



A Review of Health Services Developments in Marin County

Prepared for:
Marin County

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EXECUTIVE SUMMARY

This report was commissioned by Marin County to analyze the services provided at Marin General Hospital (“MGH” or “the hospital”) and the extent to which County residents and County government rely on the hospital to meet health care needs. The Lewin Group’s findings and conclusions are as follows:

- Health care services provided at Marin General Hospital (“MGH”) and throughout Marin County are entering a critical and dynamic phase, driven by local factors as well as national trends.
- Marin’s population, while stable in number, is “aging in place;” its health care needs will increase over the next twenty years. Transportation difficulties pose barriers to access to services to the north and south, especially at peak travel times.
- Marin County needs a stable, reliable hospital partner for effective operation of many of its programs to maintain the health and advance the wellness of County residents. As Marin’s largest, fullest service hospital, MGH uniquely has the range and critical mass of services and professionals needed to support the County’s mental health, maternal/infant, EMS/trauma and public health/disaster programs, which directly or indirectly provide benefit to all Marin residents.
- MGH is an essential resource for Marin Community Clinic, Marin’s largest provider of safety net primary care to Marin’s medically indigent populations, and for Coastal Health Alliance in West Marin. The cluster of services and professionals around MGH also is important for attracting and retaining primary care and specialty physicians to medical practice in Marin.
- Of the three general acute care hospitals in Marin, only Novato Community Hospital is in compliance with State seismic mandates. The State’s standards and deadlines drive a need for physical facility upgrades at MGH, Kaiser San Rafael Medical Center and Kentfield Rehabilitation Hospital. Due to the significant amount of time required to plan construction to achieve seismic compliance, receive the needed State approvals and complete the construction projects, decisions about facility development alternatives are needed soon, especially at MGH.
- For years, the Marin Healthcare District (“MHCD”) which owns MGH and Sutter Health, which operates MGH through a long term lease scheduled to expire in 2015, have been locked in struggles over numerous issues. These matters have consumed tremendous amounts of human and financial capital, have slowed progress toward assuring the long term future of hospital services in the County, and have raised legitimate questions regarding the future viability and availability of MGH.
- A proposed early termination of the lease agreement will both break the logjam and set in motion a cascade of requirements for planning, investment, care organization, human resources and other decisions that will powerfully affect the health services landscape in the County for years to come.

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- Early termination of the lease and other recent developments in the Marin healthcare market have increased risks to the future stability and viability of MGH.

The Lewin Group recommends that Marin County vigilantly monitor the MHCD Board's progress and a series of "market indicators" to protect the public's interest in assuring ongoing access to needed health services. Marin County should:

- Study the Definitive Agreements for early lease termination and participate in the public comment process.
- Monitor key indicators to track various risks to healthcare access, cost, and quality and inform the County's planning.
- Continue its dialog with the MHCD Board regarding the numerous County services now operating at MGH.
- Plan for the continuity of the County services that could be impacted by changes at Marin General Hospital, to ensure the continued delivery of essential services.

INTRODUCTION AND REPORT PURPOSE

This report was commissioned by Marin County to analyze the services provided at Marin General Hospital (“MGH” or “the hospital”) and the extent to which County residents and County government rely on the hospital to meet health care needs.

The study was designed to provide baseline data to help the County prepare for and respond to possible changes in the availability of care resulting from numerous developments.

- MGH currently is operated by Sutter Health under a lease agreement with the Marin Health Care District. The lease originally was scheduled to terminate in 2015; however, the MHCD Board and Sutter Health have tentatively agreed to an early lease termination and thus a new management team will be operating the hospital in the next several years.
- The population of the County continues to age and grow slowly, suggesting increasing demand for health services through time.
- The County is planning and committing funds to reconfigure County-wide clinic services at a new site in Eastern San Rafael and continues to work to provide and to facilitate the provision of services in Novato; West Marin; and Marin City.
- Various parties have initiated planning for health care facilities that could affect the availability of services for County residents and the competitive landscape. These parties will need County approval to use land in unincorporated areas.

The study is based upon an analysis of publicly available data and reports, information provided by County staff, and analysis of relevant health care trends in Marin County and elsewhere.

The report begins by presenting baseline data regarding health services and trends in Marin, then discusses key services provided by Marin General Hospital on which the County relies, then summarizes terms of the “settlement agreement” between Sutter Health and the Marin Health Care District and the stake of the County as a whole in their outcomes, and finally provides several recommendations for Marin County’s consideration. The recommendations are designed to help assure that health services in Marin are accessible and effective for all consumers.

THE MARIN MARKET FOR HEALTHCARE SERVICES

Our analysis of the Marin market for health services is based on our understanding of trends in local demographics and health issues; use of healthcare services; and the characteristics, numbers, and organization of providers of health care services.

A. Demographics and Health Issues

Overall Key Trend – “Aging in Place.” Data from the 2000 Census and projections by the Association of Bay Area Governments (ABAG) and California Department of Finance (DoF) suggest that the population of Marin County, slightly less than 250,000 in 2000, will grow by 13 percent between 2005 and 2030, from 251,400 to 284,000 persons. This equates to a low 0.49 percent per year annual increase – the lowest among Bay Area counties as projected by ABAG. Growth in Marin is projected to be comparatively low due to lower rates of births and less in-migration.

However, the population of the County will “age in place:” the number of persons 65 years and older is anticipated to more than double over this time frame and to increase from 14 percent of the population to nearly a third, as shown in the table below. Over the same period, the traditional working age population, ages 18-64, is projected to decline by more than 20,000.

Age Group	2000	2005	2030	Change 2005-30	Growth Rates 2005-30	
					Compound Annual	Total Change
0-17	49,336	51,080	49,240	-1,840	-0.15%	-4%
18-64	164,521	164,920	143,560	-21,360	-0.55%	-13%
65+	33,432	35,400	91,200	55,800	3.86%	158%
Total	247,289	251,400	284,000	32,600	0.49%	13%
% of Total						
0-17	20%	20%	17%	-3%		
18-64	67%	66%	51%	-15%		
65+	14%	14%	32%	18%		

Source: The Lewin Group, 2006, based on Census 2000 and ABAG 2005 projections

The aging of Marin County’s population is a primary driver behind a projected growing need for health care services provided in both hospital and non-hospital settings such as ambulatory care tests and procedures, and physician visits. Individuals aged 65 years and older now use hospitals at over three times the rate of younger populations. Thus, the overall “inpatient use rate”, or number of annual admissions per 1,000 persons, is very likely increase in Marin County for the foreseeable future.

The need for health care services also will be affected by health status and the resources devoted to improving public health. Utilization will rise if current trends of rising obesity remain unabated. Epidemics like pandemic flu or man-made disasters could cause short-term spikes in hospital use as well. New vaccines or the cumulative impact of positive lifestyle changes such as significant, widespread reduction in smoking among the general population, on the other hand, could reduce the overall trend in hospitalizations. Over the past decade, these forces

have been in rough balance, leaving aging as among the most important demographic contributors to differing rates of hospital use across communities. Nevertheless, the dramatic growth in the proportion of elders in Marin's population means that the need for healthcare services will grow, despite stability in the total number of residents of the County.

Minorities. Racial and ethnic minorities make up a much smaller percentage (16%) of Marin's population than that of California (41%) or the U.S. as a whole (25%). Marin's largest minority populations are Hispanic, Asian, and black or African-American.¹ Nationally, Hispanic and black or African-American populations have higher likelihood of being uninsured and therefore less economic access to healthcare services, and also greater likelihood of early onset of chronic health problems such as diabetes and hypertension.

Residence/Transportation. The majority of the County's population lives along the US Route 101 corridor on the eastern edge of the County, with its epicenter just south of San Rafael. Traffic congestion along US101 presents access difficulties, particularly during rush hour periods. Much of the bus service in the County has been focused largely on the north-south commute to San Francisco, with fewer and less frequent routes available for travel within the County. Both of these factors have presented transportation barriers to healthcare access.

Residents of West Marin also face transportation barriers. While residents of West Marin have local primary care clinics, east-west traffic frequently is difficult, especially on weekends and at other times when tourists and local residents seek to enjoy the natural beauty of West Marin. These traffic-related access issues have been among the arguments offered to support developing a helipad for emergency access to MGH.

Health problems. The 2005 Marin County Community Needs Assessment focused on risk factors for short-term and long-term health problems, and identified three health issues for community focus: obesity, underage alcohol consumption and tobacco use. A number of studies have shown significantly higher than expected incidence of breast cancer in Marin.

The aging of the population suggests that among the health problems requiring increased focus will be:

- the chronic health problems of the elderly – Alzheimer's, cancer, congestive heart disease, chronic pulmonary diseases, and arthritis among them – and
- acute problems of the elderly, such as stroke and hip fractures, which require long times for rehabilitation and recovery.

B. Insurance and Insurance Trends

Marin has the lowest proportion of its population uninsured among the 58 California Counties. Nevertheless, current estimates of the uninsured in Marin put the number above 16,000 adults and above 1,500 children. In January 2006, nearly 9,500 children in Marin County were covered by Medi-Cal or Healthy Families, but Marin's Medi-Cal enrollment overall, at 6 percent of its

¹ U.S. Census Bureau, Census 2000.

population, also was the lowest among California Counties.² As in the State as a whole, the majority of insured Marin residents receive health coverage through their employers, although this has decreased over the last several years. Given the high proportion of families whose principal wage-earner is self-employed or employed in a small business, many Marin residents purchase insurance individually. These residents especially may face significant increases in the deductible and coinsurance amounts they must pay in addition to their insurance premiums as the trend toward “consumer-directed” insurance structures evolves. As shown in the table below, compared to California as a whole, significantly higher percentages of Marin’s population privately purchase commercial health plans, and overall, lower proportions of Marin’s population are covered by public insurance programs or are uninsured. Higher proportions of Marin’s Medicare population have private “wrap-around” insurance to cover costs that Medicare does not pay.

Medicare enrollment in Marin can be expected to increase with the aging of the population. In recent years, MGH has lost money on Medicare (Medicare costs have exceeded Medicare revenues). As at nearly all hospitals in the State, Medi-Cal payments are significantly lower than the associated costs for inpatient services, and this is even more the case for hospital ambulatory services.

Insurance Coverage - All Populations, 2003

Insurance Plan	Marin	CA
Employment-based	59%	52%
Privately Purchased	15%	6%
Medicare+ Medicaid	1%	3%
Medicare+ Others	12%	8%
Medicare Only	1%	0%
Medicaid	6%	14%
CHIP	0%	2%
Other Public	1%	2%
Uninsured	5%	14%
Total	100%	100%

Source: California Health Insurance Survey, 2003

Marin County supports the State’s extension of Partnership HealthPlan of California (PHC) into Marin and other counties as a County-Organized Health System (COHS) for Medi-Cal beneficiaries. Once PHC is serving the Medi-Cal population in Marin, the County might be able to work with PHC to expand its services to include children not eligible for Medi-Cal (through Healthy Families, the State/federal program, and through a local children’s health insurance plan) and perhaps other populations. Currently, the Marin Community Foundation, with the County and community partners, fund “Cal-Kids”, a children’s insurance plan available for children in families with incomes up to 250% of the federal poverty level, and who are not eligible for Medi-Cal or for Healthy Families. There currently are about 1,100 children enrolled in CalKids in Marin County. Finally, Kaiser Child Health Plan provides comprehensive coverage for over 600 additional children not eligible for Medi-Cal or Healthy Families.

² Statistics in this section are from Marin DHHS staff and Kaiser Family Foundation and California Health Insurance Survey materials.

Many of the residents of Marin with employment-based or privately purchased insurance coverage are enrolled in HMO plans. In its 2005 HMO Annual Survey, Cattaneo and Stroud found total Commercial HMO enrollment in the County to be nearly 93,000 – about 46% of the roughly 199,000 persons in the County potentially eligible for such coverage (total population less those eligible for publicly-funded managed care coverage). Kaiser had by far the largest enrollment among the eight HMO plans operating in the County. Over 40% of Marin residents have coverage through Kaiser, and receive the bulk of their healthcare services through Kaiser’s exclusive integrated delivery system of hospital and physicians. Kaiser membership, which includes persons over age 65 in Kaiser Medicare Advantage managed care products, likely will continue to grow as Medicare does with the aging of Marin’s population. The other HMOs operating locally provide coverage through networks of independent contracting hospitals and physicians, such as the Marin Independent Practice Association. These networks generally depend upon the availability of Marin General Hospital as their primary site for hospitalization and a site for ambulatory surgery and other services.

C. Healthcare Providers

1. The Market Overall

Hospitals. Marin County has three acute care hospitals: Marin General Hospital (MGH), Kaiser – San Rafael, and Novato Community Hospital (NCH). MGH and NCH both are now operated by Sutter Health. Sutter owns NCH. MGH is owned by the Marin Healthcare District (MHCD), an independent public agency with a service area that includes essentially all of Marin County south of Novato. As discussed elsewhere in this report, after years of acrimonious relationships, Sutter and MHCD are in discussions toward a definitive separation agreement through which operating control of MGH will revert to MHCD. The fourth hospital in Marin County, Kentfield Rehabilitation Center, deals exclusively with patients requiring short-term and long-term rehabilitative services.

As shown in the table below, Marin General is by far the largest and busiest of the acute care hospitals in Marin. It is the only hospital that provides perinatal (maternity) beds, neonatal ICU beds, pediatric beds, and psychiatric beds. In 2005 Marin General provided more patient days of care than NCH and Kaiser combined, and cared for 50% more emergency patients than Kaiser. It also had the largest volumes of inpatient and outpatient surgeries of any hospital in Marin.

Statistic	Marin General	Novato Community	Kaiser - San Rafael	Kentfield Rehabilitation
Licensed Beds				
General Acute*	218	47	120	60
Psychiatry	17	0	0	0
Skilled Nursing	0	0	0	0
Total Licensed	235	47	120	60
Beds in Operation (2005)				
Average Available	150	47	120	60
Average Staffed	128	26	112	60
Total Patient Days (2005)	44,975	9,153	27,241	17,645
Average Daily Census (2005)	123	25	75	48
Emergency visits (2005)	34,372	15,347	22,459	0
% Admitted	17%	10%	19%	0%
Surgical Operations-Inpatient	2,688	808	1,931	0
Surgical Operations-Outpatient	3,734	1,861	2,838	0

* MGH includes 10 ICU, 22 perinatal, 8 NICU, 14 Pediatric, and 164 Med-Surg beds
NCH includes 4 ICU beds, 4 CCU beds and 39 Med-Surg beds
Kaiser includes 12 ICU and 108 Med-Surg beds

Sources: OSHPD Annual Utilization Report of Hospitals 2005, except beds available & staffed from OSHPD Quarterly Financial Reports 2005

Ambulatory specialty centers. Six freestanding (not located in hospitals) ambulatory care clinics in Marin provide increasingly complex diagnostic procedures, such as endoscopies, and eye and other surgical procedures without requiring inpatient stays. Volumes in these settings (except the eye center) have increased over the last five years as new technology has increased the safety and effectiveness of ambulatory procedures and as insurance plans have encouraged ambulatory treatment to reduce costs. In line with national trends, an increasing proportion of procedures in Marin County is being performed on an outpatient basis. This trend is likely to increase: the majority of surgeries in each of the hospitals in Marin County already are performed on an outpatient basis; the presence of Sutter Terra Linda Urgent Care Center and Sutter's negotiation for the ability to develop additional ambulatory surgery and diagnostic imaging facilities outside a four-mile radius of MGH (per the proposed settlement agreement) suggest that freestanding ambulatory care capacity will increase. Kaiser exhibits similar trends in ambulatory provision of services; its patients will continue to be served in Kaiser facilities.

Center	Location	Focus	Encounters 2004	Encounters 2001
Satellite Dialysis	Greenbrae	Dialysis	18,308	15,558
Endoscopy Center of Marin	Greenbrae	Endoscopic procedures	4,642	3,870
Marin Ophthalmic Ambulatory Surgi Clinic	San Rafael	Eye procedures	919	1,704
Marin Specialty Surgery Center	Greenbrae	Ambulatory surgery	3,248	727
Novato Endoscopy Center, LLC	Novato	Endoscopic procedures	1,773	Opened 4/03
Greenbrae Surgery Center	Greenbrae	Ambulatory surgery	120	Opened 7/04
Terra Linda Urgent Care	Terra Linda	Urgent Care, Sports Medicine	N/A	Opened 2004

Source: California OSHPD Alirts System Reports, 2001 & 2004

Physician services. Marin’s physicians are aging with their patients. Many may retire soon, and factors such as the high costs of home ownership and forces affecting medical practice economics make it difficult for them to recruit partners to existing medical practices or for physicians to locate new practices in Marin. This is especially true for physicians in primary care specialties. As a result, access to physician services is tight, with physician practice calendars in primary care and several specialties booked far into the future and many primary care practices closed to new patients.

Physician services increasingly are provided in clinic settings where multiple physicians of one or more specialties provide care together and share overhead costs. Kaiser’s Permanente Medical Group has organized its practice in this fashion from its inception, and sees only patients covered by the Kaiser Foundation HMO. Established physicians in Marin are finding Kaiser practice an attractive alternative, and Kaiser is offering a wider range of practice options. For example, several private practice pediatricians recently joined Permanente Group, and will maintain their offices at Strawberry Village Shopping Center rather than moving to the overcrowded Kaiser San Rafael clinic.

Sutter is attempting to interest physicians in reorganizing their practices in a “foundation model” organization similar to the Palo Alto Medical Clinic and Palo Alto Medical Foundation that Sutter supports in San Mateo County or to Kaiser’s Permanente Medical Group.

Physicians also are joining together in the Marin Individual Practice Association (Marin IPA), a vehicle for physicians to share the costs and achieve more clout in managed care contracting. About 300 physicians in independent practice at MGH, NCH and Sonoma Valley Hospital are members. In early August, 2006, an additional 65 physicians on the medical staff of Petaluma Valley Hospital joined the IPA. Marin IPA has helped recruit primary care physicians to the County through assisting in development of the 9-physician Prima Medical Group, and member physicians staff the after hours pediatric clinic on the MGH campus.

Ambulatory care for persons covered by Medi-Cal and those who are uninsured is largely through community clinics organized and eligible for enhanced funding as community health centers. The Marin Community Clinic, through its locations on the MGH campus and in Novato, and the Point Reyes and Bolinas clinics of the Coastal Health Alliance provide the bulk of primary care services for Medi-Cal, uninsured, and other low-income residents of the County. Visits to each of these clinics have increased significantly over the past several years.

The Marin Community Clinic is working with the County of Marin to develop an integrated health clinic campus near the Canal district, where many of its patients live. Marin County provides obstetrical/perinatal services through its Women’s Health Services Program (WHS) in the Montecito Shopping Center, which would be located together with the Marin Community Clinic in the space for healthcare programs being considered in the Canal district. The midwives and obstetricians of the WHS provide pre-natal care and deliver about one-third of the babies born to Marin residents each year, including mothers with gestational diabetes and other risk factors. These deliveries all take place at Marin General Hospital.

2. Hospital Market Factors

High Out-migration. About 28 percent of Marin County residents received their inpatient care outside of Marin through 2003, at hospitals located in San Francisco, Sonoma County, and elsewhere. In 2004, out-migration declined slightly to about one-quarter of hospitalizations of Marin County residents. These trends are shown in the table below.

Hospital Market Shares, All Discharges of Marin County Residents					
Hospital	2000	2001	2002	2003	2004
Marin General Hospital	46.4%	46.9%	47.3%	46.4%	44.8%
Kaiser - San Rafael	14.4%	15.6%	16.1%	16.5%	21.0%
California Pacific Medical Center	8.7%	8.2%	7.5%	7.9%	7.6%
Novato Community Hospital	8.7%	7.1%	7.2%	7.1%	7.3%
UCSF Medical Center	4.9%	4.9%	5.2%	4.6%	4.3%
Kaiser - San Francisco	3.8%	4.2%	4.0%	4.7%	3.8%
Kentfield Rehabilitation Center	1.3%	1.3%	1.6%	1.5%	1.8%
Kaiser - Santa Rosa	1.9%	1.7%	1.7%	1.3%	1.2%
St. Mary's Medical Center San Francisco	0.9%	0.8%	0.7%	0.9%	0.8%
St. Francis Memorial Hospital	0.7%	0.7%	0.7%	0.7%	0.5%
All Other Hospitals	8.4%	8.6%	8.0%	8.3%	6.9%
Total	100%	100%	100%	100%	100%
Sub-total Kaiser	20.1%	21.5%	21.8%	22.5%	26.0%
Sub-total Sutter (MGH+NCH)	55.1%	54.0%	54.5%	53.5%	52.1%
Subtotal Out-of-County Hospitals	29.3%	29.1%	27.8%	28.4%	25.1%

Source: The Lewin Group 2006 from OSHPD Public Use Discharge Data Files, 2000-2004

Between 2000 and 2003, the market shares of the hospitals that provide care to Marin County residents have been relatively stable, with slight increases evident for Kaiser, as shown in the table above. In 2004, Kaiser's market share increased and MGH's decreased, probably due in large part to increases in Kaiser enrollment in the County. Tables A1 and A-2 in the Appendix present more detail on the 2004 volumes and inpatient market shares of care for all Marin County residents for all inpatient services and for general acute services (excluding long-term care). Overall, California Pacific Medical Center and UCSF Medical Center are the out-of-county hospitals that receive the highest shares of Marin County inpatients. Together, the Kaiser Hospitals in San Francisco and Santa Rosa cared for more Marin County patients than UCSF, in large part due to Kaiser's regionalization of particular services, such as maternity and heart surgery, in particular hospitals in its integrated care system.

Specific Services. Kaiser does not operate a maternity unit at its San Rafael hospital, so all Kaiser deliveries are at either the Kaiser hospital in Santa Rosa or the one in San Francisco. In 2004 MGH provided about 60% of the obstetrical care for Marin residents, CPMC about 19%, the Kaiser Hospitals in San Francisco and Santa Rosa together about 16% and all other hospitals together the remaining 5%. These details are shown in Tables A-3a and A-3b in the Appendix. Patients hospitalized for open heart surgery, neurosurgery, psychiatry, vascular surgery, neonatology, and orthopedics and patients requiring emergency care while traveling are among the other patients most likely to seek inpatient care outside of Marin County. For example,

about 66% of Marin patients requiring open heart surgery³ went out of county for care, versus only about 25% for all conditions. In Marin, only MGH provides open heart surgery services. The significant out-migration of psychiatry patients (more than 60% of patient days of care for Marin County residents, as shown in Table A-4) could be related in part to an undersupply of inpatient mental health beds in Marin among other factors.

D. Acute hospital facilities seismic requirements

Seismic standards for California acute care hospitals enacted in 1973 were updated in 1994 through Senate Bill 1953 (SB 1953). Hospital compliance is monitored by the California Office of Statewide Health Planning and Development (OSHPD). Hospitals that do not comply with standards by specific dates must cease providing acute care.

- The goal of the standards is to have hospitals available to provide care to victims after a disaster. Current standards require hospitals to continue to stand following a large earthquake. This standard applies to hospital structural and building systems by January 2008. This deadline can be extended to January 2013 if requested by January 1, 2007 in a document specifying the hospital's plan for how it will meet the standards.
- Hospitals will be required to meet higher standards by 2030. Those standards require that hospitals upgrade their facilities to assure that they can continue to operate following a large earthquake.

Of the hospitals in Marin, only Novato Community currently meets the OSHPD seismic standards. MGH faces the largest problem in complying with the standards. Studies commissioned by both Sutter and MHCD have verified that only the most recently constructed West Wing of MGH currently meets the 2008/2013 standard, so the majority of the inpatient areas of the hospital will need to be retrofitted or replaced. While the legislation applies only to general acute inpatient acute care facilities, because medical records (an essential general acute service) are housed in the Mental Health Building that the County and MHCD jointly own on the MGH campus, it also may need to be brought into compliance, or medical records moved into a compliant inpatient building on the campus.

MHCD has requested and received OSHPD approval to extend the 2008 deadline to 2013, in recognition of MGH's unique roles in the community and the problems that the community would face in trauma, obstetrical and mental health care if beds at MGH were no longer available for these services (the "diminished capacity" basis for an extension, as provided in State statute). Kentfield Rehabilitation Hospital also has received such an extension from OSHPD. Recently, Kaiser also has applied for an SB1953 extension for its San Rafael Medical Center as well. Its application remains pending as of mid-August. Due to the significant amount of time required to plan construction to achieve seismic compliance, receive the needed approvals from OSHPD and complete the construction projects, decisions about facility development alternatives are needed soon, especially at MGH.

³ DRGs 103-109

MARIN COUNTY SERVICES AND MGH

Marin County relies on MGH as a site where County-operated or sponsored services are provided. This section identifies and describes those services, and also discusses other MGH programs that meet identified health care needs in the County. These include:

- General hospital services to low-income and other Marin residents: The hospital has nearly twice the number of annual discharges as Kaiser-San Rafael, the second largest hospital in the County. As shown in Table A-5, MGH provides the preponderance (72%) of care for Marin residents covered by Medi-Cal or County or other indigent care programs.
- Specialized services including maternity; psychiatry; and services for those who have been sexually assaulted: The hospital is home to a wide range of services that are sponsored or funded by the County and it provides important programs for County residents as a whole. As discussed above, MGH is the only hospital in the County that offers maternity services, including to low-income and uninsured patients who receive prenatal care through the County-organized obstetrical service. It has the busiest emergency room in the County, and provides space for the County's Sexual Abuse Response Team (SART) program conducted by the County's nurse-midwives. It is the only provider of acute psychiatry and psychiatric emergency services, in a relationship governed by contracts with the County.
- Trauma Care services: MGH is the only Marin hospital with EMS designation as a Level III Trauma Center. Patients rely on the hospital's emergency room for almost 100 visits per day.
- Public health emergencies: While all hospitals in the County, including Kaiser, participate in County public health programs and disaster planning, because of MGH's greater size and range of services it plays an especially critical role in these areas. MGH has the greatest "breadth and depth" of hospital services in the County. There appears to be a clear need for hospital services in southern Marin County for a broad disaster preparedness response⁴.

A. Inpatient Mental Health Unit

The MGH inpatient mental health unit is licensed for 17 beds and experienced an average daily census of 14 patients in 2004. Of these, 3-4 typically are patients who are County referred. From July 2005 through June 2006, MGH admitted about 220 patients who were in the County system of care: 35 CMSP, 100 Medi-Cal, and the remainder County responsibility patients. The County maintains a contract with MGH for these patients, and projects a County cost for this contract in 2006 of about \$1.2 million. This cost has been increasing both because the County negotiated a higher per-diem reimbursement rate in 2006 (based upon the Bay Area average) and because CMSP has been curtailing its reimbursement for mental health services.

⁴ See, for example, The Lewin Group's July 2005 Report (<http://www.marinhealthcare.org/html/documents/LewinReport.pdf>), which concluded that a hospital of 168-206 general acute care beds is needed in southern Marin County.

In fiscal years 2005 and 2006, the MGH unit represented about two-thirds of all admissions and patient days for hospitalized CMHS patients. If the availability of this unit to the County were to be reduced or eliminated, the County would be required increase its reliance on out-of-county hospitals. This would place the County at greater risk regarding the availability of needed capacity in the Bay Area and is likely to increase the County's costs. It also would create challenges for discharge planning back to community resources, lead to more difficult family interactions, and make it difficult to meet the mental health needs of other MGH patients with physical health problems (including those with HIV).

B. County Mental Health Programs

The County operates PES (Psychiatric Emergency Service), also located on the MGH campus. This service provides emergency response for voluntary and involuntary clients who are experiencing acute psychiatric symptoms. PES provides crisis stabilization services and evaluates clients for psychiatric hospitalization or referral to other services. PES screening and intervention services are available 24-hours a day, 7-days per week. Referrals are received from across CMHS services, other Health Department divisions, the County jail, local police, and from other mental health providers. Families and individuals may request service for themselves.

It should be noted that while PES is a service that is County owned and operated, it relies upon its proximity to Marin General Hospital for inpatient and general emergency services. Thus, while the County could continue to provide these services at this site even if MGH were significantly restructured or even closed, the effectiveness of some of the services would be affected.

C. Hospital Services for Medi-Cal and CMSP Beneficiaries

In 2004, MGH admitted about 47 percent of all inpatients who resided in the hospital's "primary service area"⁵. This statistic was 82 percent for patients with Medi-Cal coverage and 74 percent for "County Indigent" patients – the category that captures CMSP patients. As discussed further below, MGH has a symbiotic relationship with the Marin Community Clinic, the County's largest provider of ambulatory clinic services for Marin's Medi-Cal, Health Families, CalKids and uninsured and underinsured residents. As the primary facility for inpatient and sophisticated ancillary care for these low-income consumers, the hospital plays an extremely important role in providing access to care.

D. Hospitalization of Referrals from Detention Medical Services

The County also refers inmates to MGH hospital services. In fiscal year 2006, 8 individuals were hospitalized at MGH at a County cost of approximately \$220,000. The detention medical service also refers 60 to 70 patients to the MGH emergency room each year.

E. Labor and Delivery Services

MGH maintains the only hospital labor and delivery service in Marin County. About 1,800 babies are delivered at the hospital annually. About 600, or one-third, of these deliveries are for low-income women who are uninsured or with Medi-Cal or CMSP health benefits and who participate in the County's Women's Health Services ("WHS") program.

The WHS program was initiated in 1991. This County program includes a County-run clinic operated in San Rafael that provides health education, nutritional programs, support groups, counseling, and referrals. Clinic staff, including a team of bilingual midwives, track patients throughout their pregnancies, from prenatal care through delivery and post-partum care. The WHS program, through its own staff and contracts with the Marin IPA, provides 24-hour per day, 7-day per week coverage at MGH. This "hospitalist" program was renewed on June 20, 2006 by the Board of Supervisors for another three years. The County-sponsored hospitalist program provides 40 percent of all such services at MGH.

The WHS program has yielded very positive outcomes for women and babies in Marin. Because of this program, few high-risk patients are referred out of Marin. Only 12 percent of WHS babies are delivered by cesarean section, a rate well below the community-wide average. A pediatrician from the Marin Community Clinic sees babies in MGH and makes appointments to begin care at the clinic.

Closure or downsizing of the labor and delivery services at MGH would significantly complicate women's health services in the County, especially for the County's poorest residents for whom transportation is a significant problem. Or, if services evolve such that there will be a new unit that caters primarily to patients with private insurance, the Women's Health Services program patients could experience a downgrade in the services they receive.

⁵ Defined as 11 zip codes that combined account for about 76 percent of MGH discharges.

F. Sexual Assault Response Team (SART)

Marin County's Sexual Assault Response Team ("SART") evaluates victims of sexual assault in space provided at MGH on a pro bono basis. The program assesses about 30 patients per year; children 13 years and younger are seen at Oakland Children's Hospital. MGH is the only site in the County where these assessments are performed. It would be difficult to arrange an alternative site for this program, due to the specific cluster of facility and professional resources required for its effective operation.

G. Child Protective Service-Related Examinations

Occasionally, police or Child Protective Services staff request examinations on potential child abuse victims, and physicals are provided at MGH. Marin County pays for the cost of these services. MGH also provides more than half the inpatient care for County residents younger than 18 years of age in the only designated pediatric beds in the County.

H. Emergency Room and Trauma Services

The MGH emergency room provided about 35,000 visits in 2004, or almost 100 per day. In 1999, the County designated the hospital's Trauma program as "Level III", with 24/7 neurosurgery coverage. This is the program with the highest trauma service designation currently available in the County.

I. Detox Medical Clearances

The County also relies on MGH to provide about 100 medical clearances annually for patients entering the Vine Detox Medical program.

J. Marin Community Clinic

In addition to the above services, MGH supports the Marin Community Clinic ("MCC") located in Greenbrae in several important ways. The MCC provides an alternative to patients who arrive at the MGH emergency room and do not need care on an emergent basis. The MCC thus receives numerous referrals from the MGH emergency room every week. MGH discharge planners also rely on the MCC and refer patients to the clinic for follow-up care.

The MCC has a long-standing relationship with the inpatient mental health unit at MGH. On every Wednesday (and during additional shifts as needed), MCC clinicians provide direct care to mental health patients on the unit.

The MCC and MGH also together participate in emergency preparedness trainings and plan development.

K. Public Health Disaster Preparedness

The Public Health Preparedness program ensures the ongoing process of improving the medical and public health system's capacity to detect, respond to, recover from, and mitigate the

consequences of public health emergencies. Program responsibilities include drafting public health preparedness and response plans, collaborating with community partners, coordinating resources and responses during disasters, managing grants, conducting capacity assessments, developing capacity, coordinating and participating in exercises and trainings, providing medical and public health risk communication and information, and building integrated medical and public health response. MGH is involved in the program and has defined roles in the event of emergencies.

L. Other Public Health Programs

MGH also has been a critical resource for early detection of infections such as West Nile Virus, HIV/AIDS and tuberculosis. MGH stocks vaccines for diseases such as rabies and others.

* * * * *

The ability of the County to rely on MGH as a site where the above services will be available may be significantly affected by the substantial transition that the hospital is about to experience.

SUMMARY OF THE SETTLEMENT AGREEMENTS

The proposed early termination of the lease through which Sutter Health has operated MGH for the Marin Healthcare District represents a major development for health services in Marin County. The following represents a summary of the Term Sheet for the Proposed Settlement that was released in June. The Definitive Agreements (Settlement Agreement/Mutual Release and Transfer Agreement) were released for public review and comment on September 12. The District is expected to decide whether to approve the Definitive Agreements at its meeting on October 3. Sutter also will need to approve the Agreements, as will the Superior Court, where both Sutter and MHCD have filed lawsuits on these matters that would be ended if the Definitive Agreements are accepted.

- Sutter will transfer the Marin General Hospital (“MGH”) operations it now is leasing back to the District 5-6 years before the scheduled December 1, 2015 termination of the existing arrangement, or within the next 30 to 48 months.
- The District will assume all responsibility and liability for achieving compliance with SB 1953 seismic standards.
- Sutter will provide MHCD \$1 million annually until the Transfer Date to help the District with its planning for the transition. One-half of these amounts will be repaid by the District within two years after the Transfer Date.
- Sutter can reduce or terminate a “material licensed service” up until 12 months before the Transfer Date. These changes to the services at MGH only can be implemented if Sutter meets the requirements in the current lease for 60-day prior, written notice and public meetings regarding these decisions. The District has the right to compel Sutter to continue services that Sutter decides to reduce or terminate, but must pay “all costs of maintaining such program or service.”
- Sutter may not compete with the District until 9 months before the Transfer Date, except that Sutter can continue to provide services at Terra Linda Urgent Care and can provide new ambulatory surgery (ASC) and diagnostic imaging services outside a 4 mile radius of 250 Bon Air (the MGH campus). Sutter is agreeing not to provide new inpatient services in the District until after the Transfer Date, and the four-mile restriction on ASC and diagnostic imaging will continue indefinitely.
- Sutter may establish or participate in a “1206(l) Foundation” - which as defined in the California Health and Safety Code would be a clinic with “a group of 40 or more physicians and surgeons, who are independent contractors representing not less than 10 board-certified specialties, and not less than two-thirds of whom practice on a full-time basis at the clinic”.
- Sutter will invest about \$2.7 million annually in capital expenditures at MGH and if more is needed can finance purchases through leases or debt that would be assumed by the District on the Transfer Date. Sutter also has agreed to complete three specified

projects at MGH as soon as possible and that the financing for these three projects is not part of the \$2.7 million annual capital expenditure requirement.

- MGH physicians and employees will be free to choose to practice or work at MGH or at a Sutter affiliate or elsewhere. The transfer will not result in the termination of MGH employees, and employees will be provided continuous employment and comparable benefits. Sutter will be required to assure that any obligations relating to pension and employee benefits plans are met before the Transfer.
- Sutter will pay the District for working capital an amount equal to 10 percent of one year's annual gross revenue (averaged over three years before the transfer). The District will receive this value in cash minus the value of accounts receivable and inventories. The District also will assume responsibility for MGH accounts payable on the Transfer Date.
- Various liabilities will remain with MGH when it transfers to the District, but Sutter will establish a \$2 million fund for "non-insurable claims" that relate to the ordinary operation of the hospital up until the Transfer Date. Sutter will indemnify the District against "non-ordinary" claims.
- The District will need to develop information technology resources as well as a series of "corporate services" (legal, real estate, marketing...) historically provided to MGH by Sutter. The District also will need to recruit or retain senior management for the hospital. Current managers will be asked to provide at least 9 months notice if they plan to resign.
- Existing MGH payer contracts will terminate when the hospital is transferred. The District thus will need to negotiate new payer contracts prior to the Transfer date.
- The District will be allowed access to MGH to begin planning and to start construction of a new parking garage if needed, but no other construction will be allowed to occur prior to October 1, 2009.
- Each party "will agree not to interfere directly or indirectly with the future plans of the other party for the delivery of health care services in Marin County."
- Assets of the Marin Community Health Foundation (MCHF) related to Novato Community Hospital and other Sutter activities will be transferred to a new foundation. The District will control the assets of MCHF and fund-raising related to MGH.
- The Settlement Agreement will be entered as a judgment in the litigation between the Sutter and MHCD. The Agreement will become effective when the Marin Superior Court approves the agreement and thus dismisses all complaints and claims.

Sutter Health and the MHCD Board are finalizing "Definitive Agreements" that include additional provisions and greater precision regarding the terms associated with the proposed early termination of the lease.

The Settlement Agreement as presented in the Term Sheet creates a number of issues and questions that have implications for the future of health care services available to County residents.

- The first is that the Agreement leaves some uncertainty regarding the resources that the MHCD Board will have available to operate the hospital at the date the hospital operations are transferred. The “10 percent of charges” formula that would provide initial working capital for the District yields some uncertainty for the District regarding the amount of cash that the hospital will have available during its critical, initial months of operation. Achieving clarity on this matter will be important for giving the County assurance that MGH will remain a dependable partner in the variety of relationships described above in which Marin County relies on MGH.

Update: The Definitive Agreements provide that, when the District replaces Sutter Health as the sole member (owner) of the corporation that operates MGH, the “new MGH” will begin operating with a minimum cash balance that can exceed \$30 million. While the Definitive Agreements appear to provide more clarity than the June Term Sheet, the financial terms require further analysis.

- Another question is how “material” will be defined for purposes of the Agreements. Only “material” services will be the subject of a special process before termination or major changes are allowed during the next 2-3 years. There are several important County-funded or provided services at MGH that may or may not be considered “material” by the parties to the Agreements. A list of specific services that would be subject to the process requirements would strengthen the Agreements and provide a greater level of comfort to the County that its programs would be maintained.

Update: The Definitive Agreements include Schedule 4.3 – a list of “material services”. The list includes most but not all of the services for which the County relies on MGH.

- The Agreements do not yet clarify how MGH would be governed and operated after the early lease termination. These will be matters for MHCD planning, decisions, and implementation. Options include finding an alternative lessee for the hospital operations or having the MHCD Board serve as the “operating board” for the hospital (either by hiring a CEO directly or retaining a management company/entity to provide senior management). In either case, recent public statements by the MHCD Board make clear that the Board will want a significantly stronger role in the operation of the hospital and that County relationships with MGH will be through contracts with the MHCD board.
- The Agreements do not articulate how compliance with the terms will be assured. However, the Definitive Agreements specify continued roles for the Superior Court, and also for binding arbitration between MHCD and Sutter. Given the important role played by MGH in County health services, transparency of decision-making and regular reporting to the public and the Board of Supervisors seems warranted.
- The Settlement Agreement also does not discuss how the MHCD Board will transition MGH from Sutter operation to a new management team, how it will plan for the

important facilities projects necessary to meet the State’s seismic deadlines or what the MHCD Board’s plan will be for future MGH facilities, and other topics.

Marin County clearly has an interest in the future viability of MGH and the services it provides.

CONCLUSIONS AND RECOMMENDED NEXT STEPS

Since The Lewin Group's 2005 study for the MHCD Board, risks to the future stability and viability of Marin General Hospital that could affect health care in Marin County have increased:

- Early termination of the relationship between Sutter Health and the Marin Healthcare District Board will require the MHCD to take full responsibility for MGH operations earlier than expected.
- Since the 2005 study, new information has come forth regarding competing facilities and programs that may be developed in the hospital's service area.
- The Medicare program implemented changes to hospital reimbursement that reduce payment compared to prior expectations. Medicare represents a large proportion of the hospital's operating revenue. The hospital's overall margin reportedly declined in the last several months compared to prior experience.

Reassuming operating responsibility for MGH will require the MHCD Board rapidly to make decisions. These include, but are not limited to:

- an effective team to manage ongoing operations,
- strategic and facilities plans for MGH,
- standards and measures for assuring and reporting quality improvements,
- the full team of professionals needed for facilities planning, design, architecture, construction project management, etc.,
- managed care contracts,
- agreements with Marin County regarding the array of services described in this report – including contracts for mental health, labor and delivery, EMS/trauma, and other services,
- labor agreements,
- effective physician relationships,
- financing for construction, and
- information systems and an array of other services that have been provided by Sutter Health corporate offices.

All of these essential decisions must be made in time to achieve compliance with the requirements of SB 1953 and before Sutter Health "hands back the keys" to the MGH operation.

As a result, The Lewin Group recommends that Marin County vigilantly monitor the MHCD Board's progress and be prepared to intervene should critical deadlines be missed. The following recommendations provide additional details regarding this core point.

1. Marin County should study the Definitive Agreements for Early Termination of the MGH Lease and should continue to comment on the proposed Agreements and settlement process.

The draft Definitive Agreements were released at the MHCD board meeting on September 12 and that Special Meetings for public comment will be held on September 18, September 25, and October 3. The District is expected to decide whether to approve the Definitive Agreements at its meeting on October 3. Sutter also is expected to discuss the Agreements and its Board will act on them over a similar timeframe. The Agreements then would need to be reviewed and approved by the Superior Court.

If either or both governing bodies fail to ratify the Agreements, Sutter's suit and MHCD's countersuit will proceed at hearings scheduled in November. Given the importance of the upcoming management transition at MGH and the services provided at the hospital, it will be important for the County to analyze the proposed Agreements carefully, consider what has changed since the initial Term Sheets were released last June and the extent to which issues raised in the letter from DHS Director Meredith were addressed by the parties, and provide comments to the MHCD Board and to Sutter Health accordingly.

2. Marin County should monitor a series of key indicators in order to track various risks to health care access, cost, and quality and inform County planning to ensure the ongoing availability of critical services.

In the more dynamic environment following approval or rejection of the Definitive Agreements, Marin County should monitor closely two sets of indicators, the first regarding progress on specific transition steps for MHCD and Sutter Health, and the second regarding broader trends in the evolution of health services in the County. Monitoring both these sets of indicators will help County officials identify potential problems before they reach a critical stage.

Progress toward MGH transition. The Definitive Agreements, if approved, would set in place a timetable for transition from Sutter to MHCD responsibility for operations of the hospital. Indicators of progress would include community reaction to the definitive Agreements; MHCD's progress in planning for achieving seismic compliance by 2013 and securing funding for the needed construction projects; MHCD's progress in planning for management transition for the hospital and securing capable management; and physician support for the hospital and the District Board during the transition. Examples of these indicators are outlined in greater detail in Appendix B-1.

Evolution of health services in the County. Candidate indicators, outlined in greater detail in Appendix B-2, would focus on specific services of County interest, adequacy of physician supply, health status of the residents of Marin, and future health service availability.

3. *Marin County should continue its dialog with the MHCD Board regarding County services now operating at MGH.*

As events around the separation of MCHD and Sutter evolve, Marin County should continue to communicate with the MHCD Board regarding each of the services at MGH that the County operates and/or funds and each of its existing contracts with MGH.

It will take time for new contracts to be developed, including ones involving County-run services, and as the MHCD Board begins its planning for new facilities it will be important to have consensus assumptions regarding space, utilization, and other needs associated with County services.

4. *Marin County should plan for the continuity of County services that could be impacted by changes at Marin General Hospital, to ensure the continued delivery of essential services despite potential restructuring of hospital services in the County.*

This report presents detailed information regarding the services currently provided by and at the Marin General Hospital site. It is our understanding that these data will form a basis for County staff analyses; identification of the most essential services for County residents and for County programs; and planning for the continuity of these services in the event that there is an interruption or cessation of the availability of Marin General Hospital programs.



**Table A-1
Marin General Hospital Market Share of All Hospital Care, 2004
for Residents of Marin County**

Hospital	Discharges*		Patient Days	
	#	%	#	%
MARIN GENERAL HOSPITAL	12,650	44.8%	47,144	34.9%
KAISER FND HOSP - SAN RAFAEL	5,943	21.0%	24,120	17.9%
NOVATO COMMUNITY HOSPITAL - ROLAND WAY	2,067	7.3%	8,928	6.6%
KENTFIELD REHABILITATION HOSPITAL	501	1.8%	13,470	10.0%
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	2,150	7.6%	8,325	6.2%
UCSF MEDICAL CENTER	1,205	4.3%	7,369	5.5%
KAISER FND HOSP - GEARY S F	1,082	3.8%	4,643	3.4%
KAISER FND HOSP - SANTA ROSA	328	1.2%	707	0.5%
ST. MARY'S MEDICAL CENTER, SAN FRANCISCO	216	0.8%	1,693	1.3%
ST. FRANCIS MEMORIAL HOSPITAL	155	0.5%	887	0.7%
PETALUMA VALLEY HOSPITAL	117	0.4%	400	0.3%
SANTA ROSA MEMORIAL HOSPITAL-MONTGOMERY	98	0.3%	681	0.5%
STANFORD HOSPITAL	94	0.3%	525	0.4%
KAISER FND HOSP - REDWOOD CITY	91	0.3%	331	0.2%
LANGLEY PORTER PSYCHIATRIC INSTITUTE	89	0.3%	763	0.6%
ALTA BATES SUMMIT MED CTR - HERRICK CAMPUS	84	0.3%	716	0.5%
KAISER FND HOSP - OAKLAND CAMPUS	84	0.3%	320	0.2%
KAISER FND HOSP - REHABILITATION CENTER VALLEJO	83	0.3%	748	0.6%
ST. HELENA HOSPITAL CENTER FOR BEHAVIORAL HEALTH	78	0.3%	704	0.5%
ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS	75	0.3%	246	0.2%
MT. DIABLO MEDICAL PAVILION	66	0.2%	559	0.4%
CHILDRENS HOSPITAL AND RESEARCH CTR AT OAKLAND	56	0.2%	277	0.2%
SAN FRANCISCO GENERAL HOSPITAL	53	0.2%	344	0.3%
DOCTORS MEDICAL CENTER - SAN PABLO CAMPUS	49	0.2%	225	0.2%
JOHN MUIR MEDICAL CENTER	40	0.1%	284	0.2%
ST. LUKE'S HOSPITAL	37	0.1%	119	0.1%
ST. HELENA HOSPITAL	34	0.1%	237	0.2%
ALTA BATES SUMMIT MED CTR-SUMMIT CAMPUS-HAWTHORNE	32	0.1%	153	0.1%
SUTTER MEDICAL CENTER OF SANTA ROSA	32	0.1%	224	0.2%
SETON MEDICAL CENTER	31	0.1%	190	0.1%
LUCILE SALTER PACKARD CHILDREN'S HOSP. AT STANFORD	25	0.1%	166	0.1%
PENINSULA MEDICAL CENTER	25	0.1%	133	0.1%
FREMONT HOSPITAL	21	0.1%	103	0.1%
KAISER FND HOSP - SOUTH SAN FRANCISCO	20	0.1%	65	0.0%
TAHOE FOREST HOSPITAL	20	0.1%	60	0.0%
All Other Hospitals	524	1.9%	9,226	6.8%
TOTAL	28,255	100.0%	135,085	100.0%

* Includes discharges of normal newborns in count

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

Table A-2

**Marin General Hospital Market Share of General Acute* Hospital Care, 2004
for Residents of Marin County**

Hospital	Discharges*		Patient Days	
	#	%	#	%
MARIN GENERAL HOSPITAL	12,008	45.8%	42,435	41.6%
KAISER FND HOSP - SAN RAFAEL	5,943	22.6%	24,120	23.6%
NOVATO COMMUNITY HOSPITAL - ROLAND WAY	2,067	7.9%	8,928	8.8%
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	2,028	7.7%	7,093	7.0%
UCSF MEDICAL CENTER	1,205	4.6%	7,369	7.2%
KAISER FND HOSP - GEARY S F	1,082	4.1%	4,643	4.6%
KAISER FND HOSP - SANTA ROSA	328	1.2%	707	0.7%
ST. MARY'S MEDICAL CENTER, SAN FRANCISCO	138	0.5%	728	0.7%
ST. FRANCIS MEMORIAL HOSPITAL	120	0.5%	453	0.4%
PETALUMA VALLEY HOSPITAL	113	0.4%	380	0.4%
KAISER FND HOSP - REDWOOD CITY	91	0.3%	331	0.3%
STANFORD HOSPITAL	86	0.3%	464	0.5%
KAISER FND HOSP - OAKLAND CAMPUS	84	0.3%	320	0.3%
ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS	75	0.3%	246	0.2%
SANTA ROSA MEMORIAL HOSPITAL-MONTGOMERY	75	0.3%	469	0.5%
KAISER FND HOSP - REHABILITATION CENTER VALLEJO	56	0.2%	193	0.2%
CHILDRENS HOSPITAL AND RESEARCH CTR AT OAKLAND	54	0.2%	243	0.2%
SAN FRANCISCO GENERAL HOSPITAL	39	0.1%	189	0.2%
JOHN MUIR MEDICAL CENTER	38	0.1%	265	0.3%
SETON MEDICAL CENTER	29	0.1%	127	0.1%
SUTTER MEDICAL CENTER OF SANTA ROSA	27	0.1%	92	0.1%
ALTA BATES SUMMIT MED CTR-SUMMIT CAMPUS-HAWTHORNE	25	0.1%	85	0.1%
LUCILE SALTER PACKARD CHILDREN'S HOSP. AT STANFORD	25	0.1%	166	0.2%
KAISER FND HOSP - SOUTH SAN FRANCISCO	20	0.1%	65	0.1%
TAHOE FOREST HOSPITAL	20	0.1%	60	0.1%
All Other Hospitals	468	1.8%	1,829	1.8%
TOTAL	26,244	100.0%	102,000	100.0%

* Includes discharges of normal newborns in count. Excludes skilled nursing, psychiatric, chemical dependency and physical rehabilitation

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

Table A-3a

**Marin General Hospital Market Share of Normal Newborn* Hospital Care, 2004
for Residents of Marin County**

Hospital	Discharges		Patient Days	
	#	%	#	%
MARIN GENERAL HOSPITAL	1,167	58.4%	2,692	59.7%
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	400	20.0%	988	21.9%
KAISER FND HOSP - GEARY S F	220	11.0%	452	10.0%
KAISER FND HOSP - SANTA ROSA	110	5.5%	187	4.1%
UCSF MEDICAL CENTER	33	1.7%	72	1.6%
ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS	17	0.9%	29	0.6%
PETALUMA VALLEY HOSPITAL	14	0.7%	24	0.5%
KAISER FND HOSP - REHABILITATION CENTER VALLEJO	11	0.6%	22	0.5%
SANTA ROSA MEMORIAL HOSPITAL-MONTGOMERY	4	0.2%	6	0.1%
ST. LUKE'S HOSPITAL	4	0.2%	4	0.1%
KAISER FND HOSP - OAKLAND CAMPUS	3	0.2%	5	0.1%
SUTTER MEDICAL CENTER OF SANTA ROSA	3	0.2%	2	0.0%
KAISER FND HOSP - WALNUT CREEK	2	0.1%	3	0.1%
LUCILE SALTER PACKARD CHILDREN'S HOSP. AT STANFORD	2	0.1%	3	0.1%
QUEEN OF THE VALLEY HOSPITAL - NAPA	2	0.1%	3	0.1%
SUTTER SOLANO MEDICAL CENTER	2	0.1%	4	0.1%
ALTA BATES SUMMIT MED CTR-SUMMIT CAMPUS-HAWTHORNE	1	0.1%	4	0.1%
CHILDRENS HOSPITAL AND RESEARCH CTR AT OAKLAND	1	0.1%	1	0.0%
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	1	0.1%	2	0.0%
IRVINE REGIONAL HOSPITAL AND MEDICAL CENTER	1	0.1%	1	0.0%
KAISER FND HOSP - HAYWARD	1	0.1%	1	0.0%
KAISER FND HOSP - SANTA CLARA	1	0.1%	2	0.0%
TOTAL	2,000	100.0%	4,507	100.0%

* DRG 391

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

Table A-3b

**Marin General Hospital Market Share of Obstetrical* Hospital Care, 2004
for Residents of Marin County**

Hospital	Discharges		Patient Days	
	#	%	#	%
MARIN GENERAL HOSPITAL	1,746	58.8%	4,703	57.1%
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	552	18.6%	1,713	20.8%
KAISER FND HOSP - GEARY S F	336	11.3%	1,010	12.3%
KAISER FND HOSP - SANTA ROSA	143	4.8%	297	3.6%
UCSF MEDICAL CENTER	80	2.7%	261	3.2%
ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS	21	0.7%	47	0.6%
PETALUMA VALLEY HOSPITAL	20	0.7%	36	0.4%
KAISER FND HOSP - REHABILITATION CENTER VALLEJO	18	0.6%	47	0.6%
KAISER FND HOSP - SAN RAFAEL	9	0.3%	22	0.3%
HOAG MEMORIAL HOSPITAL PRESBYTERIAN	4	0.1%	19	0.2%
KAISER FND HOSP - OAKLAND CAMPUS	4	0.1%	7	0.1%
QUEEN OF THE VALLEY HOSPITAL - NAPA	4	0.1%	17	0.2%
ST. LUKE'S HOSPITAL	4	0.1%	5	0.1%
KAISER FND HOSP - WALNUT CREEK	3	0.1%	6	0.1%
SANTA ROSA MEMORIAL HOSPITAL-MONTGOMERY	3	0.1%	5	0.1%
SUTTER MEDICAL CENTER OF SANTA ROSA	3	0.1%	4	0.0%
KAISER FND HOSP - HAYWARD	2	0.1%	4	0.0%
KAISER FND HOSP - SANTA CLARA	2	0.1%	4	0.0%
LUCILE SALTER PACKARD CHILDREN'S HOSP. AT STANFORD	2	0.1%	3	0.0%
NOVATO COMMUNITY HOSPITAL - ROLAND WAY	2	0.1%	3	0.0%
SAN FRANCISCO GENERAL HOSPITAL	2	0.1%	3	0.0%
ALTA BATES SUMMIT MED CTR-SUMMIT CAMPUS-HAWTHORNE	1	0.0%	5	0.1%
BAKERSFIELD MEMORIAL HOSPITAL- 34TH STREET	1	0.0%	1	0.0%
DAMERON HOSPITAL	1	0.0%	6	0.1%
EMANUEL MEDICAL CENTER, INC	1	0.0%	0	0.0%
IRVINE REGIONAL HOSPITAL AND MEDICAL CENTER	1	0.0%	1	0.0%
JOHN MUIR MEDICAL CENTER	1	0.0%	3	0.0%
SANTA MONICA - UCLA MEDICAL CENTER	1	0.0%	2	0.0%
ST. JOSEPH'S MEDICAL CENTER OF STOCKTON	1	0.0%	3	0.0%
STANFORD HOSPITAL	1	0.0%	2	0.0%
SUTTER SOLANO MEDICAL CENTER	1	0.0%	2	0.0%
TOTAL	2,970	100.0%	8,241	100.0%

* MDC 14: Pregnancy, Childbirth and the Puerperium, including prenatal and postnatal admissions as well as deliveries

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

Table A-4
Marin General Hospital Market Share of Mental Health* Hospital Care, 2004
for Residents of Marin County

Hospital	Discharges		Patient Days	
	#	%	#	%
MARIN GENERAL HOSPITAL	544	49.5%	4,053	34.6%
LANGLEY PORTER PSYCHIATRIC INSTITUTE (UCSF)	85	7.7%	752	6.4%
ALTA BATES SUMMIT MED CTR - HERRICK CAMPUS	76	6.9%	676	5.8%
ST. HELENA HOSPITAL CENTER FOR BEHAVIORAL HEALTH	76	6.9%	699	6.0%
MT. DIABLO MEDICAL PAVILION	60	5.5%	526	4.5%
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	42	3.8%	350	3.0%
KAISER FND HOSP - SAN RAFAEL	29	2.6%	171	1.5%
NOVATO COMMUNITY HOSPITAL - ROLAND WAY	7	0.6%	14	0.1%
All Other Hospitals**	179	16.3%	4,469	38.2%
TOTAL	1,098	100.0%	11,710	100.0%

* MDC 19: Mental Diseases and Disorders. 880 of the total discharges were for DRG 430 - Psychoses

** 70% of these patient days were in the Hebrew Home for the Aged Disabled

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

**Table A-5
Discharges and Patient Days of Marin County Residents by Payer Class and Hospital, 2004**

Hospital	Medicare		Medi-Cal		Private Coverage		Workers' Comp		County Indigent		Other Gov't/Indigent		Self Pay/Other		Total	
	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days
MARIN GENERAL HOSPITAL	4,007	18,571	2,052	7,016	4,237	12,324	45	156	364	1,692	116	409	184	606	11,005	40,774
KAISER FND HOSP - SAN RAFAEL	2,777	12,178	67	287	1,240	4,761	9	23					72	267	4,165	17,516
KENTFIELD REHABILITATION HOSPITAL	330	7,530	5	229	42	1,278	9	162					1	50	387	9,249
NOVATO COMMUNITY HOSPITAL - ROLAND WAY	969	4,619	124	594	433	1,239	12	37	70	346	217	1,157	17	35	1,842	8,027
CALIFORNIA PACIFIC MED CTR-PACIFIC CAMPUS	352	1,966	40	235	1,670	5,954	10	31			3	21	75	118	2,150	8,325
UCSF MEDICAL CENTER	328	2,507	113	1,066	710	3,590	2	9	29	118	3	15	20	64	1,205	7,369
KAISER FND HOSP - GEARY S F	235	1,379			815	3,092	1	21					31	151	1,082	4,643
KAISER FND HOSP - SANTA ROSA	21	50	4	8	301	643							2	6	328	707
ST. MARY'S MEDICAL CENTER, SAN FRANCISCO	117	725	20	173	60	690	10	43					9	62	216	1,693
ST. FRANCIS MEMORIAL HOSPITAL	69	577	2	19	44	230	7	27					33	34	155	887
PETALUMA VALLEY HOSPITAL	34	145	32	59	29	58	1	1	5	24	6	86	10	27	117	400
SANTA ROSA MEMORIAL HOSPITAL-MONTGOMERY	32	228	13	207	44	213					7	29	2	4	98	681
STANFORD HOSPITAL	29	160	3	14	54	308	4	21			1	6	3	16	94	525
KAISER FND HOSP - REDWOOD CITY	41	170	1	0	49	161									91	331
LANGLEY PORTER PSYCHIATRIC INSTITUTE	6	48			83	715									89	763
ALTA BATES SUMMIT MED CTR - HERRICK CAMPUS	8	86	17	248	47	322			12	60					84	716
KAISER FND HOSP - OAKLAND CAMPUS	23	106			58	189	1	12					2	13	84	320
KAISER FND HOSP - REHABILITATION CENTER VALLEJO	24	244			58	467	1	37							83	748
ST. HELENA HOSPITAL CENTER FOR BEHAVIORAL HEALTH	11	195	22	253	37	205	6	40	1	8	1	3			78	704
ALTA BATES SUMMIT MED CTR-ALTA BATES CAMPUS	6	13	8	55	53	164					8	14			75	246
MT. DIABLO MEDICAL PAVILION	11	148	2	11	53	400									66	559
CHILDRENS HOSPITAL AND RESEARCH CTR AT OAKLAND			23	147	27	98					4	26	2	6	56	277
SAN FRANCISCO GENERAL HOSPITAL	15	141	17	118	14	45					1	2	6	38	53	344
DOCTORS MEDICAL CENTER - SAN PABLO CAMPUS	21	112	2	3	22	99	1	2					3	9	49	225
JOHN MUIR MEDICAL CENTER	10	37	5	38	23	178							2	31	40	284
ST. LUKE'S HOSPITAL	5	20	10	59	18	34							4	6	37	119
ST. HELENA HOSPITAL	9	43			16	110			1	2	1	1	7	81	34	237
ALTA BATES SUMMIT MED CTR-SUMMIT CAMPUS-HAWTHORNE	16	80			14	71	2	2							32	153
SUTTER MEDICAL CENTER OF SANTA ROSA	5	56	1	1	19	43			4	10	1	111	2	3	32	224
SETON MEDICAL CENTER	20	154	2	10	9	26									31	190
LUCILE SALTER PACKARD CHILDREN'S HOSP. AT STANFORD			6	44	19	122									25	166
PENINSULA MEDICAL CENTER	10	46	1	10	14	77									25	133
FREMONT HOSPITAL	1	1	4	30	16	72									21	103
KAISER FND HOSP - SOUTH SAN FRANCISCO	8	11	1	2	10	50							1	2	20	65
TAHOE FOREST HOSPITAL	7	17	1	2	11	40							1	1	20	60
HEBREW HOME FOR THE AGED DISABLED/APH	13	1,724	3	1,790	1	2,812									17	6,326
MPI CHEMICAL DEPENDENCY RECOVERY HOSPITAL	8	73	3	8	6	23							3	14	17	187
QUEEN OF THE VALLEY HOSPITAL - NAPA	13	32			3	13									17	104
WASHINGTON HOSPITAL - FREMONT	5	15	2	7	8	27									16	45
ALAMEDA HOSPITAL	142	836	24	99	215	1,028	5	14	9	50	9	264	38	224	442	2,515
All other hospitals																
TOTAL	9,738	55,043	2,630	12,842	10,596	42,144	126	638	495	2,310	378	2,144	530	1,868	24,493	116,989

Source: California OSHPD Hospital Discharge Public Use Data Set, 2004

**APPENDIX B- 1: INDICATORS OF
MHCD-SUTTER TRANSITION PROGRESS**

Issue / Indicator	Measure/Source	Timing/Comments
<p><i>Issue:</i> MHCD-Sutter Settlement: Issues of County Interest <i>Indicator:</i> Progress toward Resolution</p>	<p><i>Measure:</i> Achievement of progress <i>Source:</i> MHCD Meetings and Website</p>	<p>Proposed Definitive Agreement: 9/06 Approval by MHCD & Sutter: 10/06 Approval by Superior Court: ? <i>County should continue to monitor proposed settlement agreement from perspective of County services and interests.</i></p>
<p><i>Issue:</i> Community reaction to approval or rejection of Definitive Agreement <i>Indicator:</i> Lawsuits, MHCD candidate statements, or other actions to alter the path proposed in the Definitive Agreements</p>	<p><i>Measure:</i> Indications of continued deadlock or progress toward resolution. <i>Source:</i> Websites, press, court filings</p>	<p><i>Timing:</i> through end of 2006. <i>County should continue to monitor near-term public reactions</i></p>
<p><i>Issue:</i> MGH Seismic Compliance Planning <i>Indicator:</i> Project initiation, progress, completion of physical and financial plans for seismic upgrade of MGH</p>	<p><i>Measure:</i> Initiation of Master Planning project <i>Source:</i> MHCD Meetings and Website</p>	<p>OSHPD compliance plan authorization: 10/06 Master Plan project: initiation following ratification of Definitive Agreements; 6-9 months duration <i>County should continue to monitor information on planning progress and decisions concerning County-interest services, most particularly decisions regarding the mental health building</i></p>
<p><i>Issue:</i> MGH Management Planning <i>Indicator:</i> MHCD decisions and actions</p>	<p><i>Measure:</i> MHCD board secures capable management for MGH</p>	<p>Decisions about approach: 10/06 MHCD actions through transition.</p>

**APPENDIX B- 1: INDICATORS OF
MHCD-SUTTER TRANSITION PROGRESS**

Issue / Indicator	Measure/Source	Timing/Comments
<p><i>Issue:</i> Physician support for MGH developments <i>Indicators:</i> Physicians' active involvement in planning by MHCD and other groups (e.g., Sutter, Cirrus); Physician decisions to move offices away from MGH campus</p>	<p><i>Measures:</i> Public statements in planning sessions; New applications for medical staff privileges at MGH <i>Sources:</i> MHCD documents, press reports</p>	<p>Timing: through transition .</p>
<p><i>Issue:</i> Local inpatient service access <i>Indicator:</i> Out-migration for health services overall and for specific services</p>	<p><i>Measure:</i> Discharges of Marin Residents <i>Source:</i> OSHPD Public Use Hospital Discharge File</p>	<p>Annual</p>
<p><i>Issue:</i> Specific County Service Needs <i>Indicator:</i> Mental Health inpatient services</p>	<p><i>Measure:</i> Census of mental health inpatients: in-county versus out-of-county <i>Sources:</i> County Mental Health Services Department Reports; OSHPD Public Use Hospital Discharge File</p>	<p>Quarterly.</p>
<p><i>Indicator:</i> PES inpatient support</p>	<p><i>Measure:</i> Admissions accepted <i>Source:</i> Mental Health & MGH Reports</p>	<p>Monthly</p>

APPENDIX B-2: INDICATORS OF HEALTH SERVICES EVOLUTION IN MARIN COUNTY

Issue	Indicator	Measure/Source	Timing
Local Service Availability	MGH/NCH volumes and payer mix	Discharges by payer category / OSHPD Hospital Quarterly Financial Reports; OSHPD Public Use Discharge File	Quarterly; Annual
Specific services of County Interest	Volume of trauma cases for Marin County residents: in-county, out-of-county	County EMS reports; OSHPD Public Use Discharge File	Monthly Annual
Specific services of County Interest	Emergency room volumes	OSHPD Hospital Annual Reports (ALIRTS); OSHPD Quarterly Emergency Department Profile Reports	Annual Quarterly
Services of County Interest	Emergency room diversion rates	County EMS	Monthly
Specific services of County Interest	Medi-Cal, Healthy Families, CMSP and Charity care provided, by facility	OSHPD Hospital Annual Financial Reports IRS Form 990	Annual
Adequacy of physician supply	Physician supply, by specialty, and physician recruitment success	Physician retirements and recruitments Marin Medical Society; Marin IPA; MD participation in Medicare and County safety net public insurance plans (e.g., CMSP, Partnership)	Annual
Adequacy of physician supply	Developments in physician practice organization in the County	Growth of KPMG, Sutter Foundation and Marin IPA Source: County Physicians' discussions with colleagues & press reports	Annual
Health Status	Health status indicators for the County population as a whole and high risk populations	Healthy People 2020 measures Marin Public Health Dept ; CHIS and other surveys	Annual
Future service availability	Plans by Sutter and others for development of facilities in Marin	Interviews & planning process participation; press articles	In response to developments

