

**JOINT CONCEPT PAPER TO OPEN
MARTIN LUTHER KING (MLK), JR. HOSPITAL**

BY

LOS ANGELES COUNTY

AND

THE UNIVERSITY OF CALIFORNIA

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OBJECTIVE

To re-open and sustain a high-quality, financially-stable community hospital, with an emergency department, for the residents of South Los Angeles.

BACKGROUND

Since the closure of MLK-Harbor Hospital in August 2007, the County has been working on developing options to provide hospital services at the MLK site. In Spring 2008, at the direction of the Board of Supervisors, the County approached the University of California (UC) to assist in this effort. Together, the parties developed a set of common principles to guide their discussions. These included recognition that the re-opened hospital would (i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients, (ii) be tightly integrated with the County's existing network of specialty and primary care ambulatory clinics, and (iii) optimize public and private resources to fund care.

HOSPITAL MODEL

In an effort to further these guiding principles, the County and UC – with the involvement of Governor Schwarzenegger's Office – are considering formation of a new non-profit entity to re-open MLK hospital. The County and UC would create a wholly independent, non-profit 501(c)(3) entity to operate a hospital at the MLK site. The non-profit entity would have a governing board composed of members selected by both the County and the UC. The members would not be current County or UC employees but would have at least ten years of demonstrated, high-level management experience in health, business, or law.

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The non-profit entity would hold the hospital license and would operate in the facilities at the MLK site under a long term lease agreement with the County.

Staff at the new hospital would be hired by the non-profit, but would not be County or UC employees. It is anticipated the workforce would operate under collective bargaining.

SERVICE CONFIGURATION

At full operation, the hospital would have 120 licensed beds with an estimated average daily census of 108. The bed breakdown is 92 medical/surgical beds, 10 routine OB beds with nursery services, 12 medical/ surgical ICU beds, and 6 coronary ICU beds

The hospital's Emergency Department would provide an estimated 30,000 annual visits and an additional 10,000 annual outpatient service visits, including follow-up care and outpatient surgeries.

As envisioned, UC would enter into a contractual agreement with the new non-profit entity to establish standards pertaining to quality assurance and the provision of physician services. Through these arrangements, UC would have a direct and substantial role in assuring that high quality standards for patient care are established and maintained. UC would also lead efforts to re-establish training programs at the facility.

Services provided at the hospital site, including ancillary services (lab, radiology, etc.), would be tightly integrated into the overall service network in the County Service Planning Area (SPA) 6 and coordinated with services provided by the County at the Multi-Service Ambulatory Care Center (MLK MACC) on the hospital's campus, and Hubert H. Humphrey Comprehensive Care Center (Humphrey CHC) located nearby. A comprehensive information technology program would be developed to manage patient care services.

FACILITY IMPROVEMENTS

The hospital services would be located in the new seismically-compliant patient tower at the MLK site. Reopening the existing hospital building is not contemplated because of significant seismic retrofit requirements and related costs. The County would make substantial capital investments to build out the patient tower, and construct a MACC and ancillary services building which would include an emergency department.

FINANCING

One-time and ongoing funding from the County combined with Medi-Cal reimbursements will be the principal financing mechanisms for the hospital. UC would not provide start-up or ongoing financial support for the new hospital.

KEY IMPLEMENTATION STEPS

Once additional details are agreed upon, the foregoing plan must be reviewed and approved by The County Board of Supervisors and UC Board of Regents. Moreover,

the County and UC will work with the Governor's Office, the California Health and Human Services Agency, and the Centers for Medicare and Medicaid Services to secure the legislative, regulatory, and other programmatic support necessary to this effort. The County and UC will work to include community input in the key implementation steps. If these efforts are successful, inpatient services could commence in late 2012.

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