

## San Clemente City Council Presentation

Good evening & thank you to the members of the City Council for the opportunity to make this special presentation. This is an important topic that has generated a great deal of passion & I appreciate the energy that this community commits to important issues such as these. It is what makes San Clemente what it is.

Here is the essence of why we are having this conversation: In the face of significant realities, small general acute care hospitals are becoming unsustainable. Clearly this is an unpopular statement . . . I don't like making it any more than you like hearing it . . . but these realities are strong and immutable, and they can't, and shouldn't be ignored.

Since 2011, our San Clemente campus has shrunk from 25 patients in the hospital on any given day, to an average of 15 this year. As I stand here today, there are 9 patients in the hospital. This downward trend is impacting virtually every hospital in the country. Locally, Saddleback in Laguna Hills, Mission Hospital and Hoag hospital are each seeing 15% fewer inpatients than they did in 2011; over 4 years, that adds up collectively to 10,000 fewer patients being admitted to just these 3 hospitals. At San Clemente, in this same time frame, the number of inpatient surgeries has dropped from 600 to 300 annually – less than one a day; hospital-based outpatient surgeries have dropped from 1300 to 900 and GI procedures from 1600 to 600. We have shrunk from 325 employees when we bought the hospital 10 years ago, down to less than 225 today. And as hospital volumes shrink, we have a harder and harder time keeping specialists available, in areas like urology, neurology, gynecology and infectious disease, because we don't have enough patients for it be efficient for them to be on staff.

So what is causing this trend? There are 5 fundamental realities that we face. Each of them is significant and each is also immune to the passions that brought many people to this chamber tonight.

**Reality #1** - Technology is allowing more and more patients to be cared for in outpatient settings. When I arrived at Saddleback Hospital in 1981, our single busiest admitting physician was an ophthalmologist named Norm Peterson. 33 years ago, cataract patients were admitted to the hospital for 2 days post-operatively, and Dr. Peterson admitted 1,000 cataract patients a year. Today, this is an office-based procedure, and while admitting cataract patients for 2 days seems a bit absurd by today's standards, that was the standard of care then. Fast forward to the current state and we see whole categories of surgical and procedural patients moving to surgery centers that used to spend 2 – 5 days in the hospital. Hysterectomies, mastectomies, hernia repairs, gall bladder surgery, and a wide array of vascular, urologic, ENT, gynecologic, cardiac & orthopedic surgeries have all moved out of the hospital; many made possible by the

advancements in minimally invasive and laparoscopic technologies. In the future, even more services will move away from hospitals. In many parts of the country, total joint replacements are being safely performed outside of the acute care hospital. As a health system, MemorialCare supports and embraces this trend. We believe that finding high quality / lower cost healthcare services is absolutely essential today. If you can be safely cared for in a surgery center at 1/3 the price of a hospital, then you should be . . . and it is likely that your health plan will insist upon it. And that brings me to the second reality

**Reality #2** - Health coverage is changing. Far greater numbers of people are covered by plans with closed, integrated networks, like Kaiser. Last year, Kaiser became the preferred option for teachers in the Capistrano Unified School District, one of the larger employers in south Orange County. Kaiser Permanente currently enrolls between 25 – 30% of Orange County residents in their plan . . . that would amount to 10,000 – 15,000 local San Clemente residents. **No amount of public outcry will allow individuals or their family members covered by Kaiser to be cared for at Saddleback or by its local physicians.** Employers are also moving very quickly away from traditional employer sponsored insurance plans, and high deductible health plans are expanding rapidly, causing many patients to seek alternative, lower cost care paths.

**Reality #3** - Orange County has one of the finest Emergency Medical Service systems in the country. It works well and it is something to be proud of. At its core are tiers of paramedic receiving centers, aimed to triage patients to the most effective level of care as quickly as possible. This is why 65% of local 911 calls currently bypass Saddleback San Clemente to go to cardiac receiving centers, stroke receiving centers and trauma centers. One of my closest friends, a local San Clemente resident living less than 2 miles from the San Clemente campus, had a major stroke about 2 years ago. I will never forget the terrified call that I received from his wife wanting to know what to do; should she call 911 or take him to San Clemente down the street. I told her to give him an aspirin, call 911 and get him to Mission, the nearest stroke receiving center. I rushed to the ER to see him in very rough shape, but they were able to perform a sophisticated neuro-interventional procedure to dissolve the clot in the vessels in his brain, and when I visited him the next day, he was completely ok . . . the conversation I had with him was as if nothing had happened. That outcome was the result of a system designed to care for the sickest patients the fastest. I see miracles like this happen every day at our campus in Laguna Hills. This is not to disparage the work done in the ER at San Clemente. The physicians and staff there are beyond exceptional, but the hospital isn't equipped with the same level of sophistication as other larger facilities.

**Reality #4** - The majority of patients treated in area Emergency Rooms do not need to be seen in an ER; they could be seen in other settings if they were available. And ER's are the absolute most expensive place to receive care in our healthcare system. In the 6 hospitals in the

MemorialCare Health System, including one of the busiest trauma centers in the state at Long Beach Memorial, fully 51% of patients are treated for relatively simple conditions such as ear infections, laceration repairs and minor orthopedic injuries. Even a high % of ambulance transports are not life or limb threatening. EMS systems throughout the state are aware of this and are seeking ways to help reduce the pressure of non-emergency traffic to ER's. That is why EMS and the local fire authority are participating in a statewide pilot study, exploring ways to contract with selected urgent care centers to be able to receive ambulance traffic. This pilot will be ongoing for the next several years. One of the concerns raised by citizens in San Clemente is that the traffic currently going to the ER here, will go to Mission and other ER's and create a saturation and diversion problem. It is our vision that a 24/7 advanced urgent care will become a realistic and lower cost alternative to an ER, especially after hours and on weekends. We will be able to see many more patients than the 42 patients a day that we currently see and actually decant the non-emergent business that is clogging up ER's today.

**Reality #5** - In California, a freestanding ER is against the law . . . only a licensed hospital can operate an ER under CA law.

Faced with these realities, our board of directors asked us to study options. They appreciate that the current path that we are on is becoming unsustainable. So the option being evaluated in detail is a comprehensive ambulatory care campus; a new 3 story, state of the art health care center that would offer a full array of outpatient services, such as an advanced urgent care, a surgery center, imaging center, lab and pharmacy service, physician offices, and health and wellness programs. The center would not have licensed acute care services, but would have some beds so that we could keep patients up to 24 hours for observation, or after their surgery. The center would be a combination of MemorialCare programs, and offices for private physicians and specialists.

At the core of this vision would be an advanced Urgent Care service. This is not your garden variety Urgent Care. What would make it advanced would be 24/7 hours of operation, and access to a full range of diagnostic lab and imaging capabilities, including CT & MRI. It would also potentially be capable of receiving paramedic patients, subject to the results of the current pilot project. **In our multiple conversations with EMS, they understood that our vision for this new hybrid urgent care would be the closest equivalent to a freestanding ER possible in California.**

To discuss this in more detail, let me introduce Dr. Marc Taub.

## **Dr. Taub**

Good evening City Council. My name is Doctor Marc Taub. I am a resident of Dana Point. I have been practicing at Saddleback Laguna Hills ER for 19 years and here at San Clemente since 2007. I am the immediate past Chief of Staff and serve as the Emergency Medical Director for both Saddleback ER's, responsible for ensuring the provision of quality emergency care.

I appreciate the concerns of the community regarding closure of the emergency department. As a front line emergency physician, I just came off the night shift here last night. My aim at this time is to provide further information to assist you in understanding our current operations and potential future capabilities.

Year to date for 2014, we are treating on average 42 patients a day.

Of those 42 daily patients, approximately 35 arrive by auto and 7 arrive by ambulance.

On average, 32 patients are discharged each day, 7 are admitted and 2 are transferred to other facilities.

Looking at severity of illness, 1-2 patients per day are deemed critical. The other 40 patients are within non-critical categories.

Our top diagnoses are: abdominal pain, wounds, sprains, superficial and other injuries, chest pain, skin infections, URI's, and alcohol-related problems.

Focusing on ambulance patients, 65% of EMS patients originating from the San Clemente and adjacent areas currently bypass our ER and go to other facilities. Of the 7 daily ambulance patients we do see, about half are discharged to home.

We already transfer most of the following types of patients: acute heart attacks, stroke, obstetrics, pediatrics, major trauma, burns, vascular, and urology. Other than trauma patients, these patients are usually transferred using either our internal transport program or private ambulance companies, not 911. Reasons for these transfers include our county specialty hospital designations, challenges providing certain high level services in smaller community hospitals, as well as difficulties maintaining on-call specialists.

We have a solid relationship with EMS and the OC Fire Authority and have already began meetings with both agencies. After formal notice of facility downgrade or closure is given, OC

EMS will conduct a detailed analysis on the potential impacts. I believe that this formal analysis will assist all of us in formulating plans to minimize any projected negative effects.

I also wanted to provide some additional perspective on a study published this year, which investigated the impact of hospital closures on neighboring hospitals during 1999-2010.

They found that admissions at affected hospitals had a 5% higher rate of inpatient mortality. This highlights the need to carefully consider and proactively work to mitigate the effects of hospital closures on nearby facilities, as the City Council is doing tonight.

However, it's important to note that the study goes back to 1999 and much has changed in medicine since then. Importantly, the patients most affected were those with heart attacks, strokes, and sepsis. As I previously noted, heart attacks and strokes are already transferred to other facilities due to our Orange County EMS specialty center system. I would also point out that cardiac and stroke centers, like Saddleback Laguna Hills and Mission, are not permitted to divert patients with acute heart attacks or strokes.

**In summary, the majority of our patients arrive by non-ambulance means, most have non-critical illness, and most are discharged from the ED. For those needing admission, many are already transferred.**

Based on this information, I believe that an Advanced Care Center, properly staffed, with access to xray, CT scanner, and lab, equipped with acute care equipment, supplies, and medications, in collaboration with excellent local primary care physicians and specialists, could effectively treat most patients, with the benefit of significantly reduced cost. Patients requiring admission could be stabilized and transferred with minimal use of EMS, as is the current practice.

Therefore, although freestanding ED's are not currently allowed in California and we will not be able to receive ambulance patients in the foreseeable future, it is conceivable that we could provide care on par with that provided at freestanding emergency departments in other states.

I thank you for this opportunity to address the City Council.

## Tony

Good evening, I'm Tony Struthers and I am here to offer concluding comments for Saddleback Memorial. I have been a resident for 15 years and at the hospital this time for the past 5 years.

As a resident of San Clemente, and as the Administrator of Saddleback San Clemente, I have seen, firsthand, the profound effects of these rapid changes in our small community hospital. Our inpatient census continues to shrink, our employees are asked to reduce their hours, and we are losing critical physician specialists that have previously supported the hospital for many years. We want to be proud of the healthcare services we offer to our residents, but with all the changes in health care we're seeing, I'm concerned that it will be more and more difficult to provide this community a high standard of inpatient hospital care they deserve.

I believe that this new facility will accomplish the vision of being able to treat more of our neighbors instead of fewer and fewer. I can think of no community better equipped to embrace this change towards high quality outpatient services. We are an active community, taking full advantage of our beach oriented lifestyle. The City of San Clemente spends many of its precious financial resources on keeping the residents safe and providing many activities and parks to keep us healthy. With this project, I believe that other communities will look to us as a leader in this rapidly changing health care environment.

We will continue to be a good corporate citizen, providing many more jobs in this brand new facility than we currently can offer at the hospital. In addition, we will continue to support other organizations in the community, whether it's SC High School or the Chamber of Commerce, or the Boys and Girls Club. I look forward to offering my fellow SC residents something they can point to as state of the art, and offering a new level of value to address our community's healthcare needs.

And lastly, we are committed to being transparent about our vision and why we believe this vision will help us serve more in the community, better. Since August, we have had over 60 meetings with our stakeholders to talk about how health care is changing and why we are proposing this new direction. We've heard support, understanding and even excitement in these meetings. We want to be sure the community hears our vision and so we'll be offering a series of open house events for residents and businesses. The first will be held on October 30th from 6 to 8pm at the San Clemente Community Center.

Thank you and this concludes our formal presentation, we would be happy to answer any questions from the City Council.