Health Services
LOS ANGELES COUNTY

June 22, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **MLK-HARBOR HOSPITAL CONTINGECY PLANNING OVERVIEW**

On June 12, 2007, your Board instructed the Director of Health Services (DHS or Department), in collaboration with the Chief Administrative Officer, to present contingency plans to ensure that the County's continued provision of appropriate health care and emergency services to the community in the event that MLK-Harbor Hospital (MLK-H) is not successful in meeting Federal standards within the designated timeframe. This document provides an overview of the contingency plan. The plan will operate in two concurrent tracks, the first is the immediate preservation of services and the longer term plan which anticipates conducting an expedited request for qualified operators to reopen and operate the hospital.

- Inpatient services at MLK-H will be provided at other DHS hospitals, principally Harbor-UCLA Medical Center (H/UCLA) and Rancho Los Amigos National Rehabilitation Center (Rancho), and contract private hospitals.
- Inpatient services at MLK-H will be phased out as soon as feasible on a planned basis as County and contract beds become available. If the Department makes a determination that it is unable to continue inpatient or Emergency Department (ED) operations due to staffing or patient safety concerns, the inpatient services will be closed immediately.
- The ED will be closed and 911 ambulance transports will be redirected in a way which prevents, to the extent possible, the overloading of hospitals in the surrounding areas.
- The current outpatient clinics and 16 hour per day urgent care will be maintained at the MLK-H site.
- Staff at MLK-H not needed for operation of outpatient clinics, urgent care or the support of the building complex will be subject to County civil service rules and County policies related to reduction in workforce.
- While detailed financial forecasts of the impact of this plan have not been completed, preliminary estimates are that the costs of this contingency plan can be funded within the current County costs budgeted for MLK-H.
- Concurrent with the implementation of the plan to continue to serve patients now served at MLK-H, the County will undertake an expedited public solicitation to identify potential private hospital operators with the ability and interest to operate MLK-H. To assist in

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- this process, the County will utilize a consulting healthcare firm. This solicitation process is expected to take six months to identify, qualify and present potential operators to the County for consideration and a total of one year for a new operator to be in place.
- Conduct all required notices and hearings, including a Beilenson hearing. Assuming that the hospital does not pass CMS, but retains its license and remains stable:
  - The hospital must notify the EMS Agency and the EMS Commission must conduct a hearing. The process requires a 90 days advance notice prior to closure or reduction.
  - The Board must conduct Beilenson hearings which require a 14 days notice.

BACKGROUND

In March 2006, the Department prepared contingency plans in the event that the then Martin Luther King, Jr./Drew Medical Center failed to pass a CMS survey. From March through September 2006, the Department further refined this plan. The hospital failed a subsequent CMS survey and received the results on September 22, 2006. The Department developed and implemented the MetroCare Plan, which incorporated parts of the Department's contingency plan. Certain inpatient hospital services were transferred to H/UCLA (pediatrics, NICU, PICU and high-risk obstetrics); Medical-Surgical beds were opened at Rancho; contracts with four private hospitals were put in place; and inpatient psychiatric services were transferred to LAC+USC Medical Center's (LAC+USC) license.

On December 1, 2006, the hospital began operations with two new contract physician groups helping to replace residents who were removed at the insistence of the ACGME. In a measured, planned process, inpatient beds were reduced as equivalent beds became available at Rancho, H/UCLA, and the private hospital contractors. On March 1, 2006, the hospital reached its current configuration of 48 beds. The ED continued to operate at the same capacity as before September 22, 2006, and outpatient services also continued essentially at the same volumes, except for those programs that had been reassigned to another facility. One of the Department's main goals, the preservation of emergency services in this community, was achieved.

This new contingency plan is based on the current situation at MLK-H, as a significantly smaller community-oriented hospital. It also reflects substantial lessons from the implementation of the MetroCare Plan relating to patient needs, patient preferences, and the abilities of the Department and the private facilities to expand to meet the need for additional inpatient and ED capacity.

The Department's funding assumptions for the plan outlined below are based on the discussions with State DHS and CMS regarding the current MLK-H situation. This plan

has been built on the assumption that some of the inpatient Medicare and Medicaid funding for the current MLK-H patients would follow the patients to another Department facility. However, services provided at these other facilities are reimbursed at considerably lower payment rates than the same services at MLK-H, because of the lower costs at the other Department facilities. Preliminary estimates by the Department indicate that the costs of providing alternative inpatient and ED services can be covered by the current County subsidy to MLK-H. Fixed County costs for pension bonds, workers compensation, and other County allocated costs will continue to be incurred despite the changes and will be factored into the final forecast.

INPATIENT SERVICES

MLK-H currently is operating 48 inpatient beds: 12 ICU/CCU, 30 Medical-Surgical and 6 Obstetric beds. It was anticipated in the MetroCare plan that the inpatient capacity would be eventually restored to 114 beds, which was adjusted to 120 when maintaining 6 Obstetrics beds was required for continued funding. The Department's goal will be to provide 120 replacement beds in DHS facilities, where possible, and supplement this number with private contract facilities. These replacement beds will be used to accept transfers from DHS facilities and surrounding hospital EDs.

The principal County resource to provide supplemental inpatient ICU and Medical-Surgical beds will be Rancho. Although Rancho is primarily an acute rehabilitation hospital, in September 2006, it had more than 300 licensed inpatient beds in "suspense" which were available for use. During the MetroCare implementation, Rancho opened beds and is currently operating 30 additional Medical-Surgical beds. The contingency plan anticipates Rancho operating 10 additional ICU/stepdown beds and up to 50 Medical-Surgical beds. To do this, Rancho will need additional nursing staff and physician support from County physicians and contractors. It will also require additional staffing for laboratory, radiology and pharmacy in order to meet the needs of additionally acute patients.

H/UCLA is in the process of converting existing space into an additional ICU, which will not be available for use for up to one year. In the meantime, they have identified an additional 20 Medical-Surgical beds that can be made available with additional nursing staff and support personnel.

Because of the impending move to the new LAC+USC with a substantially decreased inpatient capacity, with the exception of highly specialized services, such as neurosurgery or orthopedics, it is not anticipated that LAC+USC will offer additional inpatient beds.

The Department's experience attempting to move patients from MLK-H to Olive View Medical Center (Olive View) was very disappointing. Patients refused transfer from MLK-H to Olive View, citing the long distance and inability of family to be involved with their care. As a result, this plan does not use beds at Olive View to make up for the loss of MLK-H.

Private hospital inpatient bed contracts will be needed to supplement the increased County capacity outlined above. The Department recommends working with the hospitals that have been serving MLK-H patients under their MetroCare contracts. These facilities are expected to provide sufficient inpatient capacity to replace bed-for-bed the beds lost at MLK-H until such time as MLK-H is reopened or other inpatient capacity is available within DHS hospitals.

EMERGENCY DEPARTMENT SERVICES

Since September 2006, the goal of the MetroCare program has been the preservation of the ED and urgent care services at MLK-H, maintaining a vital service and preventing further deterioration of the entire emergency services available for the South Los Angeles area. At this point, MLK-H is continuing to provide more than 47,000 ED total visits. These visits consist of nearly 12,000 visits arriving via 911 ambulance, nearly 24,000 Emergency walk-in visits, and approximately 12,000 walk-in visits that are classified as Urgent Care rather than Emergency. Despite MLK-H operating at its pre-September ED service level, wait times and service delivery delays occur there and at all the hospitals surrounding the MLK-H service area. There are inadequate ED services in either the public or private hospital sector with insufficient treatment bays to meet the needs of the population.

Because the ED cannot be operated without inpatient acute care services, the Department has developed two approaches to supporting the EMS system upon closure of MLK-H's ED. The Department is proposing the following:

Planned Closure Action (30-60 days):

The EMS Agency, in cooperation with the private hospitals and EMS providers, will redraw the current ambulance service areas to redirect 911 ambulances to H/UCLA and the surrounding private hospitals. These hospitals would be designated as "Impacted" hospitals and would receive priority consideration for transfers of County responsible patients into the County hospital system. They would also be permitted, for the first time, to access County-operated beds and private contracted hospital beds, coordinated through the EMS Agency, on a priority basis.

The Department's goal is for the EMS Agency to facilitate transfers from that hospital ED to one of the Department's facilities or to a contracted hospital. In the event EMS is unable to transfer a County responsible patient, the Department proposes to develop contracts with these facilities to provide reimbursement for inpatient care and physician services for County-responsible patients who are delivered to that hospital via ambulance.

This plan for reimbursement would be subject to the completion of contract negotiations with the "Impacted" hospitals. Regardless of whether the County can reach an agreement with these facilities, the EMS Agency will need to redirect the 911 ambulance transports to these facilities. Clearly, a negotiated arrangement with these "Impacted" hospitals is in the best interest of preserving the EMS system.

Unscheduled Closure Action (immediate):

This action would be used only in the event that MLK-H either loses its license without adequate notice or the Department determines it is unable to meet its staffing requirements. The EMS Agency will direct EMS Providers that serve the current

MLK-H area (i.e., L.A. City, L.A. County and the Compton Fire Departments) to transport patients to each hospital ED within a 12 mile radius on a rotating basis, subject to adjustment based on a patient's acuity. This program is designed to more equitably distribute these patients than would occur if these ambulances simply went to the nearest available facility.

This plan was considered in the earlier MLK contingency plans and was discussed briefly with the affected hospitals and EMS providers at that time. The Department intends this as a short term measure until the Planned Closure Action can be implemented.

Closure Transportation:

In the event of a planned closure, the hospital will be emptied out by shutting off admissions on a specific day and completing the care and discharging patients as their care is completed. In those few instances where a patient's stay is longer than the average of 4.5 days, a patient may have to be transferred to another County or contract hospital.

Should there be an unplanned closure, all patients in house at the time the closure decision is made will need to be transferred to other County or contract hospitals immediately. Prioritized by acuity, patients will be moved using the ambulances currently stationed at King plus other County or contract ambulances.

Since an Urgent Care service will continue to be provided, County or contract ambulance services will be available at the King site to transport any patient whose condition requires care in an Emergency Room.

MULTI-SERVICE AMBULATORY CARE CENTER (MACC)

If MLK-H loses its inpatient and ED operations, preservation of on-site outpatient care is essential to this medically underserved community. The scope of the MACC is based on the current MLK-H outpatient program, but will need to be re-evaluated based on the availability of physician specialties. Operating the MACC is also essential to limit the number of patients who would otherwise go to other surrounding EDs.

The major components of service delivery will be:

- Urgent Care -- initially, operation will be 16 hours per day, 7 days per week. This will require the maintenance of full ancillary services at the site to support the urgent care. The Department recommends that urgent care continue be staffed by contract physicians.
- Ambulance capability will be available to transfer patients from the urgent care to an ED, if needed.
- Outpatient Surgery -- MLK-H could become a significant Department-wide resource for ambulatory surgery.
- Certain outpatient clinics, such as General Medicine, Pediatrics, OB-GYN, Orthopedics, and Surgery, would operate on their current schedules.
- Staffing would be considerably reduced based on recommended staffing models.
- Signage at the MLK-H site would be revised to indicate that there are no emergency services available.

INPATIENT PSYCHIATRIC SERVICES AND PSYCHIATRIC ER

This contingency plan assumes that there will be no change in the current organizational responsibilities for inpatient psychiatric services operated by LAC+USC at the MLK-H site. The psychiatric ED at MLK-H is already closed.

LONGER TERM PLAN

The plan outlined above is short term and designed to facilitate transition of patients and prevent loss of inpatient capacity. On a long term basis, the Department believes it is essential to have inpatient and ED services on the MLK-H site. In the event of an unfavorable CMS survey, the Department will seek Board approval for a solicitation to seek a private hospital operator to provide inpatient and ED services in the current MLK-H facility. Based on experience with the MetroCare contracting process, the Department believes there can be an expedited process where prospective hospital operators would respond to a Request for Information (RFI), with these responses identifying their capabilities, interest, and financial ability to take on a project of this complexity. Using an expert consultant to evaluate RFI responses, the Department would undertake an expedited negotiation process to finalize the terms under which the hospital would be operated. At that point, a contract would be presented to the Board for approval. This process would take a minimum of six months to identify a suitable operator and an additional six months to restore services.

Based on feedback received from private hospital operators in developing the earlier 2006 contingency plan, all private operators expected to have the ability to interview and select those County staff they wished to hire, with the County responsible for placing all non-selected persons. They would also expect the County to absorb all the current County 'fixed costs'.

OPERATIONAL CONSIDERATION

Licensure Considerations:

The inpatient and special permit licenses of the hospital, if not in the process of being revoked, would be placed "in suspense". This would allow the County or a new operator to place the beds back in service without having to upgrade the facility to current seismic and building and safety standards.

Public Hearings and Notification:

If the hospital fails the CMS survey and an orderly, planned closure is possible, there is a 90 day notice and public hearing requirement prior to the closure of the ED and a requirement for Beilensen hearings related to the decrease of services on the MLK-H site, even though this plan anticipates operating an equivalent number of beds elsewhere.

County Counsel has been asked to evaluate the required hearings that need to be conducted if a more precipitous closure occurs and inform your Board and the Department.

CONCLUSION

It is important to note that there is no better alternative to continuing the operation of this vital community asset and its emergency and inpatient services. This contingency plan, which the Department hopes to never have to utilize, preserves the most critical components of the service delivery of MLK-H. Even with the above contingency plan, the loss of MLK-H will have an adverse impact on the EMS system and on this medically underserved community. The Department remains committed to working internally and with the relevant stakeholders to mitigate, as much as possible, the adverse effect on the public.

It is very important for your Board to know that this plan was developed by internal Department staff and has not been reviewed by hospital representatives, physicians, community advocates or other concerned parties. As a part of the next steps in implementing this plan, should it become necessary, those discussions will occur.

BAC:jrc

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors