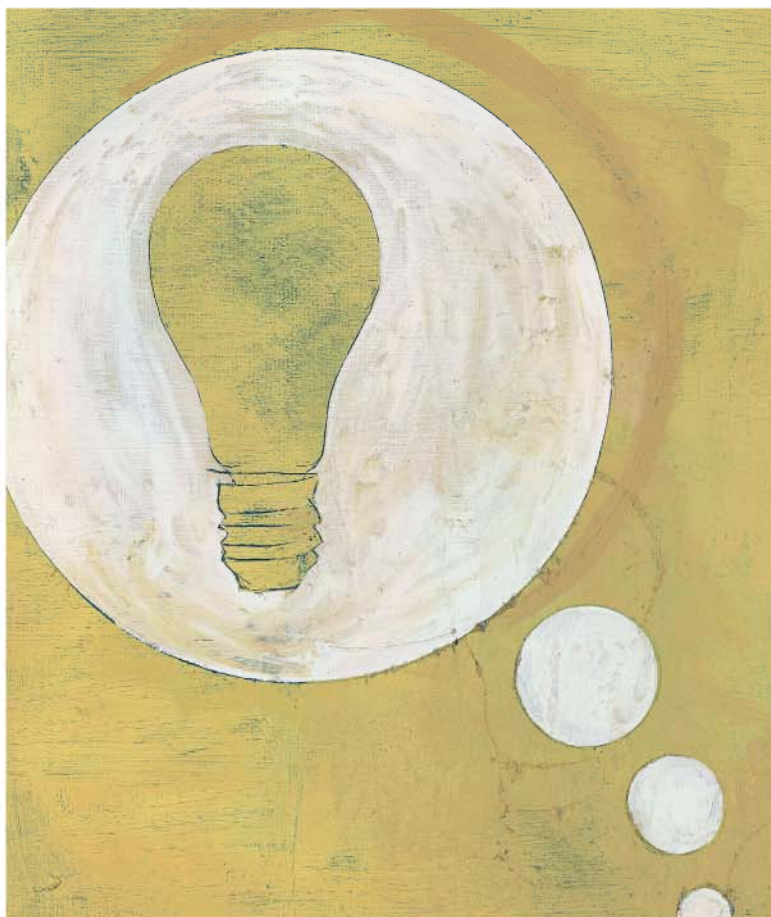


**THE
CAMDEN
GROUP**

ideas. answers. action.



Situation Assessment – Executive Summary Strategic Planning Retreat Draft

Sequoia Healthcare District
Redwood City, CA

July 16, 2008

Table of Contents

	<u>Page</u>
Healthcare Status	2
Sequoia Healthcare District Utilization	5
Healthcare District Overview	7
Sequoia Healthcare District Facts	8
Interview Summary	10
Sequoia Healthcare District Assessment	13
Role Definition Options	15

Healthcare Status

- Healthcare industry trends continue to project an **unstable healthcare market**, with numerous contributing factors resulting in continuing pressures on the healthcare consumer and an ever growing likelihood that there will be gaps in services that will need to be filled.
- A higher prevalence of **chronic diseases** in the County, along with continuing although declining stroke and breast cancer deaths indicates a continued need for the promotion of **healthier lifestyles** for District residents, as well as a need by **lower income residents** to be assisted in managing their chronic illnesses.
- When comparing the County's health status indicators to that of the State, it appears that generally, the County has **lower death rates** in major causes like lung cancer, coronary heart disease, and diabetes.
- Quality healthcare services are available, but access is hindered by lack of insurance for a segment (13 percent) of the population.

SHD Population and Demographic Trends

- The District's overall population of 327,514 is projected to grow slowly over the next five years, with close to a quarter of the rate of growth of the state overall (0.3 percent in the District compared to 1.4 percent for California overall).
- Median household income is nearly double the state average (\$92,747 in the District's service area compared to \$59,163 in the State overall). The number of households is projected to stay flat from 2008-2013, suggesting a lack of a significant influx of new residents moving into the District.
- Ethnically, the District has a much smaller proportion of Hispanics and higher proportion of Asians (19.6 percent Hispanic and 15.3 percent Asian in the District, and 36.5 percent Hispanic and 12.4 percent Asian in California overall). While Hispanics are projected to stay flat as a percent of the total population, the Asian subset is the fastest growing in the District (growing at 2.7 percent annually).

Health Status Trends

Healthy Behavior Key Findings

- Fewer than one in ten adults in the County exhibit multiple general healthy behaviors typically associated with the prevention of chronic disease, and 54 percent do not participate in regular, vigorous activity, resulting in 56.7 percent of the County's adults being overweight in 2008.
- Estimates show that up to 50 percent of premature deaths are due to health risk behaviors such as poor diet, lack of exercise, tobacco/alcohol use, etc.

Health Status:

- Eight in ten children in the County are up-to-date with immunizations at 24 months.
 - ▶ Mortality and prenatal care indicators are improving.
- Heart disease and stroke death continue to decline, while reported prevalence of high blood pressure and high blood cholesterol continues to rise.
 - ▶ Heart disease accounts for one in four deaths in San Mateo County.
 - ▶ 85.3 percent of adult residents exhibit one or more risk factors for heart disease and stroke.
- Since 1998, the County has witnessed a notable increase in the prevalence of chronic disease, diabetes, and asthma.

SHD Utilization and Capacity

Countywide Findings

- Quality healthcare services in the County are plentiful, but access and affordability are significant problems.
 - ▶ An estimated 67,000 non-elderly people are without health insurance in the County.
 - ▶ Lower-income residents have poorer utilization and access to healthcare services.
 - ▶ 23.7 percent report their job does not provide health benefits to employees.
- The District's inpatient experience is dominated by Medicare (FFS primarily) and private coverage (PPO and HMO), with a small proportion of Medi-Cal and all other payer categories.

District Findings

- The following list shows the average excess capacity in 2006 from the four facilities in SHD (by bed type, based on licensed beds):
 - ▶ General acute care: 67.4 percent
 - ▶ Acute psych: 27.6 percent
 - ▶ Skilled nursing: 36.7 percent
- The following list shows the average excess capacity from the four facilities outside SHD most used by SHD residents (by bed type, based on licensed beds):
 - ▶ General acute care: 44.3 percent
 - ▶ Acute psych: 66.1 percent
 - ▶ Skilled nursing: 23.1 percent

Out-Migration

- District residents relied on a small number of outside providers—Kaiser South San Francisco, Mills Health Center, Peninsula Medical Center, and Seton Medical Center—for over 58.7 percent of the inpatient care they required in 2006.
 - ▶ This trend has remained consistent since 2004
- The top ten services for which District residents left the District for care in 2006 were the following:
 - ▶ ENT
 - ▶ Neonatal Intensive Care
 - ▶ Neurosurgery
 - ▶ Obstetrics & Deliveries
 - ▶ Ophthalmology
 - ▶ Pediatrics
 - ▶ Plastic Surgery
 - ▶ Spine Surgery
 - ▶ Thoracic & Vascular Surgery
 - ▶ Transplant
- Out-migration has increased between 2004 and 2006 in six of those service lines.

Sequoia Healthcare District
Out-Migration as a Percentage of Total Service Area Discharges
CY 2004-2006

Service Line	2004	2006	2004-2006 Trend
ENT	77.4%	78.8%	▲
Neonatal Intensive Care	78.2%	77.8%	■
Neurosurgery	66.2%	70.5%	▲
Obstetrics & Deliveries	68.0%	68.0%	■
Ophthalmology	66.7%	71.0%	▲
Pediatrics	78.7%	85.9%	▲
Plastic Surgery	65.1%	64.6%	▼
Spine Surgery	81.3%	86.5%	▲
Thoracic & Vascular Surgery	54.2%	64.6%	▲
Transplant	100.0%	100.0%	■
Total Out-Migration	58.6%	58.7%	■

Source: OSHPD Inpatient Databases 2004, 2005, 2006

Notes: Service lines defined by The Camden Group. Excluded Normal New born (DRG 391).

The Current Environment of Healthcare Districts

- According to ACHD
 - ▶ 33 districts no longer operate hospitals.
 - 16 of those districts have closed or sold their facilities to for-profit or non-profit health systems, but still provide health-related services.
 - The remainder provide health-related services to the residents in their area.
- Determination of what the “community need” is varies among districts, and is largely the purview of the elected boards of directors.
- Listed below are a cross-section of examples of the types of services and activities financed by healthcare districts.
 - ▶ Rural health clinics
 - ▶ Dental care
 - ▶ Occupational health
 - ▶ Services to the developmentally disabled
 - ▶ Senior housing development
 - ▶ Adult day support
 - ▶ In-home support
 - ▶ Paratransit services
 - ▶ Health screenings and education
 - ▶ Support groups for chronic illnesses
 - ▶ Ambulance services
 - ▶ Health & fitness center
 - ▶ Family crisis center
 - ▶ Children’s health insurance
 - ▶ Counseling and substance abuse programs
- “Clearly the majority of these healthcare district programs place great emphasis on community health and wellness programs and services designed to prevent or postpone acute hospital care. In many cases, the districts have filled gaps in local health services, resulting from the funding constraints faced by local public health departments, public safety organizations, and transportation agencies. They also play a vital role in physician recruitment and nurse training, in light of the shortages of medical professionals in most regions of California.”

Source: Taylor, Margaret; *California’s Health Care Districts*, April 2006; pp 9-10. California Healthcare Foundation

Sequoia Healthcare District Summary

- Sequoia Healthcare District generates a significant portion of its revenue from the San Mateo County Ad Valorem property tax.
 - ▶ In FY 2007, the District received 54 percent of their revenue from property taxes.
 - ▶ The other 46 percent of the District's revenue was generated from the rental income of two medical office buildings, and interest generated from the District's investments.
- Net assets increased by \$2.4 million or 3.3 percent between FY 2006 and 2007.
- The District's major expenses are composed of grant money expenses (52.4 percent of 2007 revenues), hospital replacement project expenses (3.0 percent) and program expenses (2.1 percent).
- The 2007-2008 Community Grants Program focuses on, but is not limited to, programs, organizations and community collaboratives that support the following three areas:
 - ▶ **Healthy, Active and Engaged Youth** – supporting programs that help children and youth stay healthy, active and engaged. The District has a special interest in prevention of and solutions for the problems associated with childhood obesity
 - ▶ **Healthy, Active and Engaged Older Adults** – supporting programs that help adults age healthfully and remain active
 - ▶ **Staying Healthy in Time of Disaster** – supporting specific plans and programs focusing on prevention and preparedness

Sequoia Healthcare District Community Grants

- Sequoia Healthcare District grants comprised 62 percent of the District's expenses for the 2007 fiscal year. This is up approximately five percent from the previous fiscal year (at 56.7 percent of expenses in 2006).
- The following six organizations received the majority of the District's grant dollars in 2007:

Organization Name	Grant Amount	Description of Organization/Grant
San Mateo Medical Center's Fair Oaks Medical Clinic	\$1,660,350	Covering unreimbursed costs and related ancillary services for indigent and uninsured patients at San Mateo Medical Center's Fair Oaks Medical Clinic. Funding will continue for a two-year period.
Sequoia Hospital Foundation	\$1,500,000	Contribution is a matching grant that supports capital expenditures for Sequoia Hospital.
Children's Health Initiative	\$1,350,000	Provision of health insurance to children throughout the County who would otherwise not have access to care.
Baccalaureate Nursing Program	\$980,908	Ten-year grant program where the District pays \$25,000 per student for up to 40 students who attend the Bachelor of Science in Nursing Degree program at Cañada College.
Community Grants Program	\$606,955	Allocates funds to support qualified agencies, programs, and services that improve the health status of Sequoia Healthcare District residents.
Samaritan House	\$500,000	Provides clinical services for the medically underserved.

Interview Summary

General Support

- Health District benefits from wide support among interviewees.
- It is preferable for the tax money to be directed to local healthcare than toward the County general fund.

Role of District

- The District has the unique opportunity to provide healthcare oversight for the community, identifying gaps and needs in healthcare, then working to fill the voids.
- A key focus should be education and prevention.
- District needs to assert its independence from the Hospital.
- The District should have a bias toward not implementing or operating programs. Programs should be run by the District only if an alternative does not exist.
- Avoid duplication of services.
- District CEO should be a key community facilitator bringing groups and resources together.
- The district needs to increase visibility to public so the community knows where the money is going and that it is going to good use.

Operational Issues

- Act independently of County and Hospital but coordinate closely.
- Increase transparency by increasing access via website, press releases, impact updates for grantees, board meeting notes, etc.
- Partnerships and leverage of capital are highly encouraged.

Interview Summary

Other Opportunities

Most Frequently Cited

- Focus on prevention
- Adult Health Initiative
- A Pediatric program for Sequoia (perhaps with Packard Children's)
- Equipment for Sequoia (ensure best technology)
- Sequoia OB subsidies
- Improving access to Sequoia Hospital
- Family obesity
- Smoking prevention

Interview Summary

Majority Opinion	Minority Opinion
<ul style="list-style-type: none"> ■ A general belief exists that the majority of taxpayers in the District support a portion of their tax dollars going to support healthcare 	<ul style="list-style-type: none"> ■ Tax dollars should not be used to support Ad-Hoc philanthropy. It was not the taxpayer intent for SHD to be a philanthropic entity.
<ul style="list-style-type: none"> ■ Sequoia Hospital is a key community resource. It is in the best interest of the District for the Hospital to survive long-term, and the District should provide significant support to achieve this. 	<ul style="list-style-type: none"> ■ The Hospital is not an accessible resource for a large portion of the community and should be viable without the need for District support.
<ul style="list-style-type: none"> ■ Small community grants add up to significant annual impact of \$1 million, and should be continued with better communication to the Board and the community of evaluation measures in place. 	<ul style="list-style-type: none"> ■ Granting should be focused on large issues that have government-level funding to support, while small grants should be supported by private donations and foundations.
<ul style="list-style-type: none"> ■ The District should be biased toward not operating or creating entities to deliver services. 	<ul style="list-style-type: none"> ■ Healthcare districts frequently operate programs, and it can be helpful in creating visibility and ensuring long-term support for community programs.
<ul style="list-style-type: none"> ■ The District needs to increase its PR efforts to let taxpayers know how their taxes are helping the community. 	<ul style="list-style-type: none"> ■ Tax revenue does not need to go towards promoting the District.
<ul style="list-style-type: none"> ■ Do not think combining Sequoia and Peninsula Healthcare Districts is appropriate at this time. 	<ul style="list-style-type: none"> ■ It makes sense to only have one Healthcare District covering the County, but it is not an immediate need.

SHD SWOT Assessment

Strengths	Weaknesses
<ul style="list-style-type: none"> ■ SHD has wide support from interviewees. ■ Socioeconomic profile of SHD indicates tax revenue should be affordable to most residents. ■ Tax revenue provides a healthy financial base from which SHD may draw. ■ General belief exists that the majority of taxpayers in the district support a portion of their tax dollars be used to support healthcare. 	<ul style="list-style-type: none"> ■ There is insufficient awareness of the services provided by SHD, and its role in our community. ■ Coordination among providers of healthcare services is lacking. ■ Lack of population growth in the district means tax revenue is not growing while needs of the population are increasing. ■ Current SHD infrastructure would need to be augmented to be able to expand the services currently offered by the District.
Opportunities	Threats
<ul style="list-style-type: none"> ■ The gaps in healthcare services for the poor means there will continue to be a need for outside support such as the SHD Grant Program. ■ The complicated nature of healthcare creates the need for an entity to serve as a facilitator. ■ The visibility of SHD's role in the community could be higher by highlighting the impact of grants provided. 	<ul style="list-style-type: none"> ■ Identified needs will continue to outweigh the available financial resources of the District. ■ Continued pressure to contribute SHD funds to San Mateo County's general fund. ■ Real estate downturn could impact tax revenue. ■ The financial performance of Sequoia Hospital may increase pressure for District support. ■ Continued economic downturn could lead to more working poor not having access to healthcare.

Vision Of Success - 2018

CURRENT STATUS

- Population in 2008 is 327,514 with relatively flat growth through 2013. The 65+ population is increasing with a 2.4 percent annual growth rate between 2008 and 2013. Women ages 15 - 44 will decrease during the same time period.
- Health status: The two leading causes of death between 2002-2004 in San Mateo County were all cancers, and Heart Disease. The County is also witnessing an increase in overweight individuals, and the incidence level of diabetes. Asthma and chronic lung disease incidence rates are decreasing.
- Out-migration has remained steady at approximately 58.7 percent between 2004-2006.
- District promotes health and wellness in the community through community grants and District initiatives.



FUTURE VISION

Blank area for future vision.

Role Definition Options

	Foundation	Facilitator	Operator
Description	<ul style="list-style-type: none"> Award grants to support District initiatives/goals 	<ul style="list-style-type: none"> Lead the community in improving health – work with various entities to achieve goals <ul style="list-style-type: none"> ▶ Could also include elements of “foundation” and “operator” 	<ul style="list-style-type: none"> Lead responsibility for operating key healthcare services
Implications			
Required Capabilities	<ul style="list-style-type: none"> Process to identify priorities/ grant selection criteria Staff to process grant requests and monitor entities that receive funds 	<ul style="list-style-type: none"> Leadership to facilitate collaboration between/among community entities Process to identify critical health issues to be addressed Process to determine how to meet unmet needs if available entities won't fulfill needs (i.e., when is being an “operator” acceptable) 	<ul style="list-style-type: none"> Infrastructure to operate required healthcare entities
Potential Competitors/ Areas of Duplication	<ul style="list-style-type: none"> Other private foundations Governmental agencies 	<ul style="list-style-type: none"> County Area hospitals 	<ul style="list-style-type: none"> Hospitals Physicians Other healthcare providers
Consistency with Current Role	<ul style="list-style-type: none"> Most closely resembles current role 	<ul style="list-style-type: none"> Generally consistent, but would require greater community visibility 	<ul style="list-style-type: none"> Not consistent with current role, particularly given current development agreement
Analysis			
Advantages	<ul style="list-style-type: none"> Limited financial risk Ability to impact a wide range of needs Flexible to meet changing needs 	<ul style="list-style-type: none"> Enhances impact on community health; fosters innovation Wide range of roles that can be played to meet needs 	<ul style="list-style-type: none"> Greatest control over delivery of services Potential for greatest impact on meeting healthcare needs
Disadvantages	<ul style="list-style-type: none"> Limited control Limits ability to be proactive; requires leadership of others to be innovative 	<ul style="list-style-type: none"> May be difficult to deliver on promises; requires collaboration among multiple entities More difficult to communicate/define role 	<ul style="list-style-type: none"> Greatest financial risk Requires investment in infrastructure Limits flexibility to meet changing needs