Chinese Hospital IMP Update Analysis Preliminary Report

Presented to:

San Francisco Health Commission
February 15, 2011
Overview of Chinese Hospital IMP

The 2010 Chinese Hospital Institutional Master Plan (IMP) updates the full 1977 and abbreviated 1989 IMPs

The IMP describes planned construction of a new hospital on existing Chinese Hospital property in the following sequence:

- Demolish current administration building and parking structure
- Lease temporary administrative offices and parking
- Build and open new hospital
  - Adding 22 Skilled Nursing Facility (SNF) beds to the pre-construction service capacity, increasing bed total to 76
- Convert old hospital to administration and outpatient clinics
- Relocate and expand radiology services
Chinese Hospital IMP Analysis

RDA is performing an analysis of the proposed changes as they relate to:

1) Current patients, neighboring residents and the larger system of care in San Francisco
2) Influence of changing demographics on demand for general acute care
3) Current and projected demand for skilled nursing beds, radiology, mental health services and emergency services
4) Impact on continuity of culturally competent services during construction
5) Impact on accessibility and quality of care now and in the future
Project Progress to Date

- Initiate IMP Review Analysis: December 2010
- Baseline Analysis: Dec - Jan
- Schedule and Conduct Interviews: Jan - Feb
- Public Meeting: February 14th
- Present Midway Report: Today
- Patient Survey: Week of February 21st
- Complete Data Analysis: Feb - Mar
- Present Final Report: April 5th
Interview Subjects Matrix

Interviewees

- Edward A. Chow, MD, Health Commission
- James M. Illig, Health Commission
- David J. Sanchez, Health Commission
- Steven Tierney, President, Health Commission
- Linda Schumacher, COO Chinese Hospital
- Margine Sako, Executive Director, SMMC Foundation, Health Commission
- David Campos, Supervisor, District 9
- Rose Pak, Board of Directors, CHASF, Chinatown Chamber of Commerce
- Lawland Long, Executive Director, Chinatown Community Children’s Center
- Monica Walters, Executive Director, Cameron House
- Dr. Joseph Woo, Chinese Hospital
- Victor Lim, Legislative Aide for David Chiu
- Kent Woo, Executive Director, NICOS
- David Chiu, Supervisor, District 3
- Dr. Andrew Smith, Medical Director, SMMC
- Dr. Edward Chan, Board Member, NEMS
- Robert Edmonson, CEO, On Lok
- Sue Curran, CEO, SFGH
- Patricia Kaussen, Executive Director, Richmond District Neighborhood Center
- Barbara Garcia, Director, Public Health
- Wilma Louie, Program Director, Chinatown/North Beach Mental Health Services
- Anni Chung, President/CEO, Self-Help for the Elderly
- Linda Asato, Wu Yee Children’s Services
- Jeff Mori, Executive Director, Asian American Recovery Services
- Gordon Chin, Program Director, CCDC

Legend
- Completed
- Scheduled
- Pending
Quantitative Analysis

Data Sources

*Data sources used for baseline analysis:*

1) OSHPD
   - Utilization Data, 2002 - 2009
   - Patient Origin Data, 2002 - 2009
   - Fiscal Data, 2002 – 2009

2) US Census
   - ZIP Code-level data from 2000 Decennial Census
   - 2009 Population Projections

3) California Department of Finance
   - 2000 – 2050 County and State-level population projections
Quantitative Analysis

Points of Inquiry

**Overarching questions for RDA’s baseline quantitative analysis:**

1) Who goes to Chinese Hospital?

2) How has the demographic mix of CHASF consumers changed over time? How do we expect it to change in the future?

3) What is the relationship between CHASF’s consumer market and the consumer market of other SF hospitals?
Quantitative analysis
Overview of Baseline Findings

Age and Race:
• Significant increase in seniors projected throughout County
• Senior population growth projected to occur early among Asians
• Steady overall population growth despite anticipated decline in Black and Hispanic populations

Market:
• Chinese Hospital is a critical service provider for residents in 94108 (Chinatown) and 94133 (North Beach)
• Residents from neighborhoods around Chinese Hospital also rely heavily on CPMC – Pacific Campus
• Less-than-expected market overlap between Chinese Hospital and SF General Hospital
Demand Analysis
Overview of Chinese Hospital Patients by Area of Residence

**Proportion of Discharges from Neighborhood**
*ZIP Codes near Chinese Hospital and/or Clinics, 2009*
*Source: 2009 OSHPD Data*

- North Beach: 21%
- Chinatown: 13%
- Ingleside-Excelsior: 9%
- Visitacion Valley: 9%
- Nob Hill, Russian Hill: 8%
- Outer Richmond: 5%
- Inner Sunset: 5%
- Outer Sunset: 4%
- Bayview: 4%
- South of Market: 4%

**Chinese Hospital Discharges per 1000 Neighborhood Residents**
*ZIP Codes near Chinese Hospital and/or Clinics, 2009*
*Sources: 2009 OSHPD Data, 2009 US Census Projections*

- North Beach: 18
- Chinatown: 16
- Ingleside-Excelsior: 4
- Visitacion Valley: 3
- Nob Hill, Russian Hill: 3
- Outer Richmond: 2
- Inner Sunset: 2
- Outer Sunset: 2
- Bayview: 3
- South of Market: 3

- Significant consumer demand from North Beach and Chinatown ZIPs
- Chinatown residents use CHASF most per capita
Demand Analysis
Ethnicity by ZIP Code of highest demand

Disaggregation of Neighborhood Populations by Ethnicity
ZIP Codes near Chinese Hospital and Clinics
Source: 2000 US Census

- **All San Francisco**
  - Asian: 31%
  - White: 44%
  - Hispanic: 14%
  - Black: 8%
  - Other: 4%

- **94108 (Chinatown)**
  - Asian: 58%
  - White: 34%
  - Hispanic: 4%
  - Black: 3%
  - Other: 3%

- **94133 (North Beach)**
  - Asian: 55%
  - White: 38%
  - Hispanic: 2%
  - Black: 2%
  - Other: 2%

- **94109 (Nob Hill, Russian Hill)**
  - Asian: 28%
  - White: 57%
  - Hispanic: 8%
  - Black: 3%
  - Other: 4%

- **94121, 94122, 94116 (N Richmond, Sunset)**
  - Asian: 47%
  - White: 43%
  - Hispanic: 5%
  - Black: 4%
  - Other: 4%

- **94112, 94134 (Ingelside-Excelsior, Visitacion Valley)**
  - Asian: 47%
  - White: 16%
  - Hispanic: 25%
  - Black: 8%
  - Other: 4%
Demand Analysis: Population
Steady overall population growth projected by Dept of Finance

Population Projections
San Francisco County
Source: Ca Department of Finance

Projected Compound Annual Growth Rate
San Francisco County, 2000 - 2050
Source: Ca Department of Finance

- American Indian: 1.71%
- Multirace: 1.08%
- Pacific Islander: 0.76%
- White: 0.50%
- CCSF Average: 0.18%
- Asian: 0.02%
- Hispanic: -0.46%
- Black: -0.85%
Population Growth

Moderate growth in Asian population expected through 2020

Projected Annual Population Growth Rates
San Francisco County
Source: CA Department of Finance

American Indian
Pacific Islander
Multirace
White
Citywide Average
Black
Hispanic
Asian
Demand analysis
Ages of Chinese Hospital Consumers

Proportion of Discharges and Residents by Age
*Chinese Hospital, 2008*
*Sources: Chinese Hospital IMP, CA Dept of Finance*

Chinese Hospital consumers are significantly older than residents Countywide
San Franciscans are older than residents statewide and the population is aging faster – particularly in the Asian community.

Source: RDA analysis using Ca Department of Finance population projections
A projected long-term bulge in senior populations will hit SF Asian populations sooner – peaking in 2030

**Shifts in Age Distribution**
*All SF Residents vs. Asian-only Residents*

*Source: CA Department of Finance*
**Market Analysis:**
Significant market overlap between Chinese Hospital, CPMC – Pacific, and St. Francis

### Hospital's Market Share of Neighborhood

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Chinese Hospital</th>
<th>CPMC - St. Luke's</th>
<th>CPMC - Pacific</th>
<th>Kaiser SF</th>
<th>SF General</th>
<th>St. Francis</th>
<th>St. Mary's</th>
<th>UCSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Beach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinatown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ingleside-Excelsior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visitacion Valley</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nob Hill, Russian Hill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Richmond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner Sunset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Sunset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South of Market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Hospital Discharges per 1000 Neighborhood Residents

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Chinese Hospital</th>
<th>CPMC - St. Luke's</th>
<th>CPMC - Pacific</th>
<th>Kaiser SF</th>
<th>SF General</th>
<th>St. Francis</th>
<th>St. Mary's</th>
<th>UCSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Beach</td>
<td>16</td>
<td>18</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Chinatown</td>
<td>1</td>
<td>1</td>
<td>12</td>
<td>11</td>
<td>13</td>
<td>1</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Ingleside-Excelsior</td>
<td></td>
<td></td>
<td>18</td>
<td>32</td>
<td>11</td>
<td>22</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Visitacion Valley</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>Nob Hill, Russian Hill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Richmond</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner Sunset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Sunset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bayview</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South of Market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF General</td>
<td>6</td>
<td>5</td>
<td>12</td>
<td>12</td>
<td>9</td>
<td>12</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>St. Francis</td>
<td>12</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>20</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>UCSF</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>11</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

Prepared by Resource Development Associates  
February 15, 2011
Income Statement and Financial Ratios

Chinese Hospital is well-positioned financially

**FY09 Income Statement**
*Chinese Hospital, 2009*
*Source: OSHPD*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Patient Revenue</td>
<td>$176,961,364</td>
</tr>
<tr>
<td>- Deductions from Revenue</td>
<td>(137,421,271)</td>
</tr>
<tr>
<td>+ Capitation Premium Rev.</td>
<td>50,864,577</td>
</tr>
<tr>
<td>Net Patient Revenue</td>
<td>90,404,670</td>
</tr>
<tr>
<td>+ Other Operating Revenue</td>
<td>1,386,824</td>
</tr>
<tr>
<td>Total Operating Revenue</td>
<td>91,791,494</td>
</tr>
<tr>
<td>- Operating Expenses</td>
<td>(83,148,390)</td>
</tr>
<tr>
<td>Net from Operations</td>
<td>8,643,104</td>
</tr>
<tr>
<td>+ Non-Operating Revenue</td>
<td>780,240</td>
</tr>
<tr>
<td>- Non-Operating Expense</td>
<td>(154,194)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>9,269,150</strong></td>
</tr>
</tbody>
</table>

**Financial and Operating Metrics**
*Chinese Hospital, 2009*
*Source: OSHPD*

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>1.11</td>
</tr>
<tr>
<td>Days in Accounts Receivable</td>
<td>14.3</td>
</tr>
<tr>
<td>Equity to Total Assets</td>
<td>65.24%</td>
</tr>
<tr>
<td>Net Return on Total Assets</td>
<td>13.28%</td>
</tr>
<tr>
<td>Patient Revenue Margin</td>
<td>8.03%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>9.42%</td>
</tr>
<tr>
<td>Total Margin</td>
<td>10.10%</td>
</tr>
<tr>
<td>Net Income Margin</td>
<td>10.01%</td>
</tr>
<tr>
<td>Cost-to-Charge Ratio</td>
<td>46.20%</td>
</tr>
<tr>
<td>Net PPE Per Licensed Bed</td>
<td>$481,573</td>
</tr>
</tbody>
</table>

**Strong long-term outlook:**
- Excellent patient, bed and operating margins
- Average reserve position; solid cash flow
# CHASF’s Community Benefit

<table>
<thead>
<tr>
<th>Category</th>
<th>People Served</th>
<th>Net Financial Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits for Living in Poverty</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid Cost of Medi-Cal</td>
<td>5567</td>
<td>$1,667,894</td>
</tr>
<tr>
<td>Traditional Charity Care</td>
<td>585</td>
<td>$238,522</td>
</tr>
<tr>
<td>Treatment Center (ER) Services</td>
<td>6,412</td>
<td>$1,866,415</td>
</tr>
<tr>
<td>Other Benefits for Vulnerable Populations</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits for Broader Community</strong></td>
<td>15,033</td>
<td>$216,757</td>
</tr>
<tr>
<td>Reduced Cost Immunization/ Flu Vaccine Programs</td>
<td>2,414</td>
<td>$7,718</td>
</tr>
<tr>
<td>Chinese Community Health Resource Center (CCHRC)</td>
<td>11,595</td>
<td>$117,665</td>
</tr>
<tr>
<td>One-off Donation to CCHRC</td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td>Training on Medication Use</td>
<td>889</td>
<td>$35,031</td>
</tr>
<tr>
<td>Anticoagulation Services</td>
<td>125</td>
<td>$5,792</td>
</tr>
<tr>
<td>American Heart Association</td>
<td>n/a</td>
<td>$551</td>
</tr>
<tr>
<td><strong>Health Research, Education, &amp; Training</strong></td>
<td>118</td>
<td>$75,347</td>
</tr>
<tr>
<td>LVN Students Clinical Training at Chinese Hospital</td>
<td>100</td>
<td>$68,811</td>
</tr>
<tr>
<td>National Leadership Forum for Medicine</td>
<td>12</td>
<td>$744</td>
</tr>
<tr>
<td>Pharmacy Internship</td>
<td>6</td>
<td>$5,792</td>
</tr>
<tr>
<td><strong>Other Community Benefits</strong></td>
<td>2,884</td>
<td>$20,798</td>
</tr>
<tr>
<td>Health Fair / Street Fair</td>
<td>2,423</td>
<td>$9,591</td>
</tr>
<tr>
<td>Hospital Day</td>
<td>461</td>
<td>$654</td>
</tr>
<tr>
<td>NICOS-Chinatown Disaster Preparedness Committee</td>
<td></td>
<td>$295</td>
</tr>
<tr>
<td>Federation of Chinese</td>
<td></td>
<td>$7,920</td>
</tr>
<tr>
<td>Cancer Information Center</td>
<td></td>
<td>$12,338</td>
</tr>
<tr>
<td><strong>Total Community Benefit</strong></td>
<td>31,341</td>
<td>$4,104,358</td>
</tr>
</tbody>
</table>
Next Steps

- Complete Interviews
- Public Meeting: **February 14, 1-5 PM**
  - Open-house meeting at the SF Public Library Chinatown branch
  - Multiple tables to accommodate one-on-one dialogue
  - Interpretation services and materials available in Cantonese and Mandarin
- Patient Survey: **Week of February 21**
  - Conducted in partnership with Chinese Hospital
  - Administered by Chinese-speaking auxiliary volunteers
- Complete Data Analysis
  - Detailed geo-spatial analysis of proposed service mix and projected demand
- Submit Final Report
Questions & Answers