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NEXT STEP

- ② Find a Large Health Care System Partner
 - Meet With Potential Partners (eg. Sutter, Memorial, ...)
- ② Pursue Federal Grants
 - Rural Health Network Planning Grant (\$85K)
 - Submitted Application With RCMS, CLSD & Pinole Native American Tribe
- ② Find Funds to Support Current Urgent Care
- ② Prepare Business Plan For CAH
- ② Assess and Build Community Support
- ② Report to Boards & Public

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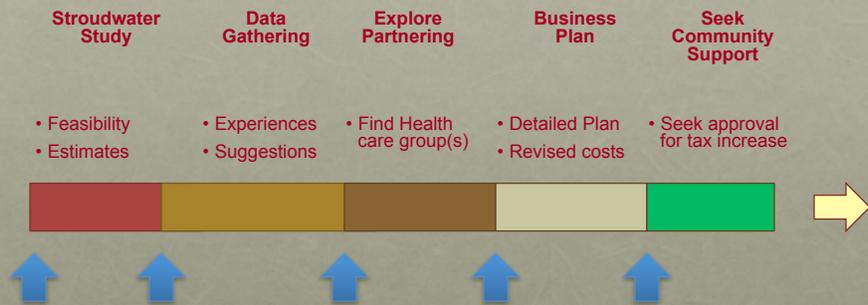
OUR VISION

- ② Model Facility For Rural Healthcare
 - Must Provide High Quality Services
 - Must Partner With Larger Healthcare Organization
 - Design Expertise
 - Operational Expertise
 - Access to Specialists
- ② State of the Art Medical Facility
 - Tele-Medicine Link to Remote Experts
 - Integrated Primary, Urgent & Emergency Healthcare
- ② Support Disaster Preparedness

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TIMELINE

Go/No Go Decision Points



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HOW YOU CAN HELP

- ☉ Do You Have Contact With Potential Healthcare Partners?
- ☉ Are You Experienced In Major Fundraising Campaigns?
- ☉ Grant Writing Experience

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QUESTIONS?

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