



To: MCHCD Board of Directors

From: Katharine Wylie

Date: 7/25/2024

Subject: Agency Administrator's Report

My focus on the management of this district continues to be:

Fiscal Responsibility and Transparency for the District Residents
Facilities Maintenance and Planning
Compliance
Community Engagement

Facilities Maintenance and Planning

Because of the district's recent fiscal transparency (thanks to the work of our CFO Wayne Allen), this board can now get back to the most important conversation of your stewardship responsibility to the residents. This Board must prioritize maintaining and managing this coastal hospital facility that the public owns, so that our partner/operator Adventist Health, can continue to operate our local rural, critical-access, frontier hospital and the related local medical services, for our district residents.

Besides funding overdue routine maintenance so that this facility operates efficiently and within state licensing requirements, this board has an opportunity to discuss and approve the development and modernization of our outpatient facilities. It is an opportunity for this community to come together in visualizing and creating a future coast hospital facility. So tonight we all find ourselves here at an important crossroads.

Chair Garza's 2030 advisory group is working together with our local Adventist Health staff and community members. They are discussing ongoing and overdue maintenance projects for the hospital, as well as the seismic retrofit project and ways to improve outpatient services. They are looking at the detailed costs for building a new ambulatory surgery center versus renovating existing facilities and also getting information on reimbursement rates and how outpatient surgical centers operate from Adventist Health. By studying past market information, the group aims to understand what the community needs and prefers. This will help develop a plan to recommend to the board that addresses both seismic safety and better access to outpatient services. They are gathering the necessary information to present to this board so you can make decisions



about costs, timeframes, and the impact on hospital operations. I hope to bring these recommendations to you for your decision before the end of this year. I am attaching some information this group has gathered so far, to this report.

Compliance

I am continuing the work on board policies, a printed board handbook, and Board Bylaws updates with the ad hoc committee and hope to have a Bylaws update for the August Regular meeting.

A response recommendation to the recent Mendocino County Grand Jury's report will be coming to you for approval at the August Regular meeting. I am happy to report that many of the report recommendations have already been implemented.

I have begun the work of an annual report to the public. Although the board has not produced one in recent years, I plan to have a draft report for your approval at the August meeting.

As you know, the website address has been updated to: Mendocinochcd.GOV. Special Districts in California are mandated to convert to the .GOV address prior to January 1, 2025. You will be receiving instructions to convert your email accounts to the @mendocinochcd.gov address soon.

Community Engagement

Seven community listening sessions were held (Westport, Caspar, Mendocino, Comptche, Elk, and two meetings in FORT BRAGG - Spanish and English versions).

Here are some Common Themes and Comments:

1. Healthcare Accessibility and Specialist Care:

- Common concern about the availability of specialist care (e.g., cardiologists, neurologists, urologists).
- Emphasis on the need for accessible healthcare services and shorter wait times for appointments.

2. Transportation Challenges:

- issues with transportation for medical appointments.
- a Need for rideshare options, HandiVan services.

3. Support for Medical Staff:

- Need for more doctors, nurses, and trained personnel.
- Housing difficulties for medical professionals.



- Importance of retaining medical staff and reducing reliance on temporary professionals.

4. Financial Support and Resources:

- Financial support needed for emergency services and medical facilities.
- Interest in bond measures and finding additional funds to support healthcare services.

5. Community Engagement and Communication:

- Importance of ongoing community involvement in healthcare planning.
- Need for better communication and information about healthcare services, particularly in Spanish.

6. Holistic and Preventive Health Initiatives:

- Interest in Blue Zones initiatives to promote healthy lifestyles.
- Emphasis on preventive care and holistic health approaches, including diet and exercise.

7. Barriers to Good Health:

- Transportation and access to food as major barriers.
- Lack of fresh vegetables in some local stores, and difficulty accessing prescriptions and medical services.
- Importance of public awareness campaigns to educate about healthcare resources and safety.

These common themes highlight the community's primary concerns. I will be encouraging this board to convene more community informational meetings and communications, including scheduling Board meetings in the outlying areas of our district.

Attached to this board report you will find a recent press release concerning a Hospital Improvement District (HID), proposed by Supervisor Ted Williams at a recent Mendocino County Board of Supervisors' meeting.



Press Release

Mendocino County Board of Supervisors Propose Plan to Improve Hospital Services

Mendocino County, CA – July 15, 2024 – The Board of Supervisors of Mendocino County announced intentions to establish the Mendocino County Hospital Improvement District (MCHID). Brought forward by 5th District Supervisor Ted Williams, this new district aims to enhance healthcare services for residents throughout the county.

What is the Mendocino County Hospital Improvement District?

The proposed MCHID is designed to provide additional resources to hospitals in the county. These hospitals, licensed as general acute care facilities by the California Department of Public Health, will receive support to improve healthcare services for the community. This initiative comes under the Property and Business Improvement Law of 1994, which allows counties to create districts that promote economic development and support businesses.

Why is This Important?

Mendocino County is underserved in healthcare and hospital services. Adventist Health, which operates the three hospitals in the county, faces financial challenges due to low reimbursement rates from government programs. The MCHID will help address these issues by creating a pool of funds to support hospital services, ensuring sustainable healthcare for the 90,000 residents of Mendocino County.

Public Participation and Next Steps

The County has prepared a draft Management District Plan outlining the district's boundaries, service plan, and budget. The Management District Plan explicitly prohibits the hospitals from passing any costs associated with the MCHID onto patients. Any MCHID costs will be incurred only by acute care hospitals. There are no costs for other types of healthcare providers. The district will include the cities of Fort Bragg, Point Arena, Ukiah, and Willits. The County will request consent from these cities to form the district. The County will mail notices about an upcoming public meeting where hospital owners and community members can share their thoughts. This meeting will be followed by a public hearing at least 45 days later. If there is no majority protest, the Board may adopt the Resolution of Formation for the MCHID.



The MCHID is proposed to operate for a five-year term from July 1, 2024, to June 30, 2029, providing long-term benefits to the community.

Contact Information

For more information, please contact:

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Agency Administrator

Mendocino Coast Health Care District

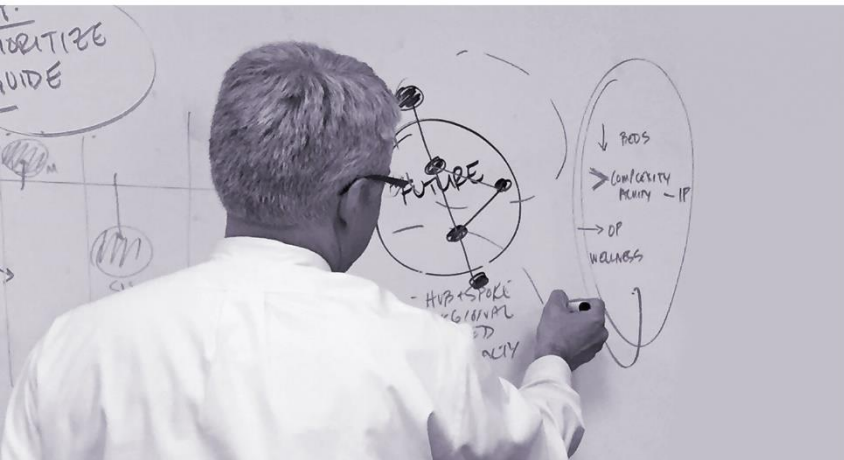
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MCDH MARKET ASSESSMENT AND FACILITY PROJECTIONS

AGENDA

- **Key Findings**
- **Market Definition**
- **Current Market Dynamics**
- **Facility Projections**
- **Questions**













KEY FINDINGS

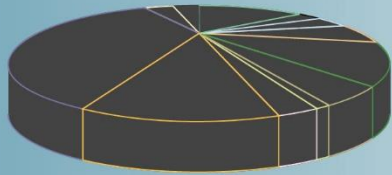
- MCDH serves a unique isolated region, with an extended Primary Service Area reaching 70 miles along the coast but blocked by the coastal mountains (double the length, a third of the width)
- County market population is projected to grow by 0.1% in the next 10 years, but the elderly population is set to grow by 13% which drives the overall bed need up by **4.4%**
- This results in a potentially small net healthcare demand growth due to population (Upper Guardrail)
- This was tested to see the magnitude of impact that expected demand management scenarios might require (Lower Guardrail)
- The difference between guardrails is **2** acute beds and **2** observation beds
- The 2031 Recommendation is based on the upper guardrail
- Ancillary Projections are estimated based on utilization profile of services

2031 Recommended of Facility Resources to address the Inpatient, Emergent, and Hospital Based Ambulatory Needs:

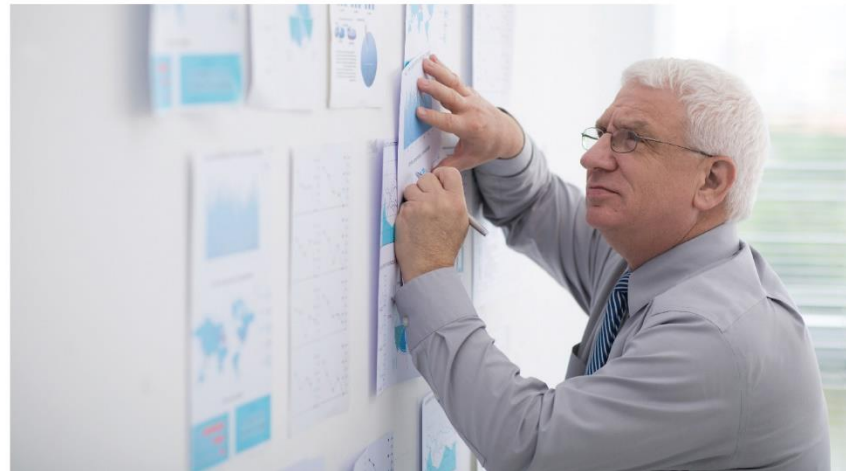
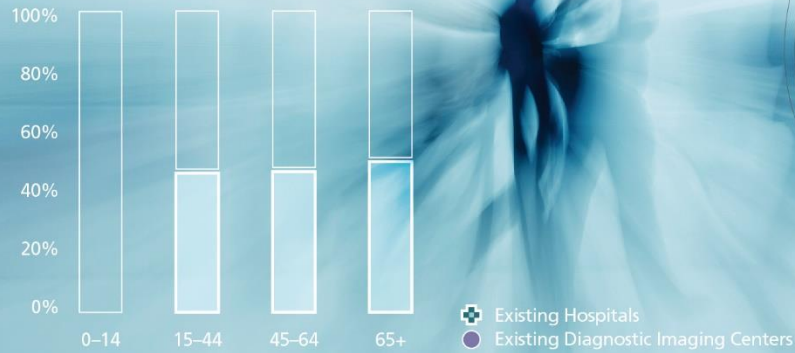
- **16 Beds**
- **14 ED bays** (inclusive of Observation bays)
- **2 OR's**
- **Single CT and Ultrasound** (consider redundancy plan)
- **MRI and NM** via Mobile units
- **2 Rad/Fluro** rooms
- **2 Endo / GI** rooms

Market by Zip Code

Market by Zip Code	Legend	Total Users
Metro DC VA		132,407
Metro DC SE		56,823
Baltimore & Suburbs		40,898
Fredericksburg		36,344
270 Corridor & Georgetown		24,047
DC & 29 Corridor		16,821
Harrisburg		16,401
St. Mary		15,505
NE Baltimore		13,222
Bay Bridge		12,848
Frederick		7,928
Chambersburg		3,901
Total NCA		377,145



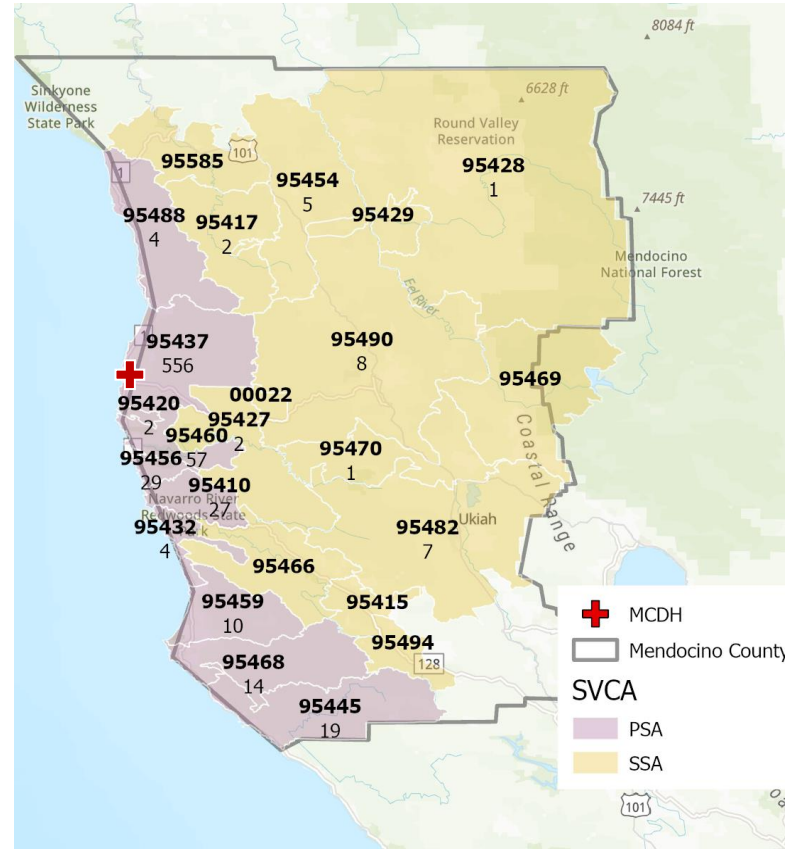
Market Share By Age



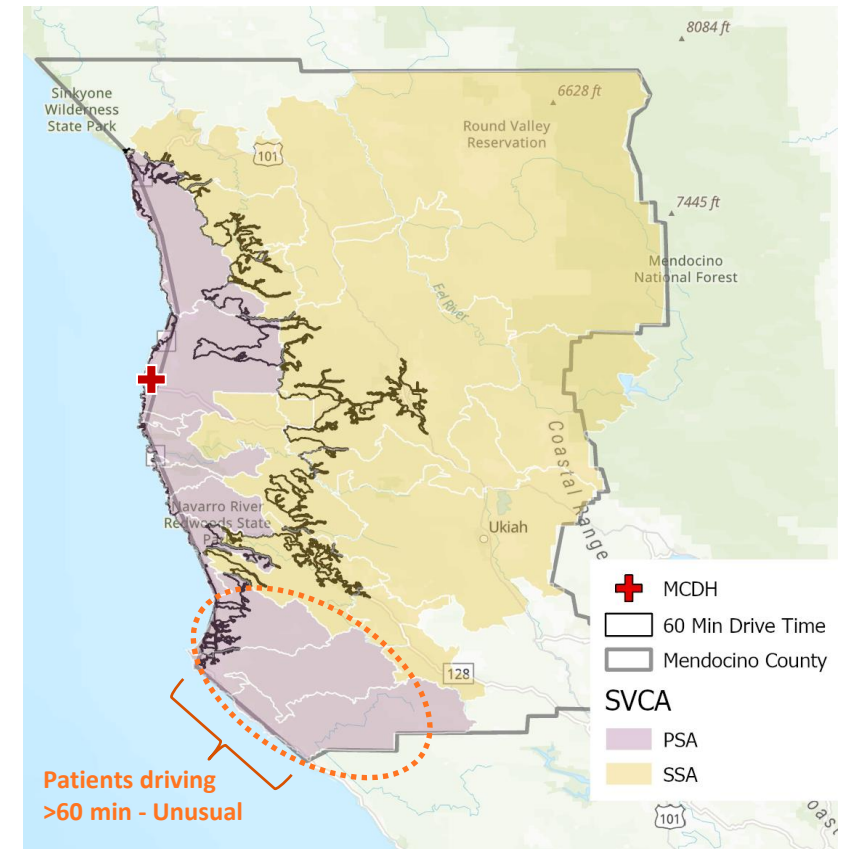
MCDH MARKET DEFINITION

- MCDH has a unique primary service area due to its geographic location and isolation
- Primary Service Area (PSA) extends North-South 70 miles and only 10 miles inshore
- PSA has an extended reach to the south along the coast as MCDH is still the closest hospital for patients in this area
- PSA represents 84% of ED visits and 86% of Acute visits
- Secondary Service Area (SSA) is the balance of Mendocino County

Service Area - Facility Inpatient Discharges 2020



Service Area with 60 Min Drive Time



Source: Internal Service Area Definition

MARKET DEMOGRAPHICS

Even with low-growth population the expanding senior population drives additional healthcare need

- Total Mendocino county population is projected to remain steady over the next 10 years, only growing by **0.1%** across the period – Service Area Split:
 - PSA population decrease of 0.7%
 - SSA population increase of 0.3%
- The **65+ age group** for both PSA and SSA is projected to continue increasing due to the **aging population** (12% to 14%)

	Age Group	Population by Age		10 Yr. Growth
		2022	2032	
PSA	0-14	3,139	3,047	-2.9%
	15-19	1,034	1,055	2.0%
	20-39	4,841	4,279	-11.6%
	40-64	7,752	7,381	-4.8%
	65+	6,870	7,714	12.3%
PSA Total		23,636	23,476	-0.7%
SSA	0-14	11,773	11,807	0.3%
	15-19	3,722	3,718	-0.1%
	20-39	16,382	15,821	-3.4%
	40-64	20,622	19,502	-5.4%
	65+	13,718	15,592	13.7%
SSA Total		66,217	66,441	0.3%
Mendocino CO Total		89,853	89,917	0.1%

Source: ca.gov



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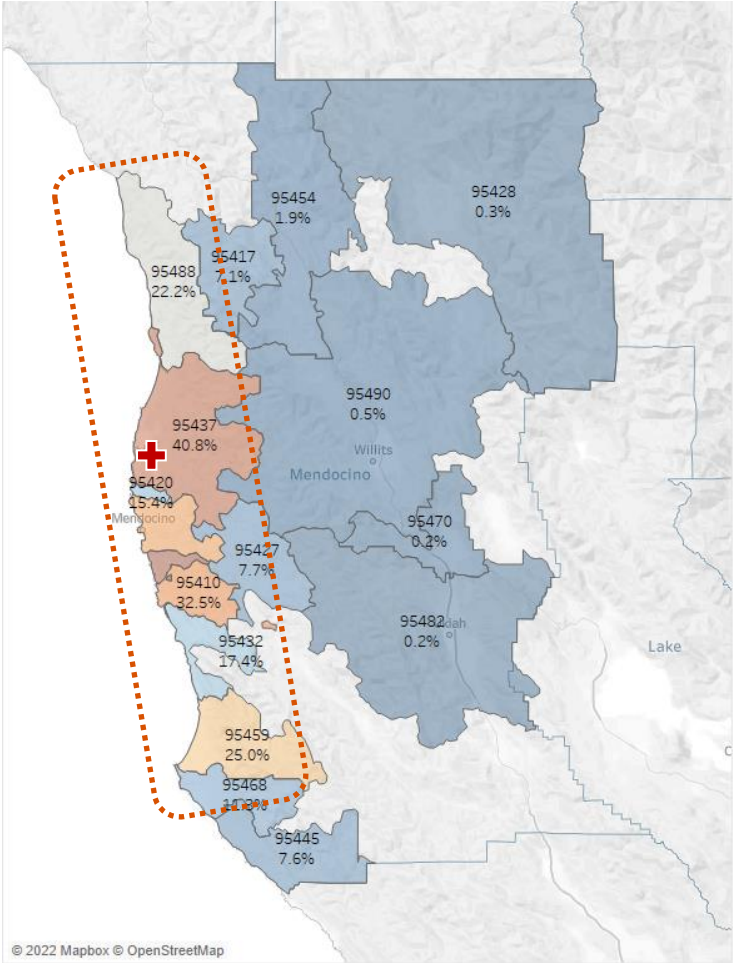
Current Market Dynamics

MCDH MARKET SHARE

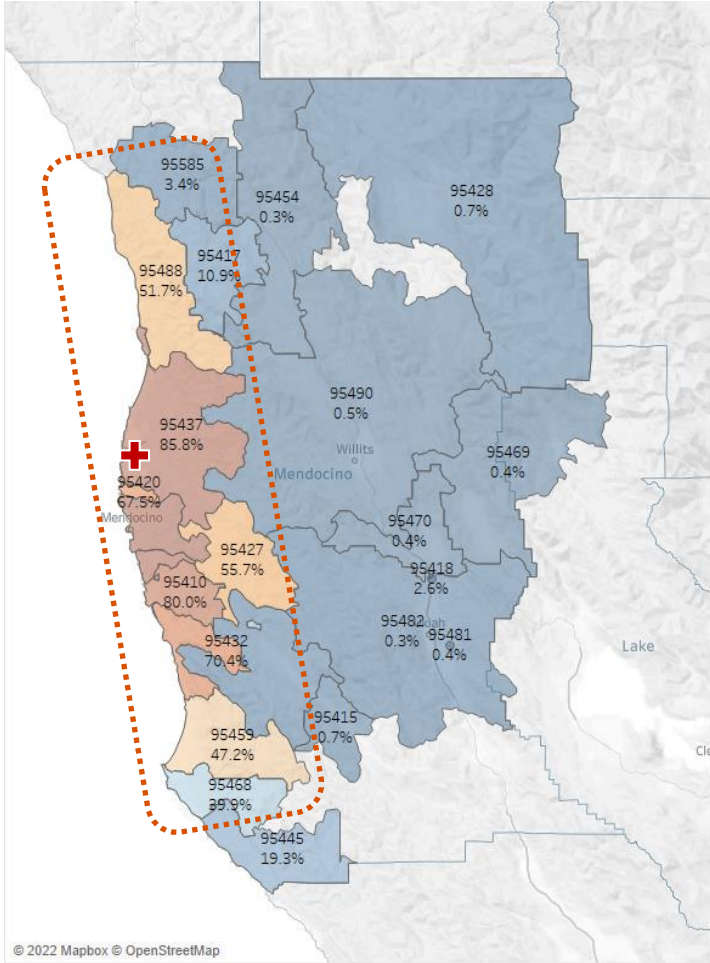
- Inpatient market share is localized and focused
- Emergency Visits in the PSA have a high market share also due to the geographical isolation
- SSA market share is minimal because of geographic barriers

Patient Type	PSA Mk Sh.	SSA Mk Sh.
Inpatient Discharge	33.3%	0.4%
Emergent Visit (IP + OP)	78.9%	0.6%

Inpatient 2020 Market Share



Emergency Visit 2020 Market Share



Source: CA OSPHD

MARKET SHARE TRENDS – KEY SERVICE LINE

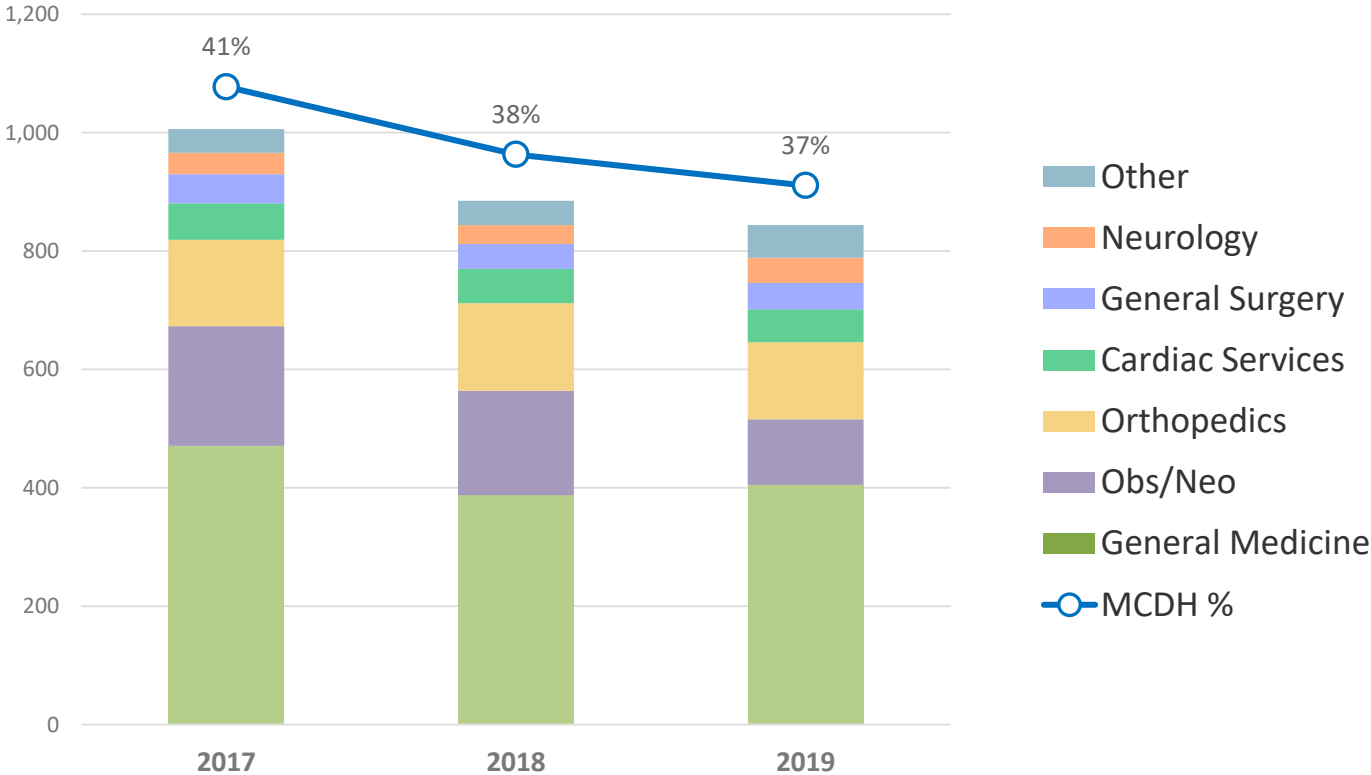
MCDH’s PSA market share decreased from 41% in 2017 to 37% in 2019

- **Key Service Lines:**

- General Medicine
- Orthopedics
- Obstetrics/Neonatology
- Cardiac
- Neurology
- General Surgery

- Downward trend in PSA market share for almost all service lines – only exception is Neurology

MCDH PSA Market Share by Service Line



Source: CA OSPHD

MARKET OUTMIGRATION AND OPPORTUNITY

Service Line Distribution to Other facilities from PSA

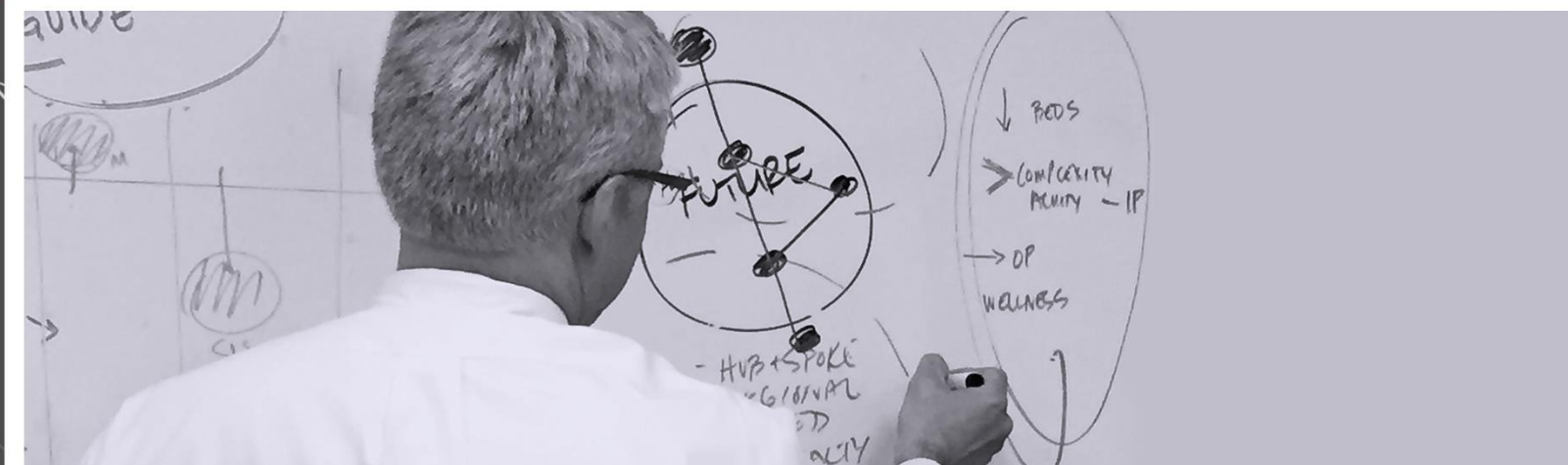
- **63% overall outmigration from PSA**
- **Majority of all outmigration is to four facilities:**
 - Sutter Santa Rosa Regional Hospital (100 mi)
 - Ukiah Valley Medical Center (50 mi)
 - Medical Center at the USFC (beyond 100 mi)
 - Frank R. Howard Memorial Hospital (50 mi)
- MDCH has highest **General Medicine** market share, but 20% of patients are driving > 100 miles for specialty services

Service Line	2019 IP From PSA								Total Visits
	MCDH		Within 50 Miles		Within 100 Miles		Outside 100 Miles		
	Visits	% Mk Sh	Visits	% Mk Sh	Visits	% Mk Sh	Visits	% Mk Sh	
Cardiac Services	56	20.0%	12	4.3%	157	56.1%	55	19.6%	280
ENT	5	26.3%	1	5.3%	4	21.1%	9	47.4%	19
General Medicine	405	49.7%	62	7.6%	179	22.0%	169	20.7%	815
General Surgery	44	23.7%	23	12.4%	59	31.7%	60	32.3%	186
Gynecology	4	19.0%	1	4.8%	2	9.5%	14	66.7%	21
Neonatology	53	36.1%	44	29.9%	25	17.0%	25	17.0%	147
Neurology	43	37.1%	12	10.3%	29	25.0%	32	27.6%	116
Neurosurgery	-	0.0%	-	0.0%	3	20.0%	12	80.0%	15
Obstetrics	58	38.2%	44	28.9%	24	15.8%	26	17.1%	152
Oncology/Hematology	26	39.4%	6	9.1%	14	21.2%	20	30.3%	66
Ophthalmology	1	50.0%	-	0.0%	1	50.0%	-	0.0%	2
Orthopedics	130	37.4%	86	24.7%	78	22.4%	54	15.5%	348
Other Trauma	5	20.8%	2	8.3%	13	54.2%	4	16.7%	24
Spine	5	10.2%	1	2.0%	23	46.9%	20	40.8%	49
Thoracic Surgery	-	0.0%	-	0.0%	3	60.0%	2	40.0%	5
Urology	1	3.8%	2	7.7%	14	53.8%	9	34.6%	26
Vascular Services	8	21.6%	1	2.7%	15	40.5%	13	35.1%	37
Total	844	36.6%	297	12.9%	643	27.9%	524	22.7%	2,308

Source: CA OSPHD



Top Priorities	Differentiate Tertiary Services	Fill Beds	Develop New Sources of Revenue	Anchor Specialty Physicians	Protect Important Services
Neurology	○	◐	◑	●	◑
Oncology	◑	◐	◐	◑	◐
Pediatrics	◑	●	◑	◐	●
Wound (Hyperberic)	◑	◐	◐	◑	◐
Rehabilitation	●	◑	◑	◑	◑



PROJECTION OVERVIEW

- **Two key projection model guardrails for projections to 2031**

- 1. **Upper Guardrail** – Demographically Driven Model

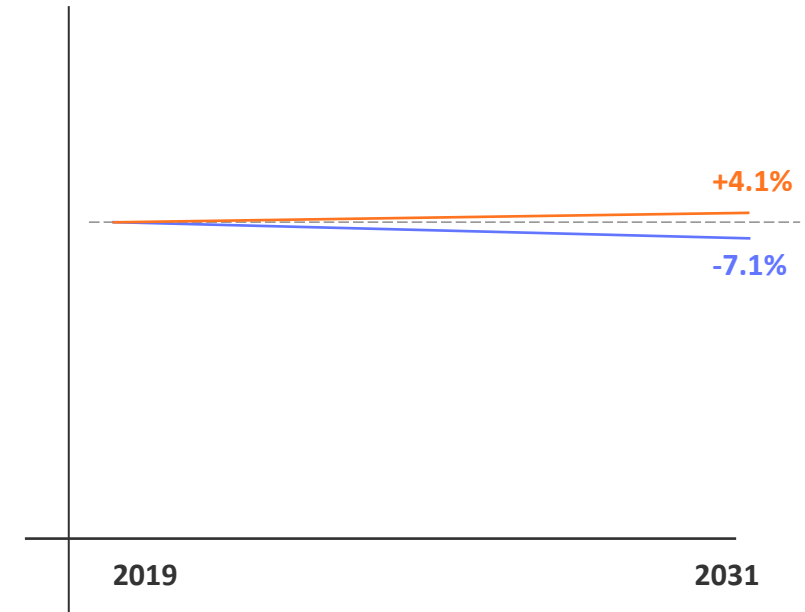
- Projections based on localized demographic growth and aging only
 - Holds both facility market share and utilization rates by age constant
 - Results in net **+4.1%** change in total patients from 2019

- 2. **Lower Guardrail** – Demographics + Use Rate Reduction Model

- Projections based on demographic change – and –
 - Additionally reduces inpatient utilization rates to reflect predicted demand management (National averages – Mid-level scenario)
 - Net result – lowers utilization by managing patients out of the facility via a broader ambulatory network and enhanced case management
 - Results in a net **-7.1%** change in total patients from 2019

- **No Outmigration recapture factored into either projection model**

- **Ancillary projection estimates based on DRG ratios of resource volume utilization from Innova analysis** (No baseline data received on current volumes for calibration)



MCDH PATIENT PROJECTIONS

- Scale of change from 2019 to 2031 is relatively small in either scenario:
 - Inpatient driven bed need is **14** in 2019
 - Future inpatient bed need ranges from **13** to **15**
- ALOS is modeled to increase slightly in acuity due to older patient profile (*raises from 3.77 to 3.79 - 3.88*)
- Obstetrics continues to decline in both models with neonates balancing

Inpatient and ED Projections by Service Line								
Service Line	2019		2031					
	Historical		Demographic Model			Demographic + Utiliz. Management		
	Patients	ADC	Patients	ADC	% Δ (2019 - 2031 pat.)	Patients	ADC	% Δ (2019 - 2031 pat.)
Cardiac Services	71	0.7	81	0.8	14.2%	64	0.7	-9.9%
ENT	5	0.0	5	0.0	1.1%	4	0.0	-27.5%
General Medicine	467	4.6	486	4.7	4.0%	451	4.5	-3.5%
General Surgery	49	0.6	46	0.6	-5.5%	38	0.5	-22.0%
Gynecology	4	0.0	4	0.0	-10.0%	2	0.0	-47.9%
Neonatology	55	0.3	57	0.3	3.7%	54	0.3	-1.9%
Neurology	44	0.7	47	0.8	7.9%	44	0.8	0.8%
Obstetrics	61	0.2	56	0.2	-8.2%	54	0.2	-11.2%
Oncology/Hematology	32	0.3	33	0.3	3.2%	34	0.3	5.5%
Ophthalmology	2	0.0	2	0.0	2.3%	2	0.0	1.3%
Orthopedics	141	2.3	151	2.5	6.9%	120	2.1	-14.7%
Other Trauma	5	0.0	6	0.0	15.7%	4	0.0	-12.0%
Spine	5	0.0	6	0.0	13.5%	4	0.0	-17.7%
Thoracic Surgery	-	0.0	-	0.0	0.0%	-	0.0	0.0%
Urology	1	0.0	1	0.0	-3.4%	1	0.0	-37.9%
Vascular Services	8	0.1	9	0.1	6.3%	6	0.1	-19.9%
Total	950	9.8	989	10.3	4.1%	883	9.4	-7.1%
Admitted (in above)	609	5.9	640	6.2	5.1%	568	5.7	-6.7%
Not Admitted	9,032	0.0	9,405	0.0	4.1%	8,393	0.0	-7.1%
Total ED Visits	9,641	5.9	10,044	6.2	4.2%	8,961	5.7	-7.1%

Source: Innova Projection Models

MCDH RESOURCE PROJECTIONS

- **Ancillary projection estimates** (non beds and ED) are based on ratios of resource volume utilization to DRGs from Innova analysis
- Another refinement would be to calibrate to existing usage and project via growth (requires facility data reports)
- **Resources recommended for Inpatient, Emergent, and Hospital Based Ambulatory Needs:**
 - **16 Beds**
 - **14 ED bays** (* incl. 8 beds for observation)
 - **2 ORs**
 - **Single CT and Ultrasound** (consider redundancy plan needs)
 - **MRI and NM** via Mobile units
 - **2 Rad/Fluro** rooms
 - **2 Endo / GI** rooms

Resource	2019 Calculated Rooms	2031 Calculated Rooms		Recommended Rooms
		Upper Bound <i>(Demographic)</i>	Lower Bound <i>(Demo + UR)</i>	
Beds – ICU/MOSU	1	1	1	4
Beds – Acute	13	14	12	12
Beds – Observation	7	8	6	0*
ED Bays	6	7	6	14*
Surgery – ORs	1.0	1.1	0.9	2
CT	0.6	0.6	0.5	1
MRI	0.1	0.2	0.1	Mobile
NM	0.1	0.1	0.1	Mobile
US	0.2	0.3	0.2	1
R/F	1.2	1.4	1.3	2
Endo/GI Rooms	2.2	2.6	2.0	2

Source: Innova Projection Models



QUESTIONS



Appendix

HISTORICAL VOLUME - IP

- Inpatient volumes and ADC for MCDH have shown a downward trend.
- Largest decreases came from General Medicine, Orthopedics, Obstetrics, and Neonatology.

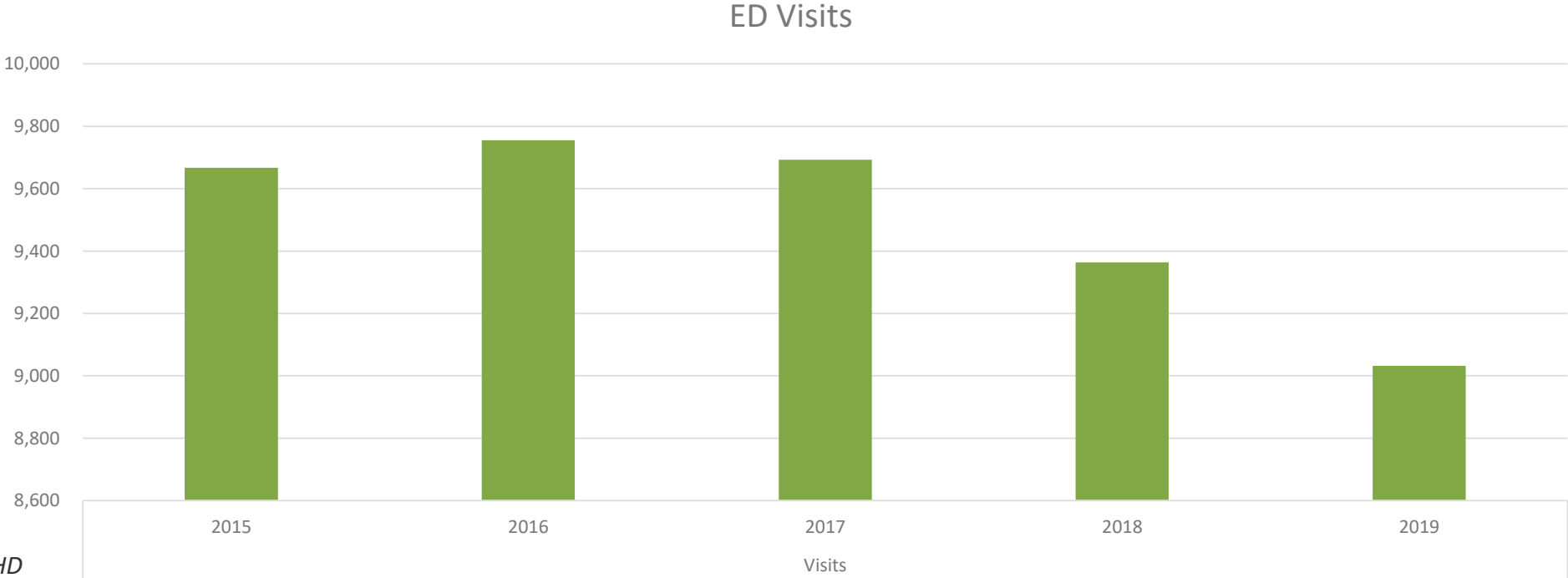
Service Line	Patients			ADC			2017-2019 Difference	
	2017	2018	2019	2017	2018	2019	Visits	ADC
Cardiac Services	63	63	71	0.5	0.6	0.7	8	0.2
ENT	4	7	5	0	0.1	0	1	0
General Medicine	505	444	467	5.2	4.0	4.6	-38	-0.6
General Surgery	51	47	49	0.4	0.4	0.6	-2	0.2
Gynecology	4	1	4	0	0	0	0	0
Invalid	1	0	0	0	0	0	-1	0
Neonatology	100	86	55	0.6	0.4	0.3	-45	-0.3
Neurology	37	34	44	0.3	0.2	0.7	7	0.4
Neurosurgery	0	1	0	0	0	0	0	0
Obstetrics	111	101	61	0.7	0.5	0.2	-50	-0.5
Oncology/Hematology	23	25	32	0.3	0.2	0.3	9	0
Ophthalmology	0	0	2	0	0	0	2	0
Orthopedics	162	156	141	2.1	1.7	2.3	-21	0.2
Other Trauma	4	3	5	0	0	0	1	0
Spine	2	5	5	0	0.0	0	3	0
Thoracic Surgery	1	1	0	0	0	0	-1	0
Urology	0	0	1	0	0	0	1	0
Vascular Services	2	2	8	0	0	0.1	6	0.1
Total	1,070	976	950	10.1	8.1	9.8	-120	-0.3

Source: CA OSPHD

HISTORICAL VOLUME - ED

- ED volumes for MCDH have shown a downward trend.

	Patients					2015-2019 Difference	
	2015	2016	2017	2018	2019	Volume	% Change
ED Vistis	9,667	9,755	9,693	9,364	9,032	-635	-7%



Source: CA OSPHD

OBSTETRICAL PATIENT DYNAMICS

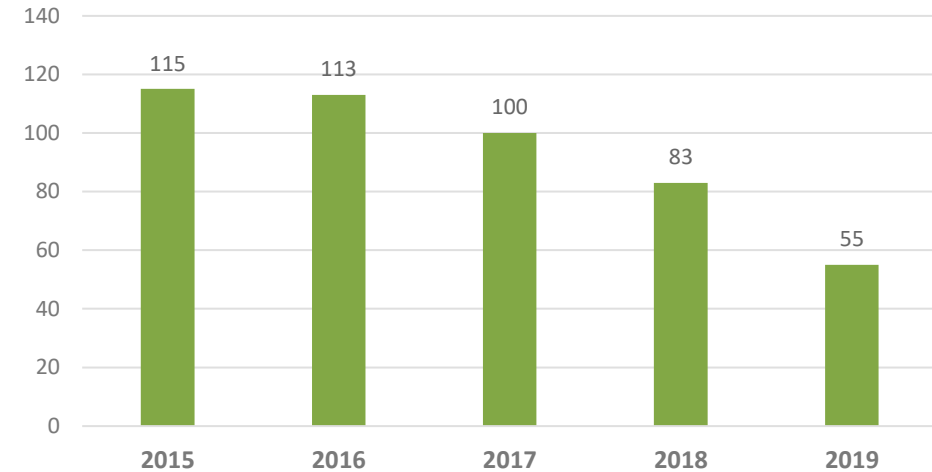
- **Historical:**

- MCDH deliveries have declined YOY from 2015 to 2019

- **Projected:**

- Obstetrics patients in the market are projected to continue the decline
- Primary population for low-risk birthing mothers (female 20-39), is projected to decrease by almost **12%** in the PSA and by **5%** in the SSA

MCDH Historical Deliveries



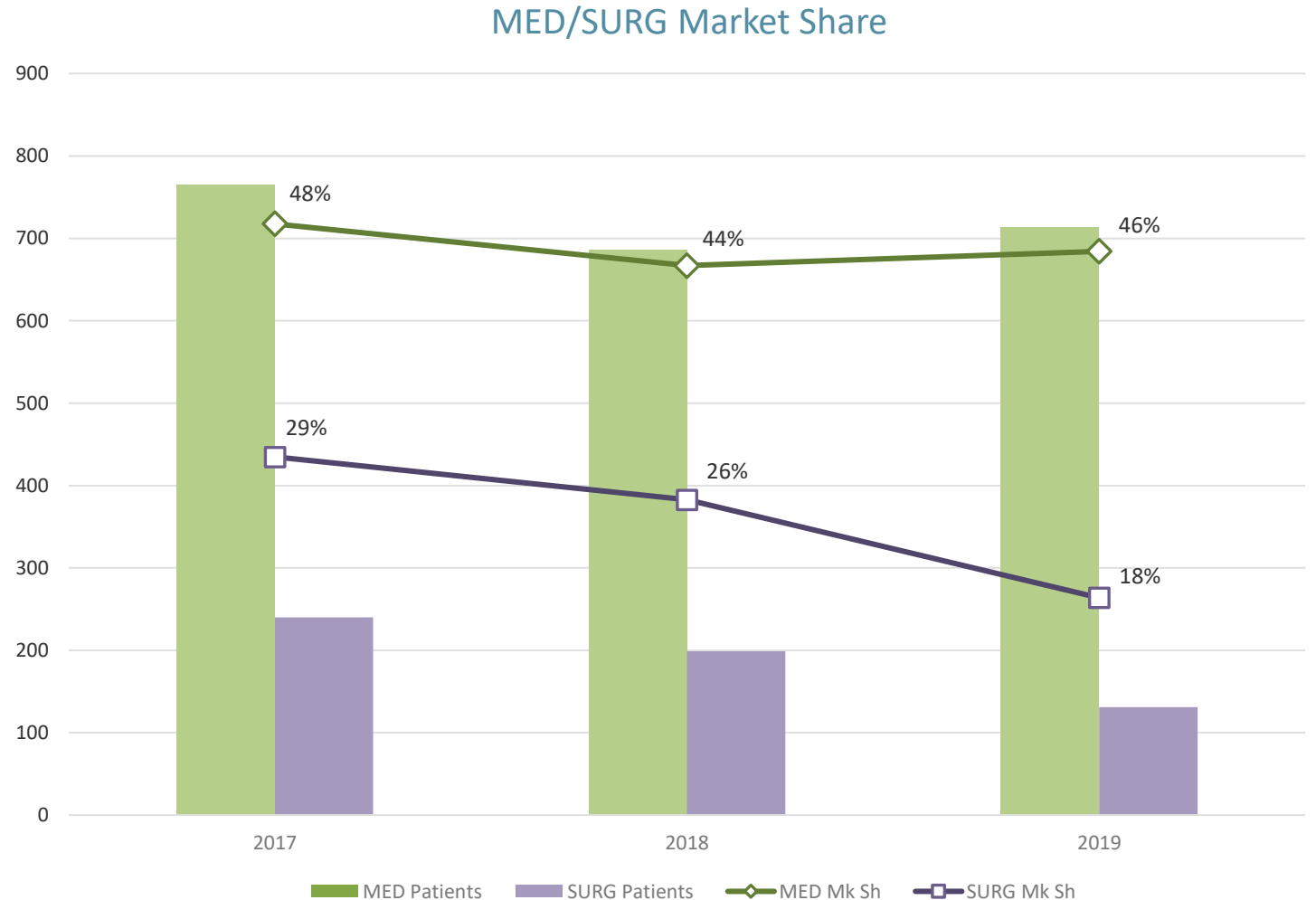
SVCA	Female 20-39 Population			10 Yr. Population Change
	2022	2027	2032	
PSA	2,307	2,078	2,036	-11.7%
SSA	7,972	7,625	7,559	-5.2%
Total	10,279	9,703	9,595	-6.7%

Source: ESRI, CA OSPHD

MARKET SHARE TRENDS – MEDICAL/SURGICAL

Inpatient Medical and Surgical Services

- Surgical services show a continual decline in both volume and market share
- Medical services show a slight downward trend in volume and market share.



Source: CA OSPHD

OUTMIGRATION AND OPPORTUNITY – PRODUCT LINE

- **Key Out-migrating Services**

(driven by surgical and acuity needs):

- Medical Cardiology
- Gastroenterology
- Psychiatry
- Obstetrics - Delivery
- Orthopedics - Joint Replacement
- Orthopedics - Surgical Trauma

- **Outmigration targets** (performing some service today – could expand to similar patients):

- Orthopedics
- Gastroenterology (Medical and Surgical)
- Low-Risk Obstetrics

- See Handout of Out-Migration by Product Line for more detail

Product Line	MCDH Patients	Local Patients (within 50 Mi)	Regional Patients (100 mi and beyond)
CV - Medical Cardiology	56	12	82
GMED - Gastroenterology	87	14	90
GMED - Psychiatry	6	1	104
OB - Delivery	53	43	45
ORTHO - Joint Replacement	47	43	73
ORTHO - Surgical Trauma	13	19	27

Source: CA OSPHD