Progress Update - CPMC IMP Review

May 19, 2009
Today’s Discussion

- Overview

- Blue Ribbon Panel Recommendations (BRP) and Quality

- Pricing Analysis and Financing

- Access and Charity Care
Overview

The CPMC Institutional Master Plan review is nearly half way complete. A final draft is due on or about June 26.

**Interviews**
- Performed 21 since project inception:
  - Hospital CEOs
  - Community Groups
  - Payors
  - Academic Institutions
  - Advocacy Groups
  - Labor

**Analysis**
- Complete:
  - Bed Progression
  - Blue Ribbon Panel Findings
  - Pricing
  - Charity Care
  - Emergency Preparedness
- In-process:
  - Training and Education
  - Capacity and Utilization

**Final Report**
- Draft due to Health Commission by June 16, 2009
- Final report due June 26, 2009
## Significant Changes

<table>
<thead>
<tr>
<th>Change</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build a new 3.85 acre campus with a 555-bed acute care hospital as its centerpiece at Van Ness Avenue and Geary Boulevard (Cathedral Hill).</td>
<td>2010 - 2014</td>
</tr>
<tr>
<td>Replace St. Luke’s existing hospital with a smaller, seismic-compliant facility near the existing campus.</td>
<td>2010 - 2014</td>
</tr>
<tr>
<td>Convert the existing full service medical center at CPMC’s Pacific Campus to an ambulatory care center.</td>
<td>2010 - 2020</td>
</tr>
<tr>
<td>Eliminate all but imaging services from what is now a full service medical center (California Campus) by 2019.</td>
<td>2013 - 2019</td>
</tr>
<tr>
<td>Consolidate neuroscience care, including acute rehabilitation, into a single Center of Excellence on the Davies Campus (2010/2012).</td>
<td>2010 - 2020</td>
</tr>
</tbody>
</table>
Our Understanding of the Plans

The IMP envisions a smaller, more consolidated, seismically compliant, and more outpatient focused delivery system.

[Bar chart showing trends in licensed beds from 2004 to 2015 for Acute, Rehab, Psych, and SNF categories.]
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- Pricing Analysis and Financing
- Access and Charity Care
Interview Findings - BRP and Quality

Potential Benefits

• Consolidating services, especially tertiary and quaternary, will help produce better outcomes and a more efficient operating platform.

• The quality of care at CPMC is exceptional and will likely improve if delivered in more modern facilities.

• CPMC has been proactive in requesting and incorporating community feedback in their long-term plans for St. Luke’s Hospital.
## Interview Findings - BRP and Quality

<table>
<thead>
<tr>
<th>Specific Concerns</th>
<th>Suggested Improvements</th>
</tr>
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<tbody>
<tr>
<td>• <em>System integration</em>- St. Luke’s is perceived as an appendage to the system and has never been completely integrated with the other facilities, especially relating to physician privileges.</td>
<td>• Fully integrate all campuses to provide a continuum of health care services across San Francisco (information systems, medical staff privileges, et. al.)</td>
</tr>
<tr>
<td>• <em>Equitable bed distribution</em>- St. Luke’s will be too small to ever be profitable-successful. Why are all the beds/services concentrated at Cathedral Hill and not more evenly distributed.</td>
<td>• Provide a service or services that will attract physicians and better paying patients.</td>
</tr>
</tbody>
</table>
| • *Trusting CPMC*- The plans [for St. Luke’s] seem to continue to change, without the public or even some panel members not being consulted. | • Publically distribute more specific details on the services that will be available at St. Luke’s Hospital.  
• Build trust with the citizens. |
<table>
<thead>
<tr>
<th>Blue Ribbon Panel Recommendation</th>
<th>Addressed in the IMP and Conforming</th>
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</thead>
</table>

*Services at St. Luke’s should include, but not be limited to:*

- Center of Excellence in GYN and low intervention obstetrics (OB)
- Medical/Surgical Services (e.g., cardiology, respiratory)
- Emergency Department
- ICU (Intensive Care Unit)
- Urgent Care
- Pediatrics
- Center of Excellence in Senior Health Care (orthopedics, diabetology, oncology, rehab)

- CPMC plans to provide obstetrics and gynecology services at the new St. Luke’s campus. The Cathedral Hill Campus will include a distinct women and children’s hospital.
- CPMC plans to provide general medical/surgical services at the new St. Luke’s campus.
- CPMC plans to provide emergency services on the new St. Luke’s campus.
- CPMC plans to maintain an intensive care unit (ICU) on the new St. Luke’s campus.
- CPMC plans to provide urgent care services on the new St. Luke’s campus.
- CPMC plans to provide pediatric services at the new St. Luke’s campus. The new Cathedral Hill Campus will include a distinct women and children’s hospital.
- CPMC plans to house a Senior Health Center of Excellence on the St. Luke’s Campus.
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<tr>
<th>Blue Ribbon Panel Recommendations</th>
<th>Addressed in the IMP and Conforming</th>
</tr>
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<tbody>
<tr>
<td>St. Luke’s Campus is an integral provider of primary and secondary care within the CPMC healthcare system.</td>
<td>The proposed services noted in the IMP are consistent with the nature of “primary and secondary care.”</td>
</tr>
<tr>
<td>For the rebuild of St. Luke’s, consider Option 5 (building over San Jose Avenue) and Option 3 (the 1912 Building and preserving the chapel and tree) with a preference to Option 5.</td>
<td>The new St. Luke’s will utilize Option 5. “The replacement hospital will be constructed by 2014 partially on San Jose Avenue and partially on an existing parking lot on the corner of Cesar Chavez Street and San Jose Avenue, which would require the city to vacate this section of San Jose Avenue.”</td>
</tr>
<tr>
<td>Blue Ribbon Panel Recommendation</td>
<td>Not Addressed in the IMP</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>• St. Luke’s should focus on developing primary care disease prevention and health promotion programs.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• St. Luke’s should house a Center of Excellence in Community Health.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• Stress Work Force Retention for physicians, primary care providers, nurses, other health professionals and support workers.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• All sources of potential earned surplus should be pursued to enhance the financial viability of St. Luke’s.</td>
<td>• The IMP does not include financial projections, however does state; “Cathedral Hill Hospital is the clinical and economic engine that will help provide funding to rebuild the St. Luke’s Campus and maintain services there.”</td>
</tr>
<tr>
<td>• Engage in problem solving on the provision of beds for in-patient psychiatric patients.</td>
<td>• Not addressed in the IMP. Neither the current nor the planned St. Luke’s campus will include license psychiatric beds.</td>
</tr>
<tr>
<td>• Make the best efforts to recruit and retain the best culturally competent and diverse health care professionals possible.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>Blue Ribbon Panel Recommendation</td>
<td>Not Addressed in the IMP</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>• The St. Luke’s Campus should be fully integrated into the broad mission, strategies, and operations of the CPMC system.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• Development of integrated CPMC and SLH Medical staffs and nursing staffs.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• Development of a Foundation Model for primary medical/health care providers.</td>
<td>• Not addressed in the IMP.</td>
</tr>
<tr>
<td>• The size of the new hospital should be appropriate to the planned service mix.</td>
<td>• The specific service mix was not defined in the IMP. The sizing will be reviewed in context with the latest capacity plan developed for CPMC by the Camden Group.</td>
</tr>
<tr>
<td>• Engage in problem solving on the provision of beds/units for “Sub-Acute” regional patients.</td>
<td>• Not explicitly stated in the IMP, however CPMC is developing a strategy to address sub-acute and skilled nursing capacity.</td>
</tr>
<tr>
<td>• Engage in problem solving on the distribution of primary care providers.</td>
<td>• Not addressed in the IMP.</td>
</tr>
</tbody>
</table>
Blue Ribbon Panel Recommendations

Non-conforming

- Skilled Nursing (SNF) beds to serve orthopedics, Senior Health, and Med/Surg.

- No SNF beds will be located on the new St. Luke’s campus. System-wide, 38 SNF beds will remain on the Davies Campus.
Today’s Discussion

- Overview
- Blue Ribbon Panel Recommendations (BRP) and Quality
- Pricing Analysis and Financing
- Access and Charity Care
## Interview Findings - Pricing and Financing

<table>
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<th>Suggested Improvements</th>
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| Will tightened credit markets or the general economic climate impact CPMC’s ability to finance this plan. | Provide assurances that funding/financing is in place for ALL components of the project.  
|                                                                                  | More transparent financing plan.                                                                                                                                 |
| The potentially negative impact of the new Cathedral Hill campus on St. Francis Memorial Hospital and Chinese Hospital. | Greater pricing transparency.                                                                                        1  
|                                                                                  | Additional oversight around contracting and rate setting.                                                                                               |
Pricing Analysis

A hospital’s “charge” does not necessarily reflect cost or the amount a hospital will be reimbursed by an insurer. Charge amounts are most relevant to self-pay patients and patients with high deductible health plans, health savings accounts (HSA) and the like.

- **CPT Code**
  - Current Procedural Terminology
  - Top 25 published by OSHPD
  - Highly standardized
  - Not very relevant for inpatient care

- **CDM**
  - Charge Description Master
  - Hospital specific
  - Little standardization
  - Large volume
    - SMMC > 9,100 codes
    - CPMC > 13,000 codes

- **DRG**
  - Diagnosis Related Group
  - Fairly standardized
  - Inpatient specific
  - Used by Medicare
  - Aggregates charges based on diagnosis and other factors.

The following illustrations demonstrate pricing differentials for services frequently provided across all city hospitals, as well as codes that we determined could provide like comparisons across at least five city hospitals.
Emergency Room Visits (CPT)

In San Francisco, the charge for a Level 3 emergency room visit ranges from a low of $425 (Kaiser) to a high of $1,122 (St. Mary’s Medical Center). The average charge is $823.

<table>
<thead>
<tr>
<th>2008 CPT Code</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99282</td>
<td>99283</td>
<td>99284</td>
</tr>
<tr>
<td>CPMC</td>
<td>$566</td>
<td>$942</td>
<td>$1,443</td>
</tr>
<tr>
<td>SLH</td>
<td>566</td>
<td>942</td>
<td>1,443</td>
</tr>
<tr>
<td>Chinese</td>
<td>142</td>
<td>470</td>
<td>943</td>
</tr>
<tr>
<td>SFMH</td>
<td>736</td>
<td>1,090</td>
<td>1,638</td>
</tr>
<tr>
<td>SMMC</td>
<td>751</td>
<td>1,122</td>
<td>1,685</td>
</tr>
<tr>
<td>UCSF</td>
<td>429</td>
<td>768</td>
<td>1,303</td>
</tr>
<tr>
<td>KPSF</td>
<td>175</td>
<td>425</td>
<td>825</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>$481</td>
<td>$823</td>
<td>$1,326</td>
</tr>
</tbody>
</table>
Illustration I: CT Pelvis w/Contrast (CPT Code 72193)  
OSHPD, 2008

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Average Price</th>
<th>2008 Average Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPMC</td>
<td>$3,446</td>
<td>$3,004</td>
</tr>
<tr>
<td>St. Lukes</td>
<td>$3,446</td>
<td></td>
</tr>
<tr>
<td>Chinese</td>
<td>$1,407</td>
<td></td>
</tr>
<tr>
<td>SFMH</td>
<td>$3,801</td>
<td></td>
</tr>
<tr>
<td>St. Mary's</td>
<td>$3,673</td>
<td></td>
</tr>
<tr>
<td>UCSF</td>
<td>$2,249</td>
<td></td>
</tr>
</tbody>
</table>
Illustration II: ICU Room & Board (CDM)
OSHPD, 2008
Illustration III: Heart Failure (DRG 127)
American Hospital Directory, 2008

2007 Average Charge
Average - All Hospitals

CPMC-DAVIES $56
CPMC-PACIFIC $54
CPMC-ST LUKES $53
CHINESE $29
SFMC $56
UCSF $49
SMMC $57
SF GEN $39

$49.0
Today’s Discussion

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Potential Benefits

- Rebuilding St. Luke’s Hospital will ensure that residents living South of Market [Street] have access to a full service acute care hospital.

- System-wide seismic compliance will ensure service availability in the event of a natural disaster or major catastrophic event.
Interview Findings - Access and Charity Care

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<tr>
<td><strong>The reduction in SNF beds</strong> - Several individuals emphasized that these reductions were not in accordance with recommendations of the St. Luke’s Blue Ribbon Panel. Anecdotally, more patients are having to seek care farther from their homes.</td>
<td><strong>Address, specifically, where patients will access skilled nursing services. Support programs that address transitional care for the senior population.</strong></td>
</tr>
<tr>
<td><strong>The elimination of psychiatric beds</strong> - A 100 percent reduction in the number of psychiatric beds at the CPMC campus from 36 in 2008 to 0 in 2015.</td>
<td><strong>Create a Center of Excellence for Senior Health Services.</strong></td>
</tr>
<tr>
<td><strong>The location of the Cathedral Hill campus</strong> is dense and at a highly trafficked intersection of Van Ness and Geary.</td>
<td><strong>Provide programs designed to address chronic disease management.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Address how/where patients requiring psychiatric care will be treated.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Build the facility where there are fewer hospitals.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Distribute services and beds more evenly across all campuses.</strong></td>
</tr>
</tbody>
</table>
## Interview Findings - Access and Charity Care

### Other Related Interview Themes

- CPMC’s ability to complete multiple service relocations without interruption to service delivery is a concern.
- San Francisco should be a leader in developing new and innovative ways to treat elderly patients, patients with chronic conditions and transitional care patients. SNF beds are only a part of the solution.
- Demonstrate that the new facilities can manage current and projected volume, especially for emergency services, and surge events, before closing or reconfiguring existing campuses.
- Persons, especially the elderly, who utilize the California and Pacific campuses will require education and support to reorient themselves to Cathedral Hill.
- More emphasis and effort should be put into developing a comprehensive plan that incorporates the input of the SFDPH and other San Francisco hospitals.
Emergency Response District Impact

The changes proposed in the IMP will impact the following emergency response districts:

- CPMC-California borders ERD 5 & 7 (only the Veteran’s Administration Hospital is located in ERD 7).
- ERD 4 would lose one full service hospital (CPMC - Pacific), which will be replaced by an ambulatory care center and gain a new hospital (Cathedral Hill).
- The southern and western ERDs (8, 9, and 10) will continue to be most underserved in terms of proximity to an acute care hospital.
## Charity Care

*Office of Statewide Health Planning and Development (OSHPD), 2007*

### California Pacific Medical Center (CPMC)

<table>
<thead>
<tr>
<th>System</th>
<th>Facility</th>
<th>Net Patient Revenue (NPR)</th>
<th>Charity Care</th>
<th>Charity Care / NPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUTTER HEALTH</td>
<td>CALIFORNIA PACIFIC MEDICAL CENTER</td>
<td>$920,339,202</td>
<td>$14,807,733</td>
<td>1.6%</td>
</tr>
<tr>
<td>SUTTER HEALTH</td>
<td>CPMC - ST. LUKE'S HOSPITAL</td>
<td>$95,250,067</td>
<td>$12,306,507</td>
<td>12.9%</td>
</tr>
<tr>
<td><strong>Total CPMC</strong></td>
<td></td>
<td><strong>$1,015,589,269</strong></td>
<td><strong>$27,114,240</strong></td>
<td><strong>2.7%</strong></td>
</tr>
</tbody>
</table>

### Other Private Nonprofit Hospitals*

<table>
<thead>
<tr>
<th>System</th>
<th>Facility</th>
<th>Net Patient Revenue (NPR)</th>
<th>Charity Care</th>
<th>Charity Care / NPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CATHOLIC HEALTHCARE WEST</td>
<td>ST. FRANCIS MEMORIAL HOSPITAL</td>
<td>$135,885,750</td>
<td>$17,980,965</td>
<td>13.2%</td>
</tr>
<tr>
<td>CATHOLIC HEALTHCARE WEST</td>
<td>ST. MARY'S MEDICAL CENTER</td>
<td>$160,021,996</td>
<td>$20,269,606</td>
<td>12.7%</td>
</tr>
<tr>
<td>N/A</td>
<td>CHINESE HOSPITAL**</td>
<td>$80,338,670</td>
<td>$1,105,962</td>
<td>1.4%</td>
</tr>
<tr>
<td>UNIVERSITY OF CALIFORNIA</td>
<td>UCSF MEDICAL CENTER</td>
<td>$1,369,431,894</td>
<td>$14,706,462</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

** Data not available for Kaiser Permanente’s San Francisco Hospital, which operates as part of a regional nonprofit health plan.

* Chinese Hospital also operates a medical plan, with $44.5 million in capitated revenue, that provides subsidized care.
Next Steps

- Finish interviews
- Complete utilization and capacity analyses
- Review surge capacity
- Draft final report
Appendix

- Blue Ribbon Panel
- IMP Review Interviews
Blue Ribbon Panel

CPMC convened a “Blue Ribbon Panel” to develop recommendations pertaining to the future of the St. Luke’s Hospital (St. Luke’s) campus. The 33 member panel was chaired by Steven Shortell, Dean of the School of Public Health at UC Berkeley and Rt. Rev. Marc Andrus, Episcopal Diocese of California.

The Blue Ribbon Panel included the following participants:

- The Honorable Michela Alioto-Pier, Supervisor, District 2, San Francisco Board of Supervisors
- Damian Augustyn, MD, Chief of Staff, Medical Executive Committee, CPMC and Member, CPMC Board of Directors
- Kenneth Barnes, MD, for savestlukes.org
- Kevin Barnett, DrPH, MCP, Senior Investigator, Public Health Institute
- Dan Bernal, District Director for Congresswoman Nancy Pelosi, Speaker of the House
- Edward Chow, MD, Chinese Community Health Plan and San Francisco Health Commissioner
- Catherine Dodd, PhD, RN, Deputy Chief of Staff for Health and Human Services, Mayor’s Office
- Steve Falk, President & CEO of the San Francisco Chamber of Commerce
- Cheryl Fama, Executive Director, Peninsula Health Care District, former CEO of St. Francis Hospital
- Anna Eng, Senior Organizer, Bay Area Organizing Committee
- Jean Fraser, Esq., Former CEO of San Francisco Health Plan
- Roma Guy, MSW, Former President of the Health Commission, designee to the Blue Ribbon Panel by Supervisor Tom Ammiano
Blue Ribbon Panel Members (Con’t)

The Blue Ribbon Panel included the following participants:

- Louis J. Giraudo, Esq., Co-founder and Principal of GESD Capital Partners
- John Gressman, President and CEO of the San Francisco Community Clinic Consortium
- Sandra Hernandez, MD, CEO of the San Francisco Foundation
- Mitchell Katz, MD, Director of Public Health for the City and County of San Francisco
- Edward Kersh, MD, Vice Chief of Staff, St. Luke’s Medical Executive Committee
- Paul Kumar, Administrative Vice President, United Health Workers (SEIU)
- David Lawrence, MD, former CEO of Kaiser Permanente
- Michael Lighty, Director of Public Policy, California Nurses Association
- Gabriel Metcalf, Executive Director, San Francisco Planning and Urban Research Association
- Anthony Miles, Member CPMC Board of Directors
- Jacob Moody, MDiv, MSW, Executive Director, Bayview Hunter’s Point Foundation
- Robert Morales, National Director, International Brotherhood of Teamsters
- Laura Norrell, MD, St. Luke’s Women’s Center, designee to the Blue Ribbon Panel by Supervisor Michela Alioto-Pier
- Tim Paulson, Executive Director, San Francisco Labor Council
- Bob Prentice, PhD, Director, Bay Area Regional Health Inequities Initiative
- Anthony Wagner, former Vice President of Labor Relations, Kaiser Permanente and former Executive Administrator, San Francisco Department of Health
- Jim Wunderman, CEO, Bay Area Council and Member CPMC Board of Directors
IMP Review Interviews

The Lewin Group worked with members of the San Francisco Department of Public Health to develop a master list of potential interviewees. To date, we have conducted 21 interviews and will continue accepting public feedback through the end of May. The following organizations have made representatives available to The Lewin Group:

**Organizations Represented**

- Save St. Luke’s Coalition (www.savestlukes.org)
- Chinese Hospital
- Self Help for the Elderly
- Asian and Pacific Islander Health Parity Coalition
- Peninsula Health Care District
- Latina Breast Cancer Agency
- California Nurses Association (2)
- San Francisco Community Clinic Consortium
- San Francisco Health Plan
- LTC Coordinating Council
- CPMC (3)
- UCSF Medical Center
- Bayview Hunter’s Point Foundation
- San Francisco Interfaith Council
- Bay Area Regional Health Inequities Initiative
- University of California Berkeley
- St. Francis Memorial Hospital
- NICOS Chinese Health Coalition
- St. Mary’s Medical Center