PUBLIC REVIEW DRAFT

PUBLIC HEALTHCARE SERVICES MUNICIPAL SERVICE REVIEW

Prepared for:

Contra Costa Local Agency Formation Commission
651 Pine Street
Martinez, California 94553

Prepared by:

DUDEK
111 Pacifica Suite 230
Irvine, California 92618

and

The Abaris Group
700 Ygnacio Valley Road, Suite 270
Walnut Creek, California 94596

June 2007

TABLE OF CONTENTS

Section Page

1.0 Executive Summary 1-1
- 1.1 Statutory Requirements 1-1
- 1.2 Overview of Healthcare Districts and Other Key Service Providers 1-2
- 1.3 Summary of Determinations and Key Issues 1-7
- 1.4 Current District Boundaries 1-12
- 1.5 Sphere of Influence Recommendations 1-13

2.0 Overview of HealthCare Services 2-1
- 2.1 Role of Healthcare Districts 2-1
- 2.2 Public Health Issues 2-3
- 2.3 Contra Costa County Hospitals 2-6

3.0 Contra Costa Health Services 3-1
- 3.1 CCHS Programs 3-2

4.0 Los Medanos Community Healthcare District 4-1
- 4.1 Overview 4-1
- 4.2 Growth and Population Projections 4-5
- 4.3 Infrastructure Needs or Deficiencies 4-8
- 4.4 Financing Constraints and Opportunities 4-10
- 4.5 Cost Avoidance Opportunities 4-11
- 4.6 Opportunities for Rate Restructuring 4-12
- 4.7 Opportunities for Shared Facilities 4-12
- 4.8 Evaluation of Management Efficiencies 4-12
- 4.9 Government Structure Options 4-13
- 4.10 Local Accountability and Governance 4-15
- 4.11 Sphere of Influence Recommendations 4-17
- 4.12 Determinations 4-19

5.0 Mt. Diablo Health Care District 5-1
- 5.1 Overview 5-1
- 5.2 Growth and Population Projections for the Affected Area 5-1
- 5.3 Infrastructure Needs or Deficiencies 5-5
- 5.4 Financing Constraints and Opportunities 5-7
- 5.5 Cost Avoidance Opportunities 5-8
- 5.6 Opportunities for Rate Restructuring 5-9
- 5.7 Shared Facilities 5-9
- 5.8 Evaluation of Management Efficiencies 5-9
- 5.9 Government Structure Options 5-9
- 5.10 Local Accountability and Governance 5-12

5.11 Sphere of Influence Recommendations 5-15
5.12 Determinations 5-17

6.0 West Contra Costa Health Care District 6-1
6.1 Overview 6-1
6.2 Growth and Population Projections for the Affected Area 6-1
6.3 Infrastructure Needs or Deficiencies 6-6
6.4 Financing Constraints and Opportunities 6-6
6.5 Cost Avoidance Opportunities 6-7
6.6 Opportunities for Rate Restructuring 6-7
6.7 Opportunities for Shared Facilities 6-8
6.8 Evaluation of Management Efficiencies 6-8
6.9 Government Structure Options 6-9
6.10 Local Accountability and Governance 6-9
6.11 Sphere of Influence Recommendations 6-10
6.12 Determinations 6-12

7.0 Appendix A – CCHS Clinic Locations and Hours of Operation 7-1

8.0 References 8-1

Maps

Figure ES.1 Healthcare Districts in Contra Costa County 1-3
Figure 4.1 Los Medanos Community Healthcare District 4-3
Figure 5.1 Mt. Diablo Health Care District 5-3
Figure 6.1 West Contra Costa Healthcare District 6-3

ACRONYMS

ABAG	Association of Bay Area Governments
CCHS	Contra Costa Health Services
CCRMC	Contra Costa Regional Medical Center
CDCR	California Department of Corrections and Rehabilitation
CEQA	California Environmental Quality Act
CMAC	California Medical Assistance Commission
COP	Certificates of Participation
DMC	Doctors Medical Center
ED	Emergency Department
FY	Fiscal Year
HAC	Health Access Coalition
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LMCHD	Los Medanos Community Healthcare District
MDHCD	Mt. Diablo Health Care District
OSHPD	Office of Statewide Health Planning and Development
PHOEC	Public Health Outreach Education
SOI	Sphere of Influence
WCCHD	West Contra Costa Healthcare District

ACKNOWLEDGEMENTS

Dudek gratefully acknowledges the expertise and insight of The Abaris Group in preparing this study. The Abaris Group, based in Walnut Creek, has over 25 years of experience in conducting community-wide healthcare assessments. Their approach and analysis for this study reflect a deep understanding of public healthcare issues, Contra Costa County demographics, health care stakeholders, and local and state healthcare policies.

We also acknowledge the assistance of Contra Costa Health Services, Los Medanos Community Healthcare District, Mt. Diablo Health Care District, West Contra Costa Healthcare District, and John Muir Health in providing information for this study and participating in the review process. Their input was essential to ensure that the study provides an accurate and comprehensive overview of public healthcare services within Contra Costa County.

1.0 EXECUTIVE SUMMARY

This Public Healthcare Services Municipal Service Review (MSR) focuses on the healthcare services provided by agencies under LAFCO's purview, including the three health care districts: Los Medanos Community Healthcare District, Mt. Diablo Health Care District, and West Contra Costa Healthcare District (see *Figure ES.1, Health Care Districts in Contra Costa County*). The County is also a significant healthcare service provider and is included to provide a more comprehensive overview of the range of healthcare services available. There are also a number of private sector entities involved in providing health care services which are referenced in this report. However, the focus of the review is on health care districts.

Healthcare districts are independent public agencies, authorized under the Local Health Care District Law (California Health and Safety Code Section 32000 et seq.). The law was originally established as the Local Hospital District Law, under which the districts provided hospital and related healthcare services. Today these districts provide a range of health-related services and programs that benefit communities and their residents.

Of the three healthcare districts within Contra Costa County, only the West Contra Costa Healthcare District is still involved in directly providing hospital services. The Los Medanos Community Healthcare District is engaged in community health initiatives and other health programs, and the Mt. Diablo Health Care District is involved with healthcare services provided by John Muir Health. With critical health needs, limited resources and the changing dynamics of healthcare, healthcare districts serve an important role in a countywide healthcare system.

The healthcare industry in general is going through changes, many of which are financially driven. Hospitals and their medical staffs are experiencing declining public financing through MediCal and Medicare. Costs for construction and personnel are rising, and the overall emphasis by consumers and their medical providers for expensive technologies are driving costs up. In addition, human resources gaps at all health provider levels threaten the stability of providers in the provision of services, especially hospitals when attempting to staff beds. There are also other unique legislative parameters facing California hospital providers. California remains the only state with nurse staffing ratios and hospitals are continuing to grapple with the State-mandated seismic retrofit requirements due to impact the hospitals as early as 2013.

1.1 Statutory Requirements

In 2000, the California State Legislature broadened the authority of the Local Agency Formation Commission (LAFCO) by directing the Commission to conduct comprehensive reviews of the delivery of municipal services provided in the county and any other area deemed appropriate by the Commission. Additionally, legislators directed LAFCOs to complete sphere of influence reviews and updates of agencies under LAFCO's jurisdiction not less than every five years.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determinations with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.

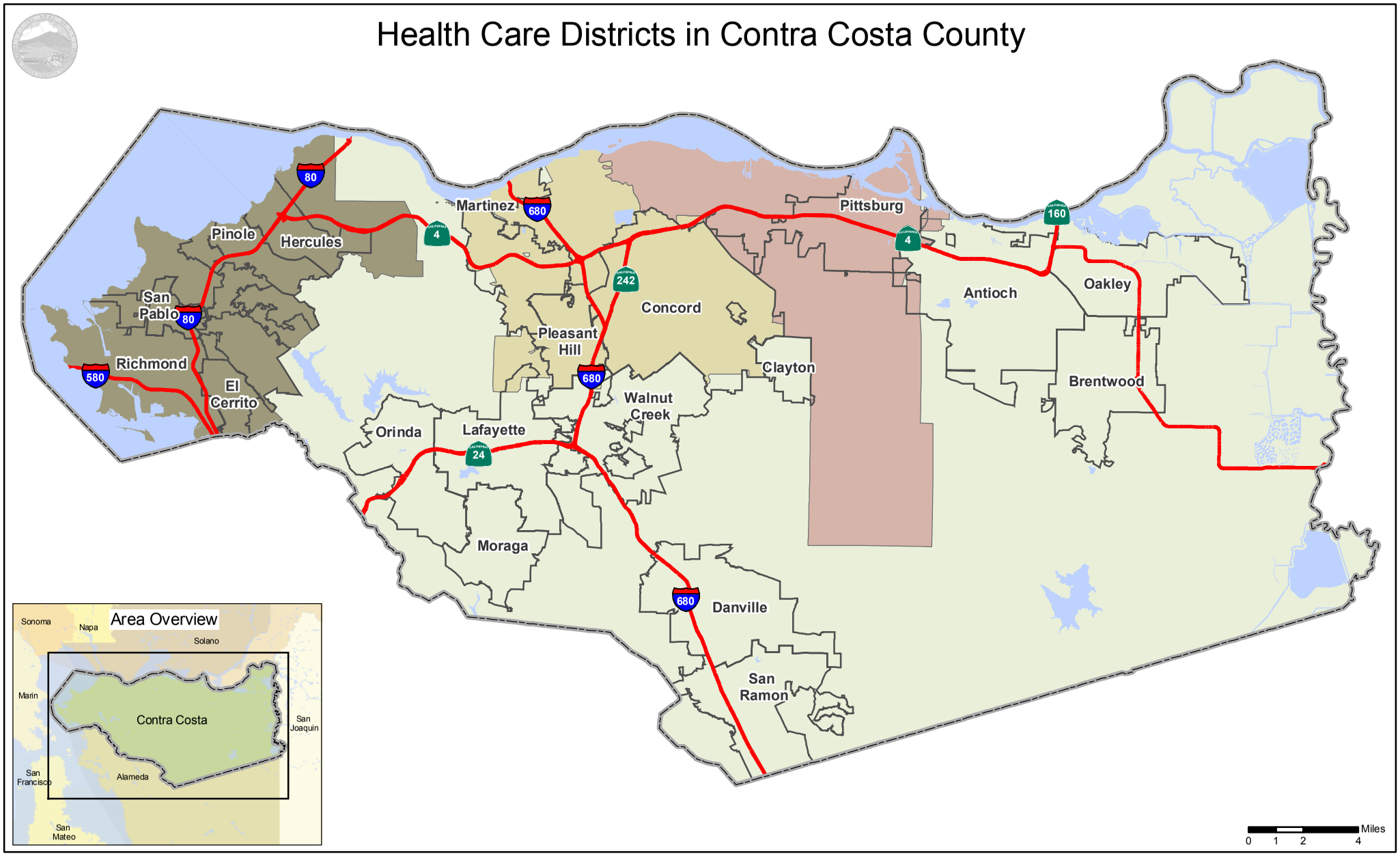
The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for possible future action that LAFCO has not approved (California Public Resource Code Section 21150). The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or reorganization.

1.2 Overview of Healthcare Districts and Other Key Service Providers

Los Medanos Community Healthcare District

The Los Medanos Community Healthcare District (LMCHD) serves the Pittsburg and Bay Point areas in eastern Contra Costa County, an area with a population of approximately 79,000 people. LMCHD operated the Los Medanos Community Hospital up until 1994, when the hospital closed due to financial difficulties and the District was forced to declare bankruptcy. The District has recovered from that condition to a position where it is now actively involved in organizing and sponsoring programs and events which provide wellness and prevention services as well as raises the community's awareness about important health issues. The District partners with Contra Costa Health Services (CCHS) by leasing the hospital's physical plant for the Pittsburg Health Center, which includes a CCHS clinic and other public health services. As demonstrated in their adopted Strategic Plan, LMCHD is committed to developing and implementing needed healthcare services in partnership with other healthcare providers in Contra Costa County. The District currently plans to pay off the remaining $3 million in bankruptcy bonds in 2007, five years ahead of schedule.

Health Care Districts in Contra Costa County



Legend

- LOS MEDANOS COMMUNITY
- WEST CONTRA COSTA
- MT. DIABLO
- City Limits

Map created 6/01/2007
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0095
37:59:48.455N 122:06:35.384W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

N
W E
S

Mt. Diablo Health Care District

The Mt. Diablo Health Care District (MDHCD) was formed in 1948, with voters approving both district formation and a special parcel tax to build the Mt. Diablo Community Hospital. The District's boundaries include the cities of Martinez, Lafayette (portions), Concord, and Pleasant Hill (portions) along with the unincorporated communities of Clyde and Pacheco. In 1997, MDHCD entered into an agreement with John Muir Health to transfer the hospital and other District assets to John Muir. As a condition of the transfer, a community benefit endowment was established to provide grant funding for a variety of community programs and events that address relevant health issues and promote a healthy community. John Muir Health contributes $1 million annually to this fund, as well as $25,000 per year directly to the MDHCD.

The MDHCD board sees its role as being: 1) an overseer of the Community Benefit Agreement and monitoring District assets that have been transferred to John Muir; 2) promoting community health improvement; 3) facilitating community health partnerships; 4) advocating for the community's interests; and 5) serving as a liaison from the community to the John Muir Health Board. The District provides a few no-cost programs such as blood pressure screening at the local farmers market and teen education on topics related to healthy living.

West Contra Costa Healthcare District

The West Contra Costa Healthcare District (WCCHD) serves the western portion of Contra Costa County, including Hercules, El Sobrante, Richmond, Richmond Heights, Kensington, Pinole, Rodeo, El Cerrito, Crockett, and San Pablo. The District owns and operates the Doctors Medical Center (DMC) in San Pablo. For seven years prior to 2004, DMC was leased to Tenet Healthcare Corp, which ended its agreement early due to operating losses. DMC continues to suffer financially and, on October 1, 2006, declared bankruptcy. The WCCHD is party to the Doctors Medical Center (DMC) Management Authority, a Joint Powers Authority (JPA) with Costa County to assess the long-term viability of the hospital and provide management oversight of DMC. The JPA has replaced previous hospital management with representatives from a nationally recognized healthcare turnaround firm who has developed viable business plan options for DMC.

Doctors Medical Center is the only hospital in West Contra Costa County serving the general public and is a critical component of the County's emergency medical services system. In order to preserve needed healthcare services in this region of the county, new business plan options have been developed and are being implemented and/or considered to help secure the short-term and long-term viability of the hospital. The goal is to address DMC's financial situation, while continuing to deliver comprehensive, high quality acute medical care, emergency services, health and wellness services, and community health benefits, responsive to the diverse needs of the community.

Contra Costa Health Services

Contra Costa Health Services (CCHS) is a comprehensive county health system, including healthcare services, community health improvement, and environmental protection. CCHS, the largest department of the County government, is primarily funded by federal and state funding programs including MediCal and Medicare, as well as grants and fees. CCHS is composed of eight divisions, including: Alcohol and Other Drugs Services; Contra Costa Health Plan; Emergency Medical Services; Environmental Health; Hazardous Materials; Mental Health; Public Health; and the Contra Costa Regional Medical Center (CCRMC) and Health Centers. CCRMC is a 166-bed full service hospital; eight health centers offer comprehensive health care with a full range of specialty services.

Contra Costa Acute Care Hospitals

There are eight acute-care hospitals located in Contra Costa County, and each of these hospitals operates an emergency department (ED). Other services vary from hospital to hospital, and may include cardiac care, obstetrics, rehabilitation, and oncology. John Muir Medical Center in Walnut Creek operates the only trauma center in Contra Costa County. Table 1.1 lists the affiliation, location, and services provided for each acute-care hospital in the county.

Table 1.1 Contra Costa County Acute-Care Hospitals

Hospital	Affiliation	Location	Services
Contra Costa Regional Medical Center	Contra Costa Health Services	Martinez	EMS, cardiopulmonary, perinatal, pediatrics, psychiatric, rehabilitation, surgery
Doctors Medical Center	West Contra Costa Healthcare District	San Pablo	EMS, cardiology, orthopedic, cancer center, rehabilitation
John Muir Medical Center – Walnut Creek Campus	John Muir Health	Walnut Creek	EMS, trauma, obstetrics, orthopedics, neurosciences, cardiac care, cancer care
Kaiser Permanente Richmond Medical Center	Kaiser Permanente	Richmond	EMS, Cardiology, Gastroenterology, Oncology, surgery, pediatrics, radiology, rehabilitation
Kaiser Permanente Walnut Creek Medical Center	Kaiser Permanente	Walnut Creek	EMS, cardiac care, general surgery, obstetrics, psychiatry
John Muir Medical Center – Concord Campus	John Muir Health	Concord	EMS, Cancer care, cardiac care, general surgery, orthopedic, neurology
San Ramon Regional Medical Center	Tenet California	San Ramon	EMS, surgery, obstetrics, rehabilitation, cardiology
Sutter Delta Medical Center	Sutter Health	Antioch	EMS, cardiology, medical telemetry, GI/endoscopy, obstetrics, cardio pulmonary, pediatrics, rehabilitation, neurodiagnostics

Source: Kaiser Permanente, Doctor's Medical Center, Sutter Delta, John Muir Health, San Ramon Regional Medical Center, Contra Costa Health Services

Together these hospitals have 1,545 available acute beds, 192 emergency department treatment stations, and 63 operating rooms.

1.3 Summary of Determinations and Key Issues

The following summarizes the determinations for each of the healthcare districts and includes discussion on key issues.

Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

According to the projections prepared by the Association of Bay Area Governments (ABAG), the population within Contra Costa County is expected to increase to 1.3 million by 2035, a 27 percent increase over the 2005 population. For the three healthcare districts, the population within their respective service area is expected to reach 112,600 for LMCHD, 281,000 for MDHCD, and 303,800 for WCCHD.

Different age groups represent a range of healthcare needs, such as pediatrics, family healthcare, and geriatrics for an aging population. The healthcare providers will need to ensure that their areas of focus meet the needs of the population.

Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The LMCHD owns and leases the Pittsburg Health Center (formerly the Los Medanos Community Hospital) to the County. The County is responsible for leasehold improvements and facility maintenance. The facility is in good to excellent condition.

The MDHCD does not own or manage any facilities. Per the terms of the 1996 Community Benefit Agreement with John Muir Health, all rights and title to the District's assets, including the Mt. Diablo Community Hospital, transferred to John Muir Health. In February 2007, John Muir Health approved a $170 million expansion of this campus, including a cardiovascular institute and expanded emergency room. The facility meets the 2013 seismic requirements, except for one elevator that John Muir Health intends to upgrade.

There are significant healthcare issues, unmet needs, and underserved populations within the MDHCD service area. However due to the District's financial condition, the District is not currently funding any healthcare services or programs, a deficiency which can be addressed through the District

refocusing its efforts from oversight of the Community Benefit Agreement towards supporting healthcare services and programs.

The WCCHD owns and operates Doctors Medical Center in San Pablo. The facility will need significant seismic upgrades to meet standards that will apply in 2009 and 2013. Given the District's financial condition, there is no likely immediate source of funding for this retrofit.

Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

Each of the healthcare districts receives a portion of the one percent property tax for properties within their territory. Voters approved a parcel tax in 2004 for the WCCHD. Unlike the WCCHD, the LMCHD and MDHCD are not directly providing services and are not receiving revenue from fees and service charges. Each of the healthcare districts has experienced significant financial constraints, with the LMCHD and WCCHD going through bankruptcy and the MDHCD working through a major legal expense.

In 2007 the LMCHD will retire a long-term debt associated with the 1994 bankruptcy, five years earlier than required. This will reduce cash needs by $250,000 per year, and relieve the taxpayers of interest on the long-term debt. The District does not plan to incur additional long-term debt.

The MDHCD has financial constraints that limit the District's ability to fund healthcare services and programs. Of the $253,000 in revenue anticipated in the 2006 budget, 43 percent will go to election and audit expenses and 22 percent will go to Board-related expenses. In addition, the District has an unfunded liability associated with lifetime healthcare benefits for board members. At December 31, 2005, the liability was approximately $425,000.

In late 2006, DMC faced serious financial obstacles and had grim prospects of staying open. On October 1, 2006 the WCCHD filed for Chapter 9 bankruptcy, which allowed the hospital to continue operating while a recovery plan was identified. With the support of Contra Costa County, DMC obtained needed cash through an intergovernmental transfer of funds. In return for the funding, the County required sharing governance of hospital operations, which led to the creation of the DMC Management Authority, JPA. Additionally, in order for the fund transfer to occur, WCCHD pledged approximately four years of its ad valorem taxes to repay the County for a cash advance of $10 million from the County's General Fund. The State of California utilized the $10 million intergovernmental transfer as the non-federal share to provide $20 million in enhanced MediCal payments to DMC for in-patient hospital services rendered to MediCal beneficiaries.

As part of the bankruptcy, the Court has ordered that the funds received by the District as a result of the County's funding will not be used by the District for payment of pre-petition creditors, but will only be used for post-petition operations of the Doctors Medical Center. This funding provides a stop-gap measure for FY 2006-2007, which does not guarantee the long-term solvency of the hospital.

However, the County and the District are committed to working together to formulate a viable management plan. The JPA is the first of its kind in the state, and may become the model for other counties with healthcare districts struggling to remain solvent. The JPA is a separate public entity and has a Board that governs the hospital. The Board includes four County members, two WCCHD board members and one hospital medical staff member. The long-term financial viability of the hospital is evaluated in the business plan options report that is being considered by the JPA.

The business plan options that are being considered by the JPA include the following: $14 million in improvement initiatives; $3 million of synergies working with the County, an evaluation of DMC's core programs, including restructuring of some of them: $25 million in needed capital investments and additional short-term and long-term funding required to implement the plan.

Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

The LMCHD collaborates with the County and other healthcare providers to leverage facilities, services, and programs.

The MDHCD should pursue opportunities to participate in Joint Powers Insurance Agreements and other programs to reduce liability and medical insurance costs.

The WCCHD implemented aggressive cost-saving measures in an effort to avoid bankruptcy. The management plan that is under development will identify future cost avoidance measures.

Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

The LMCHD and MDHCD do not charge fees for service as they are not directly providing services.

With the bond measure only recently approved in 2004 for the WCCHD, and with extraordinary financial pressures on the hospital, the District will consider going to the voters to increase its tax rate.

Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

One of the best management practices identified for healthcare districts is the ability to collaborate with other service providers and form partnerships that enhance the level of healthcare services provided within a district's service area. The LMCHD is accomplishing this through sharing facilities with Contra Costa Health Services, and providing funding support for programs in the Bay Point

Health Center and Los Medanos College. Similarly, the MDHCD participates in the decision-making process for grants provided through the John Muir/Mt. Diablo Community Health Fund.

The County is opening a new health center in the MDHCD service area. There may be opportunities for the District to leverage its resources to support the health center.

The WCCHD has entered into a Joint Powers Agreement with the County in order to keep the Doctors Medical Center-San Pablo operating. As part of a long-term management plan, the District and County are identifying synergies to benefit DMC and County owned facilities, such as the Richmond Health Center and Contra Costa County Regional Medical Center.

Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

The LMCHD has hired an experienced Executive Director to manage the District, and the District operates with limited staff. The MDHCD operates under the direction of the Board of Directors with one part-time staff. Doctors Medical Center is being managed through a joint effort of the WCCHD and the County, with the County holding the controlling interest.

Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

Several government structure options were identified for the LMCHD and MDHCD, including maintaining the status quo, dissolving the districts, consolidating the two districts, or dissolving the districts and forming subsidiary districts with limited powers. Any option that involves a reorganization through dissolution, consolidation, or formation of a new subsidiary district requires additional study to determine the level of benefit in terms of services and anticipated costs.

For the WCCHD, given the terms of the DMC Management Authority, JPA no government structure options were identified as possible alternatives at this point in time. The District has legal and fiduciary obligations that must be met in order for the recovery effort to be successful. For this same reason, an alternative that would reorganize all three districts into one district was not considered. More certainty on the stability and financial outlook for the WCCHD is needed before it would be appropriate to consider an option that pooled assets and required shared liabilities.

Dissolution of either the LMCHD or MDHCD offers advantages including a reduction in District overhead expenses and avoiding any duplication of effort with other service providers. A major disadvantage would be the likely redirection of property tax revenues from healthcare to other services and programs that may or may not be within a district's boundaries. Given the documented health

issues and level of unmet healthcare needs within Contra Costa County, this loss of funding would result in a significant impact to healthcare services locally and countywide.

Consolidating the LMCHD and the MDHCD offers advantages such as potential service level improvements within the Mt. Diablo service area and cost reductions such as board expenses, overhead, and election costs. Disadvantages include no actual or limited cost savings, little improvement in service efficiency, and political opposition. In addition, the MDHCD has a significant unfunded liability for retirement healthcare benefits for three directors; this liability would become the responsibility of the reorganized district.

Another possible alternative would include the dissolution of the LMCHD or MDHCD and formation of a new subsidiary district for each former healthcare district. The new district would be subsidiary to a city and would be governed by the City Council. This would eliminate election costs and other board-related costs, including healthcare benefits for the current MDHCD directors (it would not affect the retirement healthcare benefits already in place).

Government Code Section 57105 provides for the establishment of a limited power subsidiary district when the following criteria are both met: 1) portions or portions of the territory of the district represent 70 percent or more of the area of land within the district; and 2) portions or portions of the territory of the district contain 70 percent or more of the number of registered voters who reside within the district. This would require further analysis to determine whether the criteria would be met and whether the benefits would outweigh the costs.

Maintaining status quo is always an option. For districts that are financially stable and actively implementing adopted service plans, this option provides a number of advantages including cost efficiencies and continued service. This also provides the opportunity for taxpayers to benefit from a district's financial management. In situations where a district may not be financially stable currently but is working to change the situation, maintaining the status quo provides the district time to make changes.

Where there are areas of concern, LAFCO can opt to maintain the status quo but require the district to report back within specified time periods (e.g. annually) on the progress being made on resolving key issues that are included within a Municipal Service Review.

Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

All three of the healthcare districts encourage public participation by making district information and documents available on the district's website and holding meetings that are open and accessible to the public. Recent elections have been contested, with both incumbents and new candidates running

for open seats. This is evidence of public interest in healthcare district management, policies, and operations.

1.4 Current District Boundaries

The current boundaries for the districts reflect historic conditions when the county was more rural. The districts originated within areas that had a population nucleus with surrounding landowners who wanted to be included within a hospital district so that there would be local hospital services. Growth has occurred and city boundaries have expanded. In addition, throughout the years, there have been boundary adjustments to the three healthcare districts, with the last boundary change in 1991. Per the Government Code, LAFCO may only initiate boundary changes through detachment, consolidation or dissolution; LAFCO may not initiate an annexation. Healthcare districts, particularly those that are no longer operating a hospital, have not recently pursued annexations.

A district's responsibility is to use their assets and property tax funding to support healthcare services within their boundaries, in accordance with the Local Healthcare District Law. In the case of LMCHD, this includes providing the facility for the Pittsburg Health Center and funding programs such as a dental clinic in Bay Point and an urgent care facility in Pittsburg. For WCCHD, the tax revenue goes to support the operation of Doctor's Medical Center – San Pablo and its related programs and services. For MDHCD, the revenue has been used to support District priorities related to the agreement with John Muir Health with some minor healthcare program funding. The districts direct their programs and funding support to serve communities within their boundaries; some are open and accessible to the public at large. For example, anyone may use Doctors Medical Center or the Pittsburg Health Clinic and pay for the service. However, other programs, such as LMCHD's eyeglass program, would only be available to students within their service area. It should be noted that the entire county benefits from the tax revenue that is used to support healthcare as these programs and facilities often serve the uninsured and underinsured, providing a portal to healthcare services and reducing demand for emergency care.

Given this countywide benefit, it may seem appropriate from a boundary perspective that the entire county be included within a healthcare district. However, the costs to achieve this would likely outweigh the potential benefits. This type of boundary change would have to be initiated either by the districts or affected registered voters or landowners. LAFCO would evaluate the proposal on whether the district could serve the expanded area, and how funding equity would be addressed. The districts would have to negotiate with the County, the cities and other special districts regarding property tax apportionment if they chose to pursue this source of funding from the annexed area. Given that the County is already a significant healthcare service provider, it is unlikely that these taxing entities would be willing to reduce their share of the one-percent property tax to increase the share going to the healthcare districts. As an alternative, the healthcare districts could pursue a special tax, which would require two-thirds voter approval. This is challenging and would require considerable financial resources from the districts to garner public support. Given these challenges and the current State

laws regarding special taxes, the most prudent option may be to maintain the existing boundaries and maximize use of the tax revenues generated within those areas for healthcare service needs.

1.5 Sphere of Influence Recommendations

Based on the analysis completed for the nine areas discussed above, options for each district's sphere of influence (SOI) were evaluated. These included retaining the existing SOI, adopting a zero SOI if LAFCO believed that a district should be dissolved, or expanding an SOI. This report includes the following recommendations:

Los Medanos Community Healthcare District: It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the benefits and costs of a consolidation with the Mt. Diablo Health Care District in conjunction with the next Municipal Service Review.

Mt. Diablo Health Care District: It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the benefits and costs of a consolidation with the Los Medanos Community Healthcare District in conjunction with the next Municipal Service Review. In addition, LAFCO should consider requesting that the District provide annual reports on progress made towards providing programs that address some of the healthcare needs within their service area.

West Contra Costa Healthcare District: It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the District's ability to serve in conjunction with the next Municipal Service Review.

2.0 OVERVIEW OF HEALTHCARE SERVICES

Healthcare services within Contra Costa County cover a broad spectrum, from wellness education and prevention through acute care and emergency medical services. Healthcare providers range from private for-profit entities, such as individual doctors and medical groups, to non-profit organizations and public agencies. They are both direct service providers, which provide fundamental primary care and specialized services and indirect service providers, which provide funding for programs and other activities that support healthcare. This service review focuses on the healthcare services provided by agencies under LAFCO's purview, including the three health care districts: Los Medanos Community Healthcare District, Mt. Diablo Health Care District, and West Contra Costa Healthcare District. The County is also a significant healthcare service provider and is included to provide a more comprehensive overview of the range of healthcare services available.

Healthcare districts are independent public agencies, authorized under the Local Health Care District Law (California Health and Safety Code Section 32000 et seq.). The law was originally established as the Local Hospital District Law, under which the districts provided hospital and related healthcare services. Today these districts provide a range of health-related services and programs that benefit communities and their residents.

Of the three healthcare districts within Contra Costa County, only the West Contra Costa Healthcare District is still involved in directly providing hospital services. The Los Medanos Community Healthcare District is engaged in community health initiatives and other health programs, and the Mt. Diablo Health Care District is involved with healthcare services provided by John Muir Health. With critical health needs, limited resources and the changing dynamics of healthcare, healthcare districts serve an important role in a countywide healthcare system.

2.1 Role of Healthcare Districts

Healthcare districts have been in existence in California since 1946. Originally called Hospital Districts, these local government agencies were created to help support the healthcare needs of rural, underserved areas. Today, only about two thirds of the 85 existing health care districts operate a hospital. The others have closed, sold, or leased their hospitals to other organizations. Districts that do not operate a hospital continue to exist, as their role has expanded to generally support the health and wellbeing of the communities within their boundaries. This progression in the role of healthcare districts is due to several economic trends and key events. Over time, healthcare costs have increased and reimbursement from insurance companies and federal and state sources has become more restricted. As a result, the healthcare focus has expanded from hospital stays to outpatient services and community health and wellness programs. Key events include the following:

- The passage of Proposition 13 in 1978 which limited property taxes to one percent of assessed value. Healthcare districts share in this revenue source, but revenue growth has not kept pace with escalating costs to provide services.

- In 1993 the State Legislature amended the enabling legislation renaming hospital districts to healthcare districts. The definition of healthcare facilities was expanded to reflect the increased use and scope of outpatient services.

- In 1994 the State Legislature established seismic safety standards for hospitals requiring compliance by 2013.

Roles of health care districts in their current form include supporting health care facilities and programs; outpatient services/free clinics, programs for the elderly, physician recruitment, ambulance services, health education programs, and wellness or rehabilitation activities, among others.[1]

Each of the three healthcare districts in Contra Costa County was formed in 1948. The three districts bring value to the countywide healthcare system through their physical assets and financial support of healthcare services and programs. The Los Medanos Community Healthcare District operated the Los Medanos Community Hospital up until 1994. That facility is now the Pittsburg Health Center, which offers a clinic and other public health services and will soon house a new urgent care center. The District offers financial and programmatic support for a range of healthcare programs and services that provide benefit to District residents.

The Mt. Diablo Health Care District entered into a Community Benefit Agreement with John Muir Health in 1997, through which the Mt. Diablo Community Hospital was transferred to John Muir Health. The District has continued to provide oversight of that agreement. The District also participates in the John Muir/Mt. Diablo Community Health Fund grant review and award process, which provides funding for healthcare initiatives and programs in central and eastern Contra Costa County. As part of the Benefit Agreement, John Muir Health contributes $1 million to the fund each year.

The West Contra Costa Healthcare District owns and operates the Doctors Medical Center in San Pablo, the only hospital in west Contra Costa County serving the general public. It is a critical component of the County's emergency medical services system. Although the District filed for bankruptcy in October 2006, the County and District are sharing governance of hospital operations through the DMC Management Authority, JPA. The hospital will continue to operate with this oversight.

Each of the districts receives a share of the one-percent property tax for properties within their respective boundaries. This revenue is leveraged with other resources and sources of funding to support direct and indirect healthcare services.

[1] Taylor, Margaret. "California's Health Care Districts." California HealthCare Foundation. April 2006.

2.2 Public Health Issues

When considering the role of healthcare districts and the level of benefit they can provide, it is important to understand the range of public health issues and the challenges public agencies, such as the County, face in trying to meet those needs. Public health issues are complex and often interrelated, ranging from chronic disease, such as cancer, obesity and diabetes, to gun violence, homelessness, communicable diseases, aging and maternal and child health. These issues are influenced by physical, social and economic factors and typically affect low-income and minority populations to a greater degree. Resources to address important health problems are limited, and although private healthcare providers participate and assist in addressing these needs, considerable benefit is received through services and programs sponsored by public healthcare agencies and non-profit organizations.

Healthcare districts serve an important role as they receive funding from taxes and other sources that would otherwise not be available to the countywide healthcare system. Because healthcare districts are closely related to the communities within their service area, they are uniquely positioned to provide services and programs that address critical public health issues particular to their service area.

The County Health Department is responsible for assessing community health and evaluating health concerns within the county. In conducting the assessment three key decision-making criteria are typically used by public health professionals and community leaders to prioritize programs and projects[2]:

- Comparisons to national standards or benchmarks;
- Unfair health differences based on racial and geographic factors; and
- The overall size and scope of health concerns.

Contra Costa Health Services used "Healthy People 2010" as the basis for the *Community Health Indicators for Selected Cities and Places in Contra Costa County (*August 2004). Healthy People 2010 is a national program that includes national health objectives and goals to reduce preventable health impacts. The program contains benchmarks that allow for the evaluation of local community health conditions as compared to California and the nation as a whole. These benchmarks, or Leading Health Indicators, identify individual behaviors, physical and social environmental factors, and important health system issues that affect the health of individuals and communities. The Leading Health Indicators reflect major public health concerns and were chosen based on their ability to motivate action, their relevance as broad public health issues, and the availability of data to measure their progress.

Key points of the *Community Health Indicators* study include the following:

- Nearly 10% of Contra Costa adults age 18-64 years lack health insurance; people of color have the greatest risk of being uninsured.

[2] Contra Costa Health Services. Community Health Indicators for Selected Cities and Places in Contra Costa County. August 2004

- Countywide, approximately 18.5% of residents live in poverty (defined as 200% of the Federal level). Rates are much higher in the following communities: Antioch 19.9%, Concord 20.9%, Pittsburg 28.5%, Bay Point 33.4%, Richmond 36.3%, and San Pablo 42.8%.
- Approximately 13% of county residents age 25 and over lack a high school diploma. Rates are higher in the following communities: Antioch 14.3%, Concord 15.3%, Brentwood 17.1%, Pittsburg 24.3%, Richmond 24.6%, Bay Point 28.2%, and San Pablo 37.6%.

According to the *Community Health Indicators* study, these conditions have a direct correlation to public health issues. Health concerns evaluated in the study and the related indicators are included in Table 2.1 below. The data highlight the issues, populations, and communities where public health services are needed. As shown below, there is a strong nexus between the areas of need and highly affected populations and the service areas of the three healthcare districts.

Table 2.1
Community Health Indicators

Concern	HP 2010 Objective	Contra Costa Rate	California Rate	Highly Affected Populations and Communities in Contra Costa County
Aids	--	8.6 per 100,000	12.4 per 100,000	37.4 - African Americans Richmond
Childhood Asthma Prevalence (0-14 years)	--	13% diagnosed	12.8% diagnosed	25.6% - American Indian/Alaska Native 20.1% - African American
Childhood Asthma - Hospitalizations	--	21.1 per 10,000	18.1 per 10,000	62.7 - African American Zip Codes -94804, 94801, 94806
Low Birth Weight Infants	--	--	--	11.5% - African American 7.8% - Asian/Pacific Islander Richmond
Births – Teens (15-19 years)	--	27.3 per 1,000	43.6 per 1,000	57.8 - Latino 49.7 - African American San Pablo, Richmond, Pittsburg, Bay Point, Oakley, Antioch
Cancer – All	159.9 per 100,000	178.2 per 100,000	171.8 per 100,000	247.6 - African American San Pablo, Oakley, Martinez, Brentwood, Richmond
Cancer – Breast	22.3 per 100,000	27.5 per 100,000	23.9 per 100,000	36.8 - African American 30.7 - White
Cancer – Colorectal	13.9 per 100,000	17.9 per 100,000	16.8 per 100,000	25.2 - African American
Cancer – Lung	44.9 per 100,000	45.7 per 100,000	44.6 per 100,000	San Pablo, Bay Point
Cancer – Prostate	28.8 per 100,000	28.4 per 100,000	24.8 per 100,000	80.4 - African American

Table 2.1 Community Health Indicators				
Concern	HP 2010 Objective	Contra Costa Rate	California Rate	Highly Affected Populations and Communities in Contra Costa County
Diabetes – Deaths	--	17.4 per 100,000	20.8 per 100,000	54.8 - African American 27.2 - Latino San Pablo, Richmond, Pittsburg
Diabetes	2.5% of adults	5.6% of adults	5.9% of adults	11.8% - African American
Heart Disease - Deaths	166.0 per 100,000	198.1 per 100,000	220.1 per 100,000	319.8 - African American San Pablo, Oakley, Richmond, Antioch, Brentwood, Pittsburg
Homicide	3.0 per 100,000	6.3 per 100,000	6.5 per 100,000	76.4 - African American Richmond
Childhood Immunizations/Vaccine Preventable Diseases	90% of fully immunized 2 year olds	77% of fully immunized 2 year olds	71% of fully immunized 2 year olds	Richmond, Pittsburg, Concord
Unintentional Injury – Deaths	17.5 per 100,000	22.8 per 100,000	26.9 per 100,000	San Pablo
Mental Disorders – Hospitalizations	--	1101.7 per 100,000	1055.4 per 100,000	1492.2 - White 1216.1 - African American Walnut Creek, Martinez, Concord, Richmond, San Pablo
Obesity in Adults	15.0% of adults	20.1% of adults	18.9% of adults	31.6% - African American 21.2% - Latino
Overweight Children (5th grade)	--	31% of 5th graders	33% of 5th graders	47% - Byron Union Elementary 46% - Pittsburg Unified 42% West Contra Costa Unified
Sexually Transmitted Diseases	19.0 per 100,000 (Gonorrhea)	64.9 per 100,000 (Gonorrhea)	66.8 per 100,000 (Gonorrhea)	571.7 - African American female 230.0 - African American Male (for Chlamydia)
Stroke – Deaths	48.0 per 100,000	63.9 per 100,000	57.5 per 100,000	104.4 - African American San Pablo, Oakley, Pittsburg, Richmond
Substance Abuse – Hospitalizations	--	Per 100,000 Tobacco - 843.4 Alcohol - 299.5 Other Drugs - 111.4	Per 100,000 Tobacco - 567.3 Alcohol - 275.0 Other Drugs - 115.5	Alcohol: 494.9 - African Americans 358.2 - Whites Martinez, Richmond, San Pablo, Pittsburg, Bay Point, Antioch, Concord, Oakley

Source: Community Health Indicators for Selected Cities and Places in Contra Costa County (August 2004)

In addition to the *Community Health Indicators* study, Contra Costa Health Services completed the *2003-2004 Community Health Assessment* as mandated by the State Maternal and Child Health Branch. The Plan is being implemented through community-based and family-focused efforts. Priorities were established for Contra Costa's Five-Year Maternal and Child Health Plan; in addition, eight key zip codes were identified for special focus as they have multiple poor health outcomes, high levels of poverty, and low educational attainment. The priorities include the following:

- Access to care
- Adolescent Health
- Disparities in Birth Outcomes
- Mental Health
- Nutrition
- Oral Health
- Peri-natal Substance Abuse

Contra Costa Health Services has also established the Public Health Outreach, Education and Collaborations (PHOEC) Unit. PHOEC integrates two key community engagement strategies – the Healthy Neighborhoods Project and the Partnership for the Public's Health Initiative. PHOEC objectives include the following:

- Build the capacity of multicultural, under-resourced communities to identify and mobilize around their own public health concerns;
- Develop the skills of the health department staff and relevant institutions to respond to and work effectively with these communities;
- Create and institutionalize pathways for jointly determining public health priorities and developing innovative and appropriate multicultural solutions; and
- Providing technical assistance and consultation to other local health departments interested in the community engagement approach.

Collaborative efforts between public agencies, non-profits, and private entities are highly effective in addressing challenging public health issues. Contra Costa has a framework in place to support and leverage this type of collaboration, and to ensure that all entities providing public health care services support common goals and objectives. This approach provides a means to leverage the abilities of the healthcare districts to implement services and programs that achieve measurable results in improving the healthcare conditions within the county.

2.3 Contra Costa County Hospitals

There are eight acute-care hospitals located in Contra Costa County, and each of these hospitals operates an emergency department (ED). Other services vary from hospital to hospital, and may include cardiac care, obstetrics, rehabilitation, and oncology. John Muir Medical Center in Walnut Creek operates the only trauma center in Contra Costa County. Table 2.2 lists the affiliation, location, and services provided for each acute-care hospital in the county.

Table 2.2 Contra Costa County Acute-Care Hospitals			
Hospital	**Affiliation**	**Location**	**Services**
Contra Costa Regional Medical Center	Contra Costa Health Services	Martinez	EMS, cardiopulmonary, perinatal, pediatrics, psychiatric, rehabilitation, surgery
Doctors Medical Center	West Contra Costa Healthcare District	San Pablo	EMS, cardiology, orthopedic, cancer center, rehabilitation
John Muir Medical Center – Walnut Creek Campus	John Muir Health	Walnut Creek	EMS, trauma, obstetrics, orthopedics, neurosciences, cardiac care, cancer care
Kaiser Permanente Richmond Medical Center	Kaiser Permanente	Richmond	EMS, Cardiology, Gastroenterology, Oncology, surgery, pediatrics, radiology, rehabilitation
Kaiser Permanente Walnut Creek Medical Center	Kaiser Permanente	Walnut Creek	EMS, cardiac care, general surgery, obstetrics, psychiatry
John Muir Medical Center – Concord Campus	John Muir Health	Concord	EMS, Cancer care, cardiac care, general surgery, orthopedic, neurology
San Ramon Regional Medical Center	Tenet California	San Ramon	EMS, surgery, obstetrics, rehabilitation, cardiology
Sutter Delta Medical Center	Sutter Health	Antioch	EMS, cardiology, medical telemetry, GI/endoscopy, obstetrics, cardio pulmonary, pediatrics, rehabilitation, neurodiagnostics

Source: Kaiser Permanente, Doctor's Medical Center, Sutter Delta, John Muir Health, San Ramon Regional Medical Center, Contra Costa Health Services

Together these hospitals have 1,545 available acute beds, 192 emergency department treatment stations, and 63 operating rooms. A discussion on how these hospitals vary by capacity, services provided, age, finances, and patient demographics follows.

Patient Origin

Contra Costa County hospitals serve patients throughout the county, and regularly serve some patients from outside of the county as well. Patients residing in Contra Costa County made up 82.1 percent of all visits to Contra Costa hospitals in 2005. The other 17.9 percent came from a variety of locations, with the biggest proportion of non-Contra Costa patients coming from Alameda and Solano counties.

Table 2.3 below shows the percentages of patients visiting each facility from each region of the county, as well as those outside of the county. Hospitals in the east and west portions of the county tend to primarily attract patients from these regions, while this is not necessarily the case for hospitals located in the central region.

In fact, 93.8 percent of patients visiting Sutter Delta Medical Center, the only hospital in the eastern region of Contra Costa County, come from this region. Contra Costa Regional Medical Center, the hospital operated by the County of Contra Costa, is located in the central part of the county, but attracts about 40 percent of its patients from the east, more than any other region. Only 39.5 percent of Contra Costa Regional Medical Center comes from the central region of the county.

Table 2.3 Contra Costa County
Share of Facility's Patients by Patient Origin, 2005

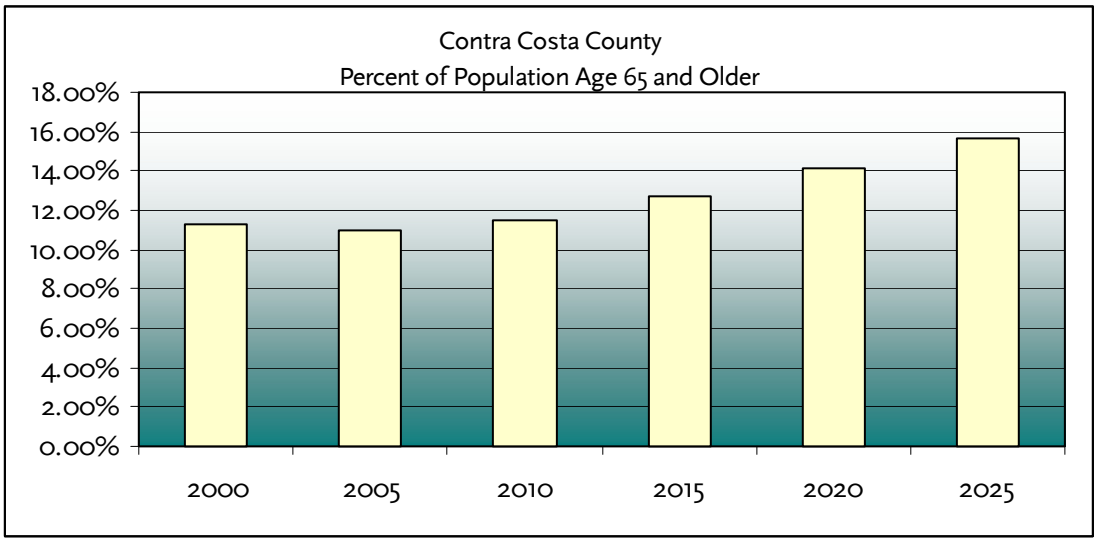
	Patients Residing in Contra Costa County				Patients Residing Outside Contra Costa			
Facility	Total	West	Central	East	Total	Alameda	Solano	Other
All Contra Costa Facilities	***82.1%***	***14.0%***	***42.1%***	***26.1%***	***17.9%***	***9.5%***	***3.6%***	***4.8%***
West	*82.8%*	*79.9%*	*1.5%*	*1.4%*	*17.2%*	*6.0%*	*3.6%*	*7.7%*
Doctors Medical Center	84.2%	81.9%	1.3%	1.0%	15.8%	4.8%	3.0%	7.9%
Kaiser Permanente-Richmond	79.6%	75.2%	1.9%	2.4%	20.4%	8.7%	4.7%	7.0%
Central	*80.6%*	*4.3%*	*52.8%*	*23.5%*	*19.4%*	*11.0%*	*3.8%*	*4.5%*
Contra Costa Regional	94.1%	14.3%	39.5%	40.3%	5.9%	1.1%	1.3%	3.5%
Kaiser Permanente-Walnut Creek	71.8%	3.4%	43.4%	25.0%	28.2%	20.1%	3.1%	5.0%
John Muir Medical Center – Walnut Creek	85.5%	2.4%	68.5%	14.6%	14.5%	4.9%	4.9%	4.7%
San Ramon Regional	60.4%	0.5%	56.2%	3.8%	39.6%	31.9%	1.2%	6.5%
John Muir Medical Center – Concord	87.2%	1.3%	53.8%	32.2%	12.8%	1.9%	7.5%	3.3%
East	*96.1%*	*0.2%*	*2.1%*	*93.8%*	*3.9%*	*0.5%*	*0.8%*	*2.6%*
Sutter Delta	96.1%	0.2%	2.1%	93.8%	3.9%	0.5%	0.8%	2.6%

Source: OSHPD, 2005

Demand for Services

By the year 2025, the population for Contra Costa County is expected to increase from 1,000,000 to 1,436,048. The population of Contra Costa County is aging; as of 2005, individuals aged 65 and older made up 11 percent of the population of the county. By 2025, this value is expected to increase to 15.7 percent. Figure 2.1 shows the percent of the population at least 65 years in age during the time period from 2000 to 2025.

Figure 2.1



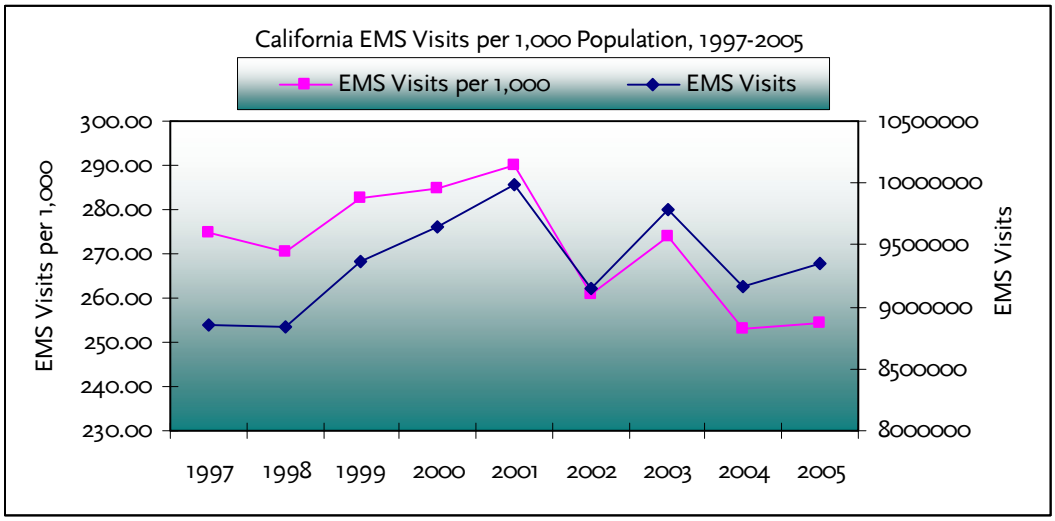
Source: US Census Bureau

Emergency Department Visits

Emergency Department (ED) visits in California have fluctuated greatly since 1997, peaking in 2001 with 9,984,712 visits with a low in 1998 at 8,834,626 visits. Figure 2.2 shows this fluctuation from 1997 to 2005.

The trend in ED visits per 1,000 residents in California is also shown in Figure 2.2. While this number has fluctuated over the years the trend is towards reduced utilization, starting at 274.9 visits per 1,000 residents in 1997, and ending at 254.5 visits per 1,000 residents in 2005.

Figure 2.2

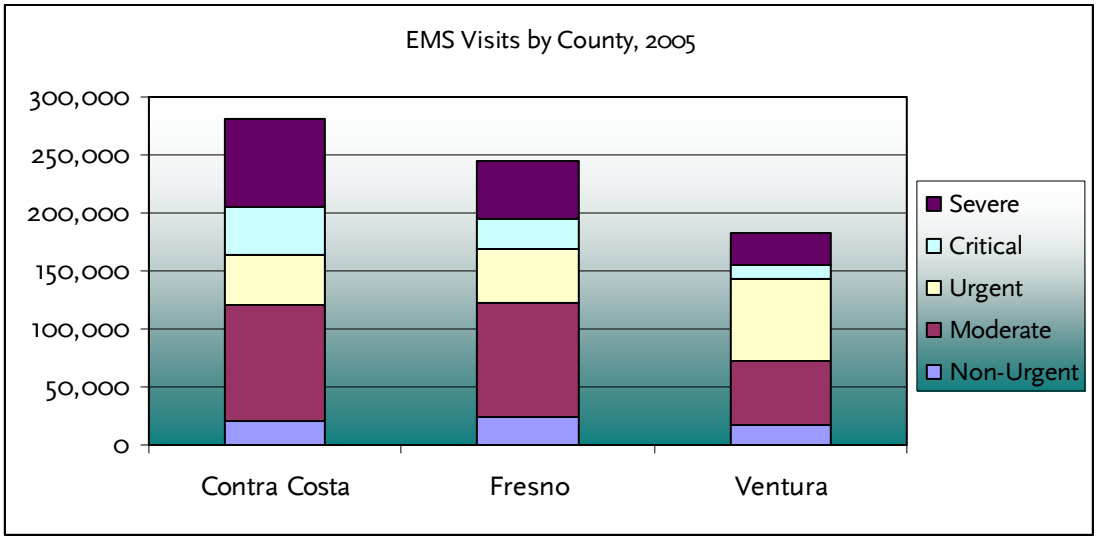


Source: OSHPD Note: "EMS visits" is the term used by OSHPD for "ED" visits.

In 2005 Contra Costa County experienced an ED utilization rate of 276.0 visits per 1,000 residents, approximately 8 percent higher than California as a whole.

Figure 2.3 shows the 2005 ED visits, broken down into non-urgent, moderate, urgent, critical, and severe visits, for Contra Costa County and two other similar sized counties: Fresno County, and Ventura County. This graph shows how rates of EMS visits vary among three counties of similar size. Figure 2.3 demonstrates that Contra Costa County experiences a higher rate of higher acuity visits with a larger grouping of "severe" and "critical" patients. For both Contra Costa and Fresno, the greatest number of ED visits were visits classified as "moderate" visits. In Ventura County, there were more urgent visits; moderate visits accounted for the second-greatest number of visits.

Figure 2.3



Source: OSHPD

Although close, these counties are not necessarily identical in size. Contra Costa is the largest county, followed by Fresno, and Ventura County is smallest in terms of population. However, the difference in the number of ED visits cannot be explained by the difference in population alone. Adjusting for population, Fresno County hospitals see the most ED visits (288 per 1,000 population), followed by Contra Costa (275 per 1,000 population). Ventura County hospitals see the fewest ED visits per 1,000 residents at 226 visits per 1,000 population.

Differences in the rate of ED use for these three counties of similar size can be attributed to the structure of the healthcare system in these counties, perceived access to primary care, size of the uninsured population, and insurance practices and policies specific to each county.

Inpatient Acute Care

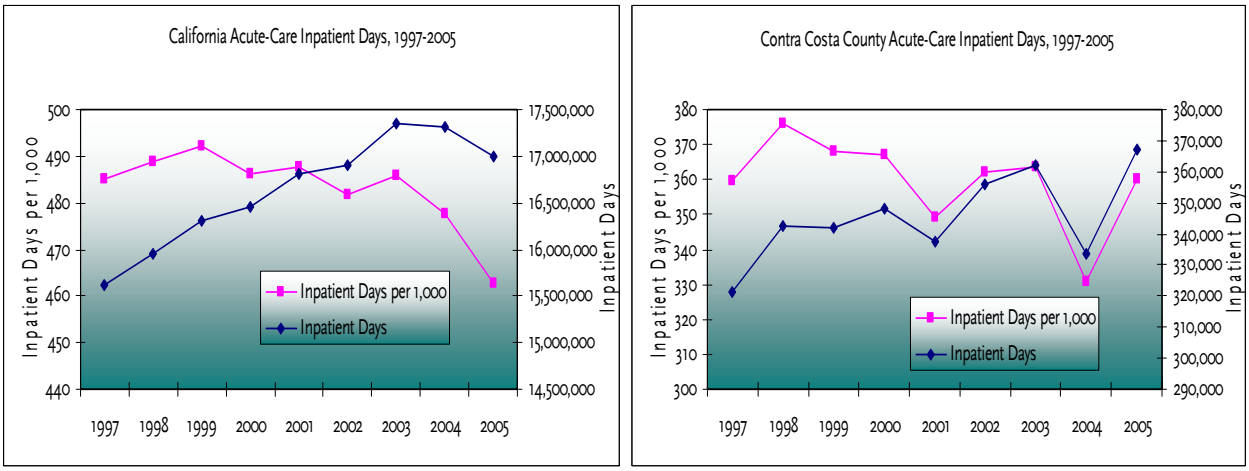
Contra Costa County residents use substantially fewer inpatient acute care days compared with California as a whole. Contra Costa County residents used 360.3 inpatient days per 1,000 residents in 2005, with a California comparison of 462.78 inpatient days per 1,000, 22 percent higher than Contra Costa County.

Some of the difference in the number of acute care days between Contra Costa County residents and all California residents can be explained by the difference in average length of stay for patients. The average length of stay for a patient in a California hospital in 2005 was 5.6 days compared to 4.7 days for Contra Costa County hospitals.

As Figure 2.4 shows, California's acute-care inpatient days per 1,000 residents have decreased overall from 1999 to 2005, after a slight increase from 1997 to 1999. Acute-care inpatient days decreased from 485.1 in 1997 to 462.8 in 2005. Total California acute-care inpatient days actually increased overall; however the increase of population must have been greater than the increase in inpatient days, causing inpatient days per 1,000 residents to decline during this time period.

Contra Costa County acute-care inpatient days per 1,000 residents, on the other hand, have fluctuated greatly, following no evident trend. Inpatient days per 1,000 residents in 2005 were 360.25, nearly identical to what they were in 1997, after fluctuating for 8 years.

Figure 2.4



Source: OSHPD, California Department of Finance

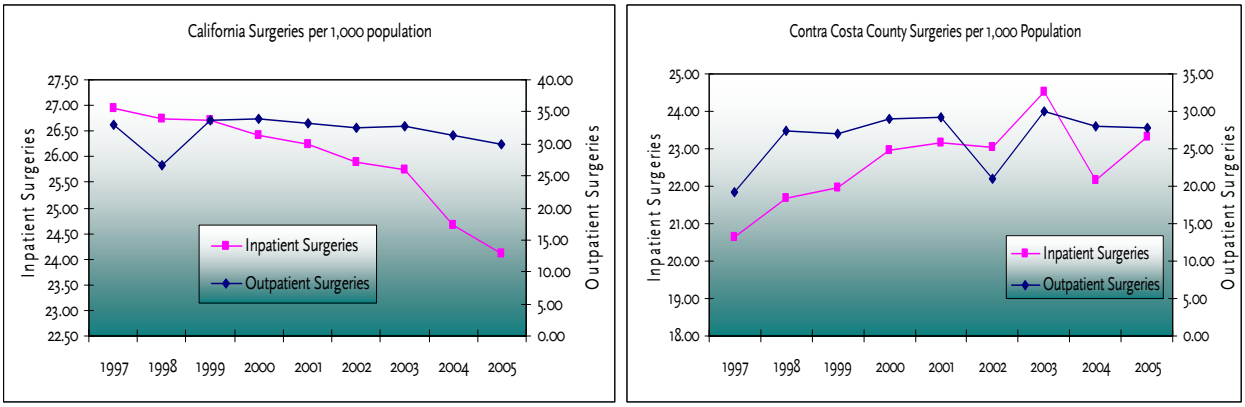
Surgery

Residents of Contra Costa County have experienced lower per-capita rates for both inpatient and outpatient surgeries over the past nine years than California residents as a whole. In particular, in

2005 Contra Costa residents had an inpatient surgery rate of 23.3 surgeries per 1,000 residents and an outpatient surgery rate of 27.8 surgeries per 1,000 residents, compared with 24.1 and 30.0 for inpatient and outpatient surgeries per 1,000 residents in California.

Figure 2.5 shows the number of inpatient and outpatient surgeries per 1,000 residents in both California and Contra Costa County from 1997 to 2005.

Figure 2.5



Source: OSHPD, California Department of Finance

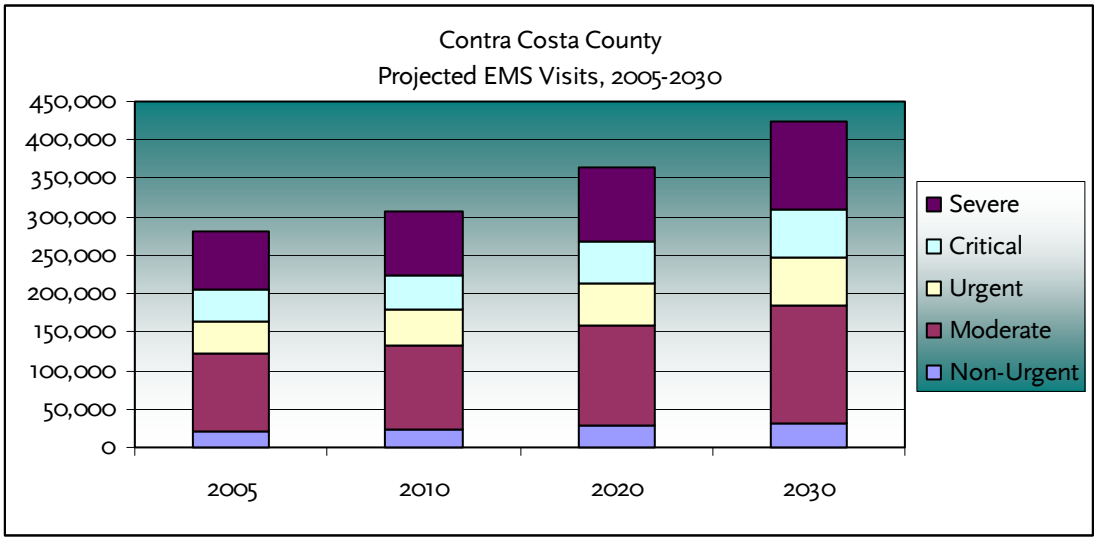
Although changes have been slight, both inpatient and outpatient surgeries per capita have decreased overall in California between 1997 and 2005, while they have increased overall in Contra Costa County.

Projected Demand

ED Visits

The following Figure 2.6 shows the trend of the breakdown of acuity for ED visits in Contra Costa County projected to 2030. Visits are classified as non-urgent, urgent, moderate, critical, or severe. The number of EMS visits was projected for the years 2010, 2020, and 2030, increasing from 280,237 in 2005 to 424,315.69 visits in 2030, using population estimates for these years and the current usage rates.

Figure 2.6



Source: OSHPD; The Abaris Group projections, 2006

Moderate visits make up the largest proportion of all visits, with a per capita usage rate of 0.1. The fewest EMS visits were classified as non-urgent. The non-urgent EMS visit rate was 0.02 visits per capita in 2005.

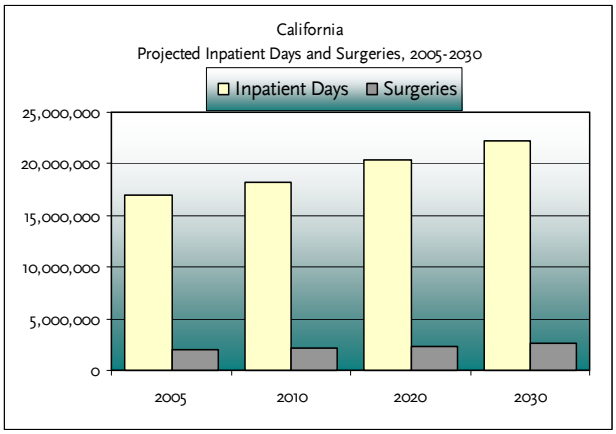
Demand management strategies, such as insurance co-pays, patient education, and availability of alternatives may actually decrease future demand for EMS visits.

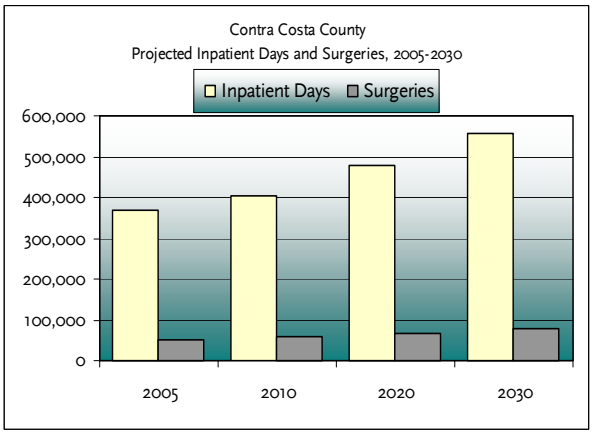
Inpatient Days and Surgeries

Figure 2.7 shows projected inpatient days and surgeries through 2030. These projections were made using population projections from the California Department of Finance, and assume that per capita rates of inpatient days and surgeries would remain constant. A recent study has indicated that these estimates may understate future demand for both inpatient days and surgeries, as the aging population may demand more health care services; on the other hand, it may otherwise overstate future demand for inpatient days, as new technologies may actually decrease the need for such services.[3]

[3] *San Diego County Healthcare Safety Net Study*, The Abaris Group, September 2006.

Figure 2.7





Source: OSHPD, California Department of Finance

Assuming conditions do not change, inpatient days are expected to increase from 16,997,112 in 2005 to 22,264,705 in 2030 in California, an increase of 51 percent. In Contra Costa County, inpatient days are expected to increase 31 percent by 2030, from 367,127 to 555,878.

Demand for surgeries in California is projected to increase by 51 percent from 1,986,738 to 2,602,450 by 2030. Surgeries are projected to increase 31 percent from 52,064 to 78,831 in Contra Costa County during this time period.

Hospital Infrastructure: Capacity and Needs

The ability of Contra Costa County's hospitals to meet current demand is partially indicative of how they will be able to meet the increasing demand of the future. By considering the current capacity conditions of these hospitals, the changes needed to meet future demand are more evident.

Capacity

Table 2.4 compares Contra Costa County with the State of California in terms of the number of available acute-care beds, ED stations, and operating rooms per 1,000 residents.

Table 2.4 Contra Costa County
Hospital Capacity Per 1,000 Residents, 2005

	Acute Beds	ED Stations	Operating Rooms
Contra Costa	1.52	0.19	0.06
California	1.99	0.15	0.07
% Difference	-30.90%	19.11%	-19.40%

Source: OSHPD 2005

In terms of ED treatment stations per capita, Contra Costa County has greater capacity than California, with 0.19 stations per 1,000 residents compared to 0.15 stations per 1,000 residents statewide.

Contra Costa County has fewer acute beds and operating rooms per capita than the state as a whole. The county has 30.90 percent fewer acute beds per capita and 19.40 percent fewer operating rooms per capita than California as a whole.

As the population of Contra Costa County increases, capacity will need to expand in order to maintain the current levels of service. If it is assumed that demand for medical services per capita remains the same, the following changes will need to occur to serve the increased total demand:

- An additional 152 acute-care beds must be added in Contra Costa County by the year 2010, another 320 by 2020, and 328 more by 2030, bringing the total number of acute-care beds to 2,345;
- At least 19 additional ED treatment stations must be added by 2010, another 39 by 2020, and an additional 41 by 2030, for a total of 291 in the county; and
- 2 operating rooms must be added by 2010, 13 more by 2020, and another 14 by 2030, bringing the total to 96 operating rooms.

Table 2.5 shows the distribution of acute care beds, ED treatment stations, and operating rooms among the county hospitals. As a whole, Contra Costa County has 1,545 acute care beds, 192 ED stations, and 67 operating rooms. This capacity is concentrated most heavily in the central region of the county, which has five of the eight acute-care hospitals, including the two largest.

Table 2.5 Contra Costa County
Available Acute Care Hospital Capacity, 2005

	Acute Care Beds	EMS Stations	Operating Rooms
County Total	**1545**	**192**	**67**
Contra Costa Regional	166	16	5
Doctors San Pablo	247	25	12
John Muir Medical Center – Walnut Creek	324	22	9
Kaiser Walnut Creek	284	52	14
Kaiser Richmond	50*	15	3
John Muir Medical Center – Concord	210	22	9
San Ramon Regional	123	9	10
Sutter Delta	141	31	5

Source: OSHPD, 2005
* Available acute care bed data not available for Kaiser Richmond, licensed beds used instead

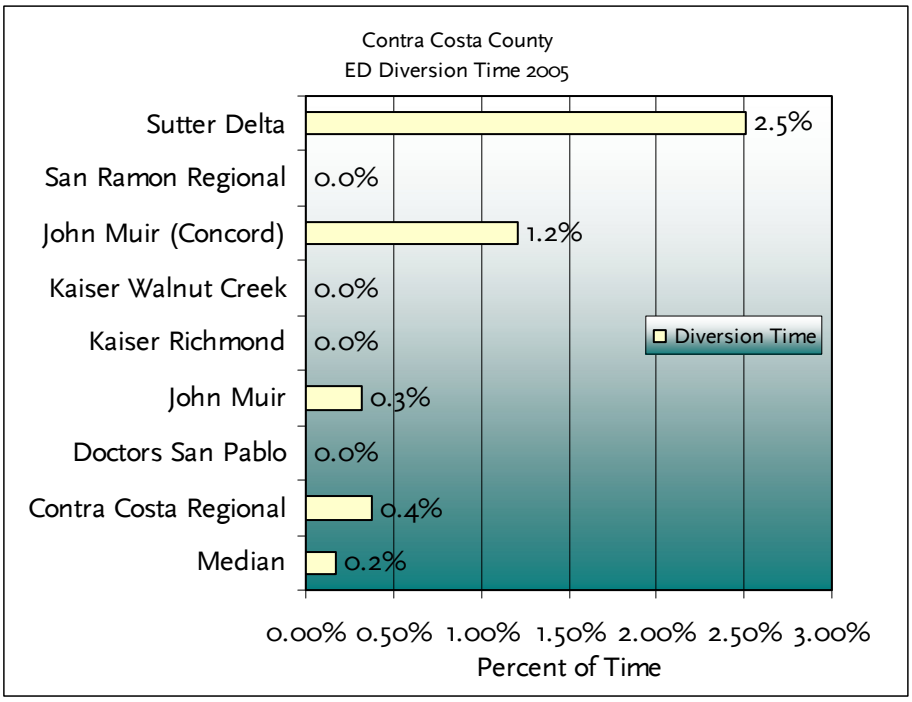
Capacity and Demand

The amount of time an ED is closed or on ambulance diversion can be used as an indication of hospital and ED capacity. When an ED is closed, it means that the department has reached capacity, and is unable to accept new patients for a period of time. This is often due to a backup of patients waiting to be admitted to an inpatient bed. Typically ambulances are diverted to nearby emergency departments.

In Contra Costa County, EDs spend relatively little time on diversion compared with other counties. This may be because hospitals in Contra Costa County are better able to recognize problems that typically lead to ED closure and identify solutions to these problems. However, it may also be due to the fact that the County has very strict policies on when and how a hospital may go on diversion.

Figure 2.8 shows the percent of time that each hospital in the county spent on diversion in 2005.

Figure 2.8



Source: OSHPD

Per 2005 data, hospitals in Contra Costa County spend an average of 0.6 percent of their time on diversion. Only two hospitals spend a greater amount of time closed than the average. Sutter Delta Medical Center was closed the greatest percentage of time at 2.51 percent or about 220 hours. San Ramon Regional Medical Center, Kaiser Permanente in Walnut Creek, and Doctors Medical Center in San Pablo were never closed.

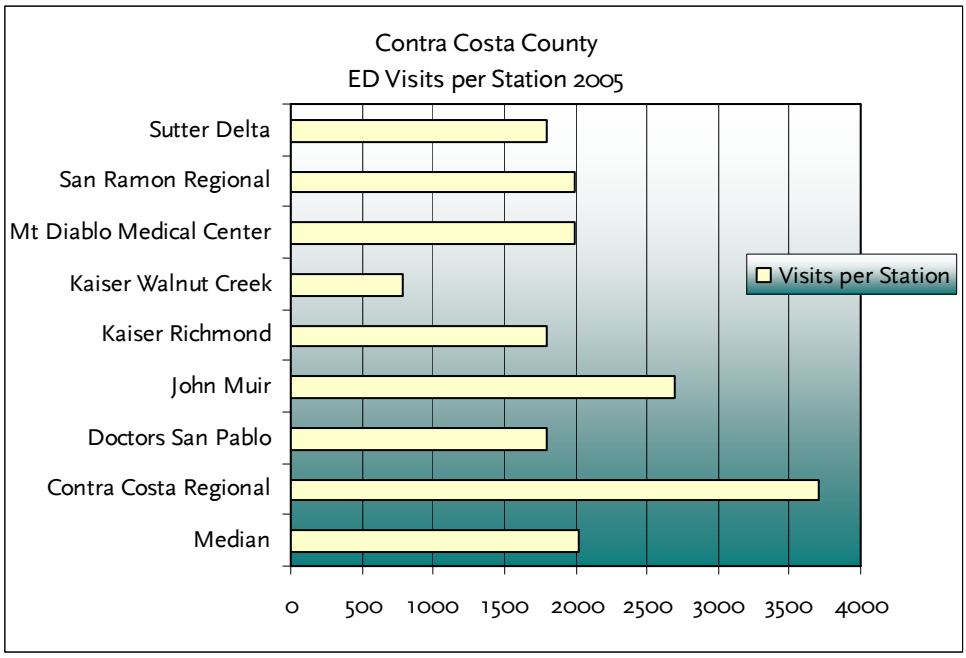
Hospitals spent more hours on diversion during December than any other month in 2005. This is true for both Contra Costa County and California. The month with the fewest hours of ED closures in Contra Costa County was October.

Contra Costa County hospitals experienced significantly fewer diversion hours when compared with those in Ventura County, a county of comparable size. Ventura County hospitals were on diversion 11,376 hours in 2005, compared with Contra Costa County's 388 hours.

Occupancy

Contra Costa County's 192 ED treatment stations saw a total of 280,201 visits in 2005, with an average of 2,022 visits per station. Visits per station ranged from 787 at Kaiser in Walnut Creek to 3,699 at Contra Costa Regional Medical Center. Figure 2.9 shows ED visits per treatment station at each of the Contra Costa County acute-care hospitals in 2005.

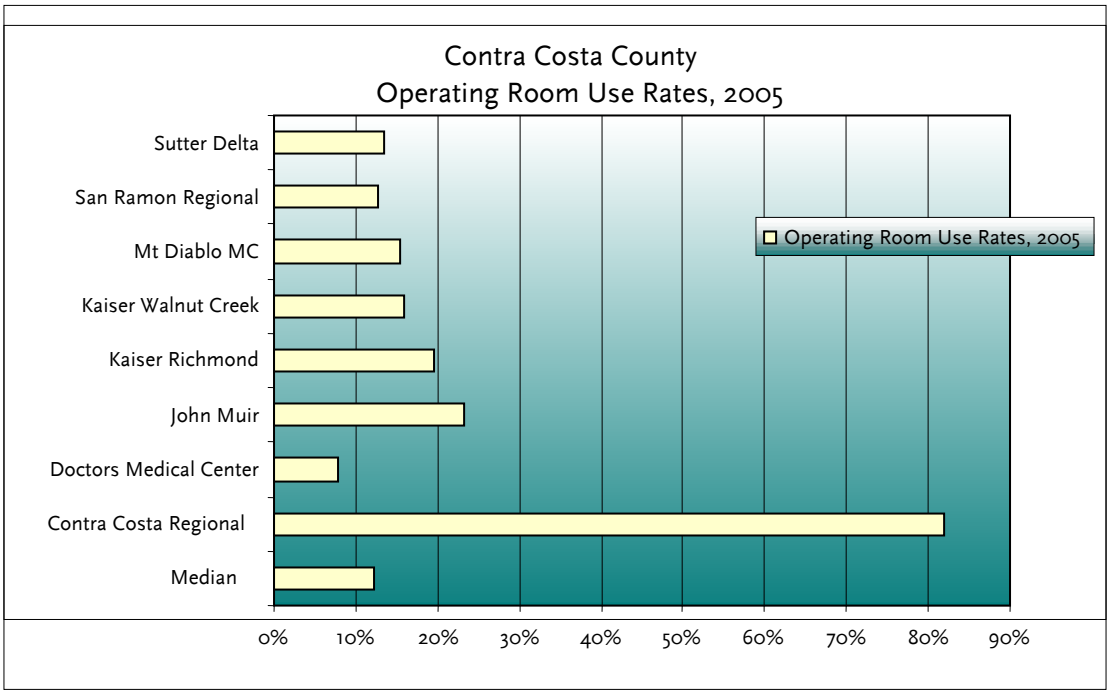
Figure 2.9



Source: OSHPD

Contra Costa County had 63 operating rooms in 2005, with a total annual capacity of 33,112,800 minutes. Figure 2.10 shows the rates of use for Contra Costa County operating rooms. On average, these operating rooms were used 15.86 percent of the time.

Figure 2.10



Source: OSHPD

Contra Costa Regional Medical Center has only one operating room, which was in use 81 percent of the time in 2005.

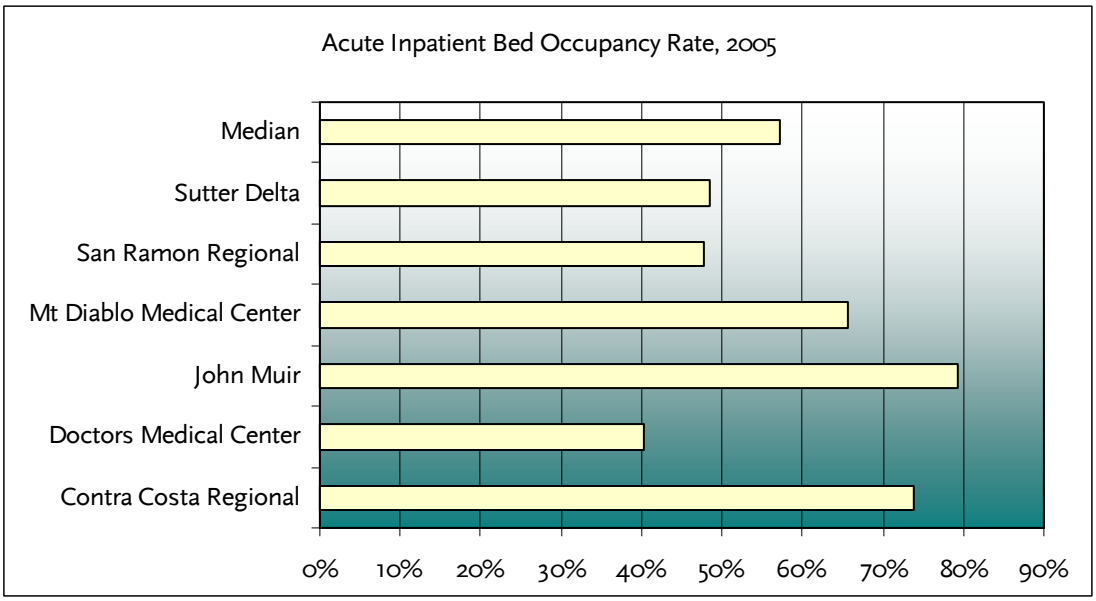
Kaiser Hospital in Walnut Creek has the most operating rooms, and therefore the greatest capacity, with 14 rooms. These were in use about 15 percent of the time.

The operating rooms at Doctors Medical Center in San Pablo saw the least use; the hospital's 12 operating rooms were used less than 8 percent of the time during 2005.

Available Bed Occupancy Rate

The available acute inpatient bed occupancy rate is the percentage of available beds that were occupied during the 2005 fiscal year. It is calculated by dividing the number of patient census days (number of days that inpatients are hospitalized) by the number of available bed days. Figure 2.11 shows the available acute inpatient bed occupancy rates for each of Contra Costa County's hospitals in 2005. This occupancy rate is a good indication of a hospital's capacity; low occupancy rates mean excess capacity, and these hospitals are not being used to their full potential. These hospitals may receive fewer patients because of where they are located, perceptions about the quality of care they offer, presence of other hospitals in the area, and restrictions regarding insurance coverage.

Figure 2.11



Source: OSHPD

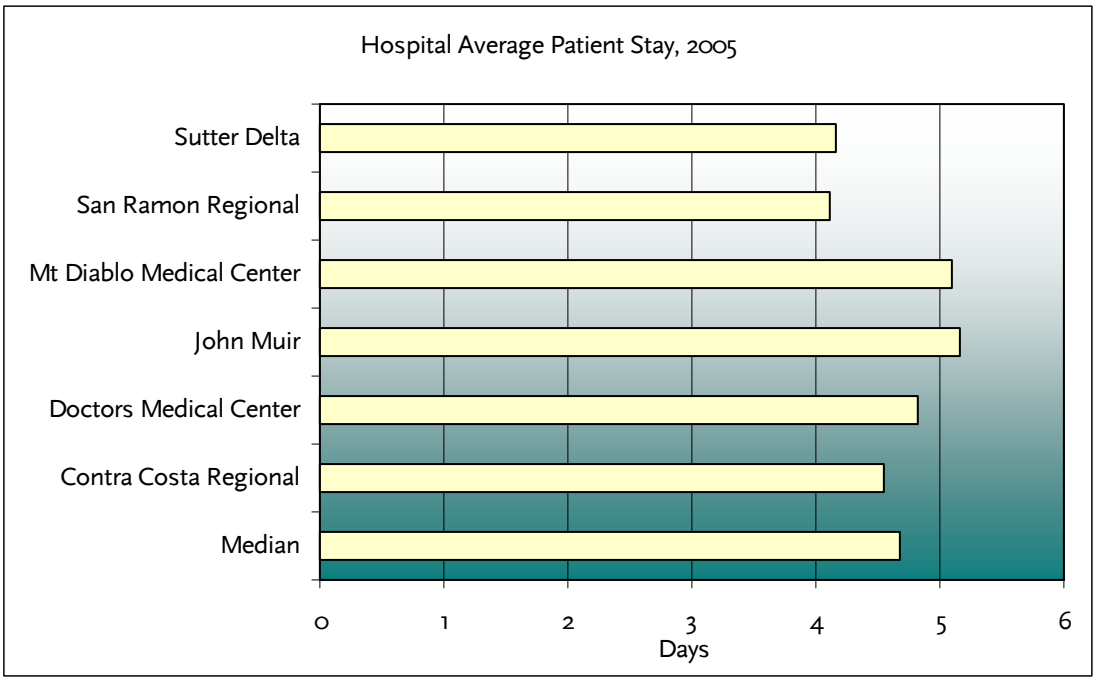
Contra Costa Regional Medical Center and John Muir Medical Center have the highest acute inpatient bed occupancy rate, 73.7 percent and 79.3 percent, respectively. These hospitals are utilizing their capacity at rates well above the county's median occupancy rate of about 57 percent.

On the opposite end of the spectrum, Doctors Medical Center in San Pablo displayed substantially underutilized capacity, with an occupancy rate of around 40 percent. San Ramon Regional Medical Center and Sutter Delta Medical Center had similar utilization rates, around 48 percent, but still well below the county median rate.

Average Length of Stay

The average patient length of stay in each hospital is one indicator of a hospital's efficiency and turnover. In Contra Costa County, the median length of stay in 2005 was 4.7 days as depicted in Figure 2.12.

Figure 2.12



Source: OSHPD

Both of the John Muir Medical Centers (Walnut Creek and Concord campuses) had relatively long average patient stays. At John Muir in Walnut Creek, the average patient stay was 5.2 days, and in Concord it was 5.1 days. The shortest average patient stays were at San Ramon Regional Medical Center and Sutter Delta Medical Center, with 4.1 and 4.2, respectively.

It is important to remember that factors other than efficiency and turnover can influence the average length of stay in a hospital, including the level of need and insurance restrictions.

Use of Outside Facilities

As shown in Table 2.6 below, 67.1 percent of hospital visits by residents of Contra Costa County were made to hospitals within the county.

Table 2.6 Contra Costa County Share of Hospital Facilities Use by Facility Location, 2005					
	Contra Costa County Facility Patient Share				Outside
Patient Residence	Total	West	Central	East	Total
All Contra Costa Patients	*67.1%*	*9.8%*	*51.9%*	*5.4%*	*32.9%*
West	*49.9%*	*28.0%*	*21.5%*	*0.39%*	*50.1%*
Crockett	42.2%	12.0%	30.2%	0.0%	57.8%
El Cerrito	32.2%	25.2%	7.0%	0.0%	67.8%
Hercules	46.4%	25.3%	21.1%	0.0%	53.4%
Pinole	46.3%	32.6%	13.4%	0.3%	53.7%
Port Costa	69.6%	3.0%	63.6%	3.0%	30.4%
Rodeo	50.5%	27.9%	22.6%	0.0%	49.5%
Richmond	54.4%	43.4%	10.9%	0.1%	45.6%
El Sobrante	52.9%	39.1%	13.8%	0.0%	47.1%
San Pablo	54.4%	43.5%	10.8%	0.1%	45.6%
Central	*73.9%*	*1.71%*	*71.9%*	*0.3%*	*26.2%*
Danville	80.0%	0.0%	80.0%	0.0%	20.0%
Alamo	80.5%	2.1%	78.1%	0.3%	19.5%
Canyon	38.0%	3.5%	34.5%	0.0%	62.0%
Clayton	84.4%	2.6%	80.1%	1.7%	15.6%
Concord	86.8%	2.2%	84.2%	0.4%	13.2%
Pleasant Hill	83.9%	2.2%	81.5%	0.2%	16.1%
Diablo	71.7%	0.0%	71.1%	0.0%	28.9%
Lafayette	72.7%	1.7%	71.0%	0.0%	27.3%
Martinez	83.1%	2.4%	80.3%	0.4%	16.9%
Moraga	63.0%	1.3%	61.7%	0.0%	37.0%
Orinda	50.8%	1.9%	48.9%	0.0%	49.2%
San Ramon	77.7%	0.9%	76.8%	0.0%	22.3%
Walnut Creek	88.0%	1.4%	86.5%	0.1%	12%
East	*76.7%*	*1.2%*	*53.9%*	*21.2%*	*23.3%*
Antioch	76.3%	1.9%	54.6%	19.8%	23.7%
Bethel Island	79.4%	1.6%	50.3%	27.5%	20.6%
Brentwood	77.3%	2.0%	52.0%	23.3%	22.7%
Byron	62.8%	1.8%	43.6%	17.4%	37.2%
Knightsen	74.9%	0.0%	53.9%	20.9%	25.1%
Oakley	80.3%	2.1%	52.3%	25.9%	19.7%
Pittsburg	86.0%	1.7%	70.4%	13.9%	14.0%

Source: OSHPD

Residents of the western region of the county, particularly Crockett, El Cerrito, Hercules, and Pinole, were on average more likely to receive hospital care from outside of the county as opposed to within the county. This region has only two acute-care hospitals, and with Doctors Medical Center in San Pablo restricting services to cope with financial issues (such as closing the burn unit and the OB

program and restricting cardiovascular surgery backup for the heart catheter lab), residents of west Contra Costa County may need to turn to outside facilities for service.

Financial Considerations

A patient's insurance coverage determines how a hospital is reimbursed for its services, as certain insurance providers pay more for each visit than others. Thus it is important to look at the payer mix for each hospital in Table 2.7 below.

Table 2.7 Contra Costa County
Gross Patient Revenue Share by Insurance Payer, 2005

	Medicare	MediCal	Private	County	Other
County	**40%**	**12%**	**42%**	**2%**	**4%**
Contra Costa Regional	19%	49%	11%	21%	0%
Doctors Medical Center	47%	24%	21%	0%	8%
John Muir Medical Center – Walnut Creek	39%	4%	53%	0%	4%
John Muir Medical Center – Concord	46%	8%	43%	0%	3%
San Ramon Regional	32%	1%	62%	0%	4%
Sutter Delta	39%	16%	35%	0%	10%

Source: OSHPD
*Data for Kaiser Hospitals not available· *(see Footnote No. 4)*

Overall in Contra Costa County, hospitals receive most of their revenue from private insurance and Medicare, which represent 42 percent and 40 percent of gross patient revenue, respectively. The smallest portion of revenue comes from the County for indigent care, which contributes only two percent of gross revenue. However, one must be cautious when looking at just the averages for the whole county, as the payer mix varies greatly from hospital to hospital.

For example, while county-wide private health insurance contributes to 42 percent of gross patient revenue, private insurance represents as little as 11 percent of gross revenue at Contra Costa Regional Medical Center and as much as 62 percent at San Ramon Regional Medical Center.

Likewise, County coverage for the indigent contributes no revenue to four of the hospitals in Contra Costa County, and less than 1 percent to John Muir Medical Center, but makes up 21 percent of gross patient revenue at Contra Costa Regional Medical Center, the County's own hospital.

---

[4] OSHPD collects Hospital Annual Disclosure Reports to report financial data from all non-federal California hospitals. However, Kaiser Permanente hospitals throughout the state do not submit their financial data. Most other utilization and facility data is generally available for Kaiser facilities and has been incorporated in this report.

Comparing inpatient revenue per patient day and outpatient revenue per visit among the hospitals in Contra Costa County can give some indication as to the revenue received by each hospital. Table 2.8 displays this information for hospitals in Contra Costa County.

Table 2.8 Contra Costa County Net Revenue Per Visit, 2005

	Inpatient Revenue per Day	Outpatient Revenue per Visit
County	**$3,015**	**$353**
Contra Costa Regional	$2,149	$235
Doctors Medical Center	$2,226	$313
John Muir Medical Center – Walnut Creek	$4,179	$334
John Muir Medical Center – Concord	$3,443	$247
San Ramon Regional	$3,294	$543
Sutter Delta	$2,798	$443

Source: OSHPD

*Data for Kaiser Hospitals not available *(see Footnote No. 4)*

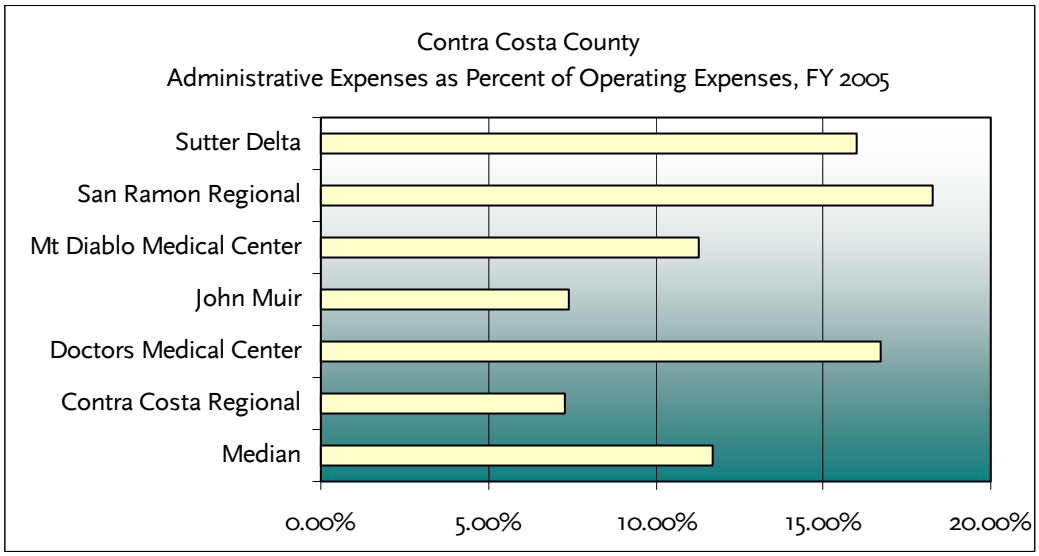
On average, hospitals in Contra Costa County receive $3,015 for each inpatient day and $353 for each outpatient visit. This average revenue per inpatient day can be as much as $4,179 at John Muir Medical Center, or as little as $2,149 at Contra Costa Regional Medical Center. Average outpatient revenue per visit ranges from $235 at Contra Costa Regional Medical Center to $543 at San Ramon Regional Medical Center.

Administrative Expenses

By looking at administrative expenses as a percentage of operating expenses for each hospital, one can gain some understanding into the efficiency and cost of management for these hospitals. Contra Costa County hospitals spent a median 11.71 percent of total operating expenses on administrative expenses.

Contra Costa Regional Medical Center and John Muir Medical Center each used the smallest portion of total operating expenses for administrative expenses, only a little more than 7 percent each. San Ramon Regional Medical Center, at the opposite end of the spectrum, used 18.29 percent of total operating expenses to cover administrative costs. Figure 2.13 displays this information.

Figure 2.13



Source: OSHPD

*Data for Kaiser Hospitals not available *(see Footnote No. 4)*

Table 2.9 shows the net income margin, debt as a percent of operating revenue, and cash as a percent of operating revenue for each hospital in Contra Costa County.

Contra Costa County's acute care hospitals earned an average net income margin of 4.7 percent. Only John Muir Medical Center - Concord and Doctors Medical Center in San Pablo earned negative net income margins in 2005. Mt. Diablo had a net income loss margin of -1.0 percent of gross revenue; while Doctors Medical Center had a -12.3 percent net income loss due to a number of factors, including costly service programs, a high proportion of underinsured patients, and a necessary conversion to a new patient records system .

Table 2.9 Contra Costa County
Financial Ratios, 2005

	Net Income Margin	Debt as % of Operating Revenue	Cash as % of Operating Revenue
County	**4.7%**	**28.9%**	**5.9%**
Contra Costa Regional	1.2%	*70.8%*	23.7%
Doctors Medical Center	-12.3%	*32.4%*	4.8%
John Muir Medical Center – Walnut Creek	12.8%	*12.8%*	3.0%
John Muir Medical Center - Concord	-1.0%	*31.8%*	0.5%
San Ramon Regional	4.9%	*0.00%*	0.00%
Sutter Delta	9.5%	*48.1%*	4.8%

Source: OSHPD

*Data for Kaiser Hospitals not available *(see Footnote No. 4)*

Contra Costa County hospitals carried more than $377 million in long-term debt in 2005. The amount of debt varied greatly by hospital. Only San Ramon Regional Medical Center carried no long-term debt during the year. For Contra Costa Regional Medical Center, long term debt made up more than 70 percent of operating revenue. This $147 million in debt was more than double the value of debt held by any other hospital in the county.

Excluding San Ramon Regional Medical Center, which had no debt, Doctors Medical Center in San Pablo held the least debt—just over $38 million. This quantity constituted 32.4 percent of the hospital's operating revenue.

3.0 CONTRA COSTA HEALTH SERVICES

Contra Costa Health Services (CCHS) is a comprehensive county health system, including healthcare services, community health improvement, and environmental protection. CCHS, the largest department of the County government, is primarily funded by federal and state funding programs including MediCal and Medicare, as well as grants and fees. The balance of funding is provided through local tax revenues (13%).

CCHS has adopted the following mission:

> *Contra Costa Health Services cares for and improves the health of all people in Contra Costa County with special attention to those who are most vulnerable to health problems.*
>
> - *We provide high quality services with respect and responsiveness to all.*
> - *We are an integrated system of health care services, community health improvement, and environmental protection.*
> - *We anticipate community health needs and change to meet those needs.*
> - *We work in partnership with our patients, cities, diverse communities, as well as other health, education and human service agents.*
> - *We encourage creative, ethical, and tenacious leadership to implement effective health policies and programs.*

CCHS is composed of eight divisions:

- **Alcohol and Other Drugs Services:** Alcohol and drug treatment and prevention; combines clinical and administrative services in an integrated system
- **Contra Costa Health Plan:** Federally qualified HMO; serves over 65,000 people in Contra Costa County
- **Emergency Medical Services:** Ensures quality emergency medical services are available throughout Contra Costa County
- **Environmental Health:** Regulatory agency that protects and promotes public health for safe food, safe water for drinking and recreation, and sanitary management of liquid and solid waste
- **Hazardous Materials:** Respond to emergencies and monitor hazardous materials
- **Mental Health:** Programs and services for children, adolescents, young adults, adults, and older adults

- **Public Health:** Promotes and protects the health and well being of the individual, family and community; special attention to communities and populations more at risk for poor health outcomes and those affected by environmental inequities
- **Contra Costa Regional Medical Center and Health Centers:** CCRMC is a 166-bed full service hospital; eight health centers offer comprehensive health care with a full range of specialty services

The Contra Costa Regional Medical Center and emergency medical services were addressed in *Section 2.3, Contra Costa County Hospitals*. This section outlines public health and mental health services provided by CCHS as they are directly related to the services provided by the three healthcare districts.

3.1 CCHS Programs

CCHS has numerous programs to ensure that healthcare services within Contra Costa County are comprehensive and address the needs of county residents.

Public Health Clinic Services

The CCHS Public Health Clinic Services provides an array of health and wellness programs to diverse segments of county residents. Many of the services are low-cost or free. Services include skilled medical and nursing services to address:

- Family and child health care issues, including family planning, birth control counseling, and education;
- Sexually Transmitted Disease treatment and education;
- Immunization and tuberculosis screening;
- Breast screening; and
- Family nutrition education.

Specific programs are available for targeted populations, including refugees, homeless, teens and children, women's heath, and Spanish-speaking women.

CCHS has eight health centers offering a range of services, as shown below in Table 3.1. The location and hours of each of the clinics is included in *Appendix A*.

Table 3.1
Contra Costa Health Services – Health Center Services

Medical Services	Martinez	Pittsburg	Richmond	Concord	Brentwood	Antioch	Bay Point	North Richmond
Allergy	✔	✔	-	-	-	-	-	-
Adult Medicine	-	-	-	✔	-	✔	-	-
Addiction Medicine	✔	-	-	✔	-	-	-	-
Anticoagulant	✔	✔	✔	-	-	-	-	-
Audiology	✔	✔	✔	-	-	-	-	-
Breast Health	✔	-	✔	-	-	-	-	-
Cardiology	✔	-	✔	-	-	-	-	-
Chest	✔	✔	✔	-	-	-	-	-
Child Abuse	✔	-	-	-	-	-	-	-
Child Development	✔	-	-	-	-	-	-	-
Dental	✔	✔	✔	-	-	-	✔	✔
Dermatology	✔	✔	✔	-	-	-	-	-
Dietician	-	✔	-	-	-	-	-	-
Dysplasia	✔	✔	✔	-	-	-	-	-
Ear Nose Throat	✔	✔	✔	-	-	-	-	-
Family Practice	✔	✔	✔	✔	✔	✔	✔	✔
Gastroenterology	✔	✔	✔	-	-	-	-	-
Geriatrics-Psychiatry	-	-	-	✔	-	-	-	-
Glasses	✔	✔	✔	-	-	-	-	-
Gynecology	✔	✔	✔	-	-	-	-	-
Hansen's Disease	✔	-	-	-	-	-	-	-
Healthy Start	✔	✔	✔	-	✔	-	-	✔
High Risk Obstetrics	✔	✔	✔	-	-	-	-	-
Immunization	-	✔	✔	✔	✔	-	-	-
Immunodeficiency	✔	✔	✔	-	-	-	-	-
Infusion	✔	-	-	-	-	-	-	-
Internal Medicine	✔	✔	✔	✔	✔	-	-	-
Minor Surgery/Proced	✔	-	-	-	✔	-	-	-
Musculoskeletal	✔	-	✔	-	-	-	-	-
Neurology	✔	-	-	-	-	-	-	-
Oncology/Hematology	✔	✔	-	-	-	-	-	-
Ophthalmology	✔	✔	✔	-	-	-	-	-
Orthopedics	✔	✔	✔	-	-	-	-	-
Pediatrics	✔	✔	✔	✔	✔	✔	-	-
Plastic Surgery	✔	-	✔	-	-	-	-	-
Podiatry	✔	✔	✔	-	-	-	-	-
Prenatal Care	✔	✔	✔	✔	✔	✔	✔	✔
Prosthetics	✔	-	-	-	-	-	-	-
Psychiatry	-	-	✔	-	-	-	-	-
Psych Liaison	✔	✔	✔	-	-	-	-	-
Pulmonary/Bronch	✔	-	-	-	-	-	-	-
Rehabilitation	✔	✔	✔	-	-	-	-	-
Renal	✔	-	-	-	-	-	-	-
Rheumatology	✔	✔	-	-	-	-	-	-
Saturday	✔	✔	-	-	-	-	-	-

Table 3.1 Contra Costa Health Services – Health Center Services								
Medical Services	Martinez	Pittsburg	Richmond	Concord	Brentwood	Antioch	Bay Point	North Richmond
Short Notice	✔	✔	✔	-	-	-	-	-
Surgery Clinic	✔	✔	✔	-	-	-	-	-
Urology	✔	✔	✔	-	-	-	-	-
Vascular Surgery	✔	-	-	-	-	-	-	-
Women's Health	✔	✔	-	✔	-	-	-	-
Work Fitness	✔	-	-	-	-	-	-	-

Mobile Clinics

There are three mobile clinics within the county. The "Health on Wheels" van is owned and operated by CCHS Public Health and serves the West County. Health Care for the Homeless is a transport van that carries staff, medicine and supplies to shelters and community locations throughout the county. It is owned and operated by CCHS Public Health Clinic services. Lastly, the John Muir Health Mobile Clinic serves central and east county. It is owned and operated by John Muir Health and staffed by the CCHS Public Health Division.

Community Wellness and Prevention Program

The CCHS Community Wellness and Prevention Program seeks to improve the environmental, social, and economic conditions that contribute to poor health, with special attention to those who are underserved. CCHS works in partnership with individuals, diverse communities, and organizations to increase individual skills, educate and mobilize communities, build coalitions, and advocate for change in organizational and public policy. Projects include the following:

- Chronic Disease Prevention Project
- Community Health Assessment, Planning and Evaluation
- Healthy Neighborhoods Project
- Injury Prevention Program
- Lead Poisoning Prevention Project
- Nutrition, Physical Activity and Food Security Project
- Tobacco Prevention Project
- Violence Prevention Project

Family, Maternal and Child Health Programs

Family, Maternal and Child Health Programs promote the health and well-being of families and children. Programs include the following:

- California Children Services
- Child Health and Disability Prevention Program
- Children's Oral Health Program
- Developmental Disabilities Council
- Health Coverage Programs for Children, Youth and Pregnant Women
- Medically Vulnerable Infant Program
- Safely Surrendered Baby Law
- Teenage Program – Adolescent Health Alliance

Perinatal programs include:

- Black Infant Health
- Breastfeeding
- Comprehensive Perinatal Services Program
- Council for Perinatal Health
- Fetal Infant Mortality Review Program
- MediCal Perinatal Outcomes Project
- Prenatal Guidance
- Sudden Infant Death Syndrome Program
- Women, Infant and Children's (WIC) Program
- WIC Breastfeeding Counselor Program

CCHS recently launched the Women's Health Partnership for Contra Costa. This partnership will build on the Contra Costa Breast Cancer Partnership's success in eliminating health disparities in breast cancer early detection rates among African American, Latina, Asian/Pacific Islander, and white women. It is envisioned that the members of the partnership will work collaboratively to increase health care access, decrease mortality rates from breast and cervical cancer, and address other health disparities that disproportionately affect underserved women in the county.

Contra Costa County was one of five communities selected by the California School Health Centers Association to work on improving school-based health through local initiatives. The project is funded for three years by the California Endowment. Participants include CCHS, West Contra Costa Unified School District, and representatives from several middle and high schools. School-based health services are a means to greatly increase access to health care for children.

Homeless Programs

The CCHS Homeless Program is a component of the Contra Costa Homeless Continuum of Care Plan. This system of care includes:

- Community Homeless Court Program
- Advocacy
- Outreach services to encampments
- Information and referral services
- Multi-service centers that provide case management and support services
- Emergency shelter
- Transitional housing
- Permanent supportive housing for adults, youth and families

Advisory Groups

CCHS collaborates with a number of health service advisory groups, including the following:

- Alcohol & Other Drugs Advisory Board
- Center for Health Advisory Board
- Contra Costa Health Access Coalition
- Developmental Disabilities Council
- Emergency Medical Care Committee
- Hazardous Materials Commission
- Homeless Continuum Of Care and Advisory Board
- HIV/AIDS Consortium
- Managed Care Commission
- Mental Health Commission
- Public & Environmental Health Advisory Board

The Contra Costa Health Access Coalition (HAC) was established in 1998 as a means to ensure that low-income families have affordable, accessible health care. The HAC has collaborative relationships between Contra Costa Health Services and community based organizations. This has fostered resource sharing, facilitation of referrals and information, and coordination of outreach activities.

Summary

As outlined above, there is a wide range of issues and healthcare needs within Contra Costa County. The County is following a comprehensive approach to address these needs, using a variety of organizations, funding sources and collaborations to make the greatest inroads in overcoming the challenges. Part of LAFCO's evaluation of special districts and their appropriate service areas is the level of benefit a district provides given an area's identified service needs. The West Contra Costa Healthcare District and Los Medanos Community Healthcare District can show a direct relationship between the services and programs each district provides or financially supports to one or more of the healthcare issues the County has identified. While providing benefits through the John Muir/Mt. Diablo Community Health Fund grant making, the Mt. Diablo Health Care District should be encouraged to develop service plans that demonstrate similar strong linkages.

4.0 LOS MEDANOS COMMUNITY HEALTHCARE DISTRICT

4.1 Overview

The Los Medanos Community Healthcare District (LMCHD) serves the Pittsburg and Bay Point areas in eastern Contra Costa County, an area with a population of approximately 79,000 people (see *Figure 4.1, Los Medanos Community Health Care District*). LMCHD operated the Los Medanos Community Hospital up until 1994, when the hospital closed due to financial difficulties and the District was forced to declare bankruptcy. The District has recovered from that condition and will retire the remaining bankruptcy debt in 2007, five years ahead of schedule. The District is actively involved in organizing and sponsoring programs and events which provide wellness and prevention services as well as raise the community's awareness about important health issues, and is considered a full-fledged healthcare partner within the Pittsburg and Bay Point communities.

The District partners with Contra Costa Health Services by leasing the hospital's physical plant for the Pittsburg Health Center, which includes a CCHS clinic and other public health services. As demonstrated in their adopted Strategic Plan, LMCHD is committed to developing and implementing needed healthcare services in partnership with other healthcare providers in Contra Costa County. The County is the major healthcare provider in the Pittsburg and Bay Point communities, and the District's commitment to partner with the County provides value for healthcare program planning and services. In addition to the County, the District has had discussions with Planned Parenthood and La Clinica de La Raza, both of which provide services ranging from family planning to primary care and dental services in the Pittsburg and Bay Point areas.

The mission of LMCHD is as follows:

> *The primary purpose of the District shall be to identify and pursue opportunities for the District, as a governing Board, to improve the quality of healthcare in the community while promoting education and wellness, and to do any and all other acts and things necessary to carry out the provisions of these bylaws and 'The Local Healthcare District Law'.*

LMCHD adopted a two-year strategic plan in August 2006. The Plan has five goals:

1. Implementation of the Pathways to Health Program, including the ongoing monitoring of the health profile and status of District residents and creating a broad-based community approach for the monitoring and multi-organizational pursuit of the program.
2. Implementation of the Community Grants Program. Following the closure of the hospital the District's limited financial resources precluded the District from providing direct healthcare services. The grant program was developed as a means for the District to continue to provide healthcare services by supporting the efforts of existing organizations. The program is funded through a portion of the District's property tax revenues. The Community Grants Program is intended to complement the District's goals and objectives.

3. Budget Stability. The District will retire the bankruptcy obligations in July 2007. The District is committed to maintaining the financial stability that was developed in the recovery period.

4. Health Center Oversight. The District will carry out its responsibilities as facility owner, landlord, and advocate for District residents for the provision of health care services at the Pittsburg Health Center. The Building and Lease Oversight Committee of the District's Board of Directors will be reestablished[5], as will a Community Advisory Committee.[6]

5. Health Program Partnerships. The District will partner with CCHS and other healthcare organizations providing services within the District.

    a. Existing programs to be continued:

        i. Partnering with the Public Health Division's Community Wellness and Prevention Program of the Health Services Department and the YMCA Diablo Region to continue the NEW (Nutrition, Exercise and Wellness) KIDS program.

        ii. Partnering with the hospital community of East and Central Contra Costa County (Sutter Delta Medical Center, Kaiser Permanente, and John Muir Medical Center) to fund one faculty member for an additional nursing group at Los Medanos College, along with a support position.

        iii. Student Eyeglasses Program, which provides eyeglasses to preschoolers through high school students who qualify for the free and reduced cost lunch program.

        iv. Annual Fitness Festival, featuring educational activities, health and dental resources.

        v. Public health education classes targeting various health issues.

    b. New programs and initiatives include the following:

        i. Establish the LMCHD Urgent Care Center at the Pittsburg Health Center, provided through a contract with CCHS.

        ii. Develop the LMCHD Dental Center at the Bay Point Health Center, provided through a contract with CCHS.

iii. Finalize the contractual partnership with John Muir Health to hire staff and fund programs in Pittsburg and Bay Point to address health disparities in the African American and Hispanic communities. The District will fund one full

[5] The Building and Lease Oversight Committee has been re-established. The ad hoc committee is chaired by a LMCHD board member and includes the District's Executive Director, Pittsburg Health Center Clinic Coordinator, and Clinic Services Manager. Meetings are held the third Thursday of each month in the District's offices.

[6] Establishment of a Community Advisory Committee has been deferred; the District Executive Director is in the process of meeting with elected officials, city staff, and stakeholders in the Bay Point Municipal Advisory Council in order to reintroduce the District, review its 2006-2008 Strategic Plan, and obtain input on the District, its role in the community's healthcare, and the creation of the Community Advisory Committee.

Los Medanos Community Health Care District

Pittsburg
Martinez
Concord
Pleasant Hill
Clayton
Walnut Creek
Antioch
Oakley
Brentwood
Danville

680
4
242
160

Area Overview
Sonoma
Napa
Solano
Marin
Contra Costa
San Joaquin
San Francisco
Alameda
San Mateo

Legend

Los Medanos Community Health Care District

City Limits

Miles
0 1 2 4

Map created 6/01/2007
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0095
37:59:48.455N 122:06:35.384W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

N
W E
S

time health educator/outreach coordinator and John Muir Health will fund a similar position.

iv. Convene a series of forums with the following organizations to encourage collaboration and partnerships: Planned Parenthood, La Clinica de la Raza, Community Clinic Consortium of Contra Costa County, and CCHS programs.

v. Establish the "Get Fit" program in partnership with Kaiser Permanente, CCHS Child Health Disability Prevention Program, and the County's Employment and Human Services Redesign Program.

As noted above, LMCHD's Community Grants Program provides grants to promote a healthy community. The current grants budgeted for 2006 through 2008 are shown in Table 4.1:

Table 4.1
Los Medanos Community Healthcare District Community Grants/Programs

Grant	Description	2007 Budget	Partners
N.E.W. Kids	Childhood Obesity-through nutrition, exercise and wellness for ages 6 to 14, provided in Spanish & English	$28,750	Public Health Agency's Community Wellness and Prevention Program and the YMCA Diablo Region
Los Medanos College	Provide for one nursing faculty member	$25,000	Sutter Delta Medical Center, Kaiser Permanente, John Muir Medical Center
Student Eyeglass Program	Provides exams and eyeglasses to eligible preschoolers through high school students	$15,000	None
Annual Fitness Festival	Health and wellness educational activities	$34,295	Community
Public Health Educational Classes	TBA		
Outreach Program	Health Disparities in the African American and Hispanic communities	$61,032	John Muir

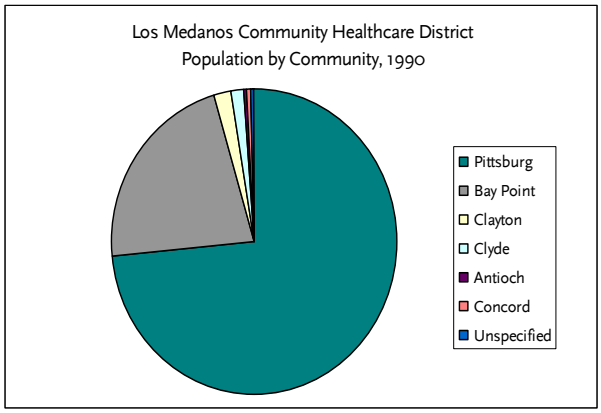
Through partnerships LMCHD has improved its financial condition, reduced liability to the taxpayers, and ensured healthcare services to the community. The District's assets and resources have been successfully leveraged through ongoing relationships with CCHS and other healthcare providers.

4.2 Growth and Population Projections

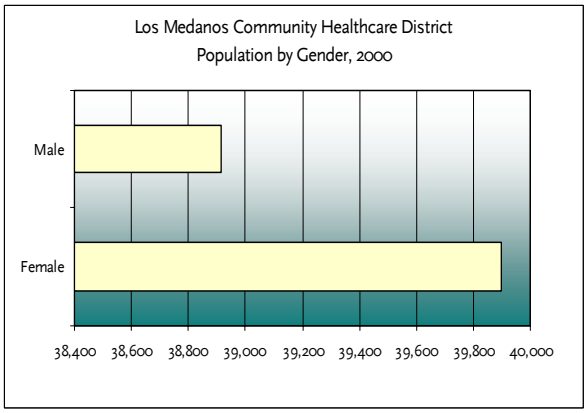
LMCHD primarily serves the Pittsburg/Bay Point area and unincorporated area to the south, along with small portions of Clayton, Clyde, Antioch, and Concord. Healthcare studies for the area are based

on zip code 94565 rather than specific census tracts. The 2000 US Census data indicate that the population for the 94565 zip code is primarily made up of three races: Hispanic (34 percent), white (32 percent) and African American (19 percent), which compares to the countywide percentages of 18 percent, 58 percent, and 10 percent, respectively. Each household in the District service area consists of an average of 3.2 members. Female heads of household are 17.4 percent in comparison to 11.5 percent countywide. Figure 4.2 displays this information.

Figure 4.2



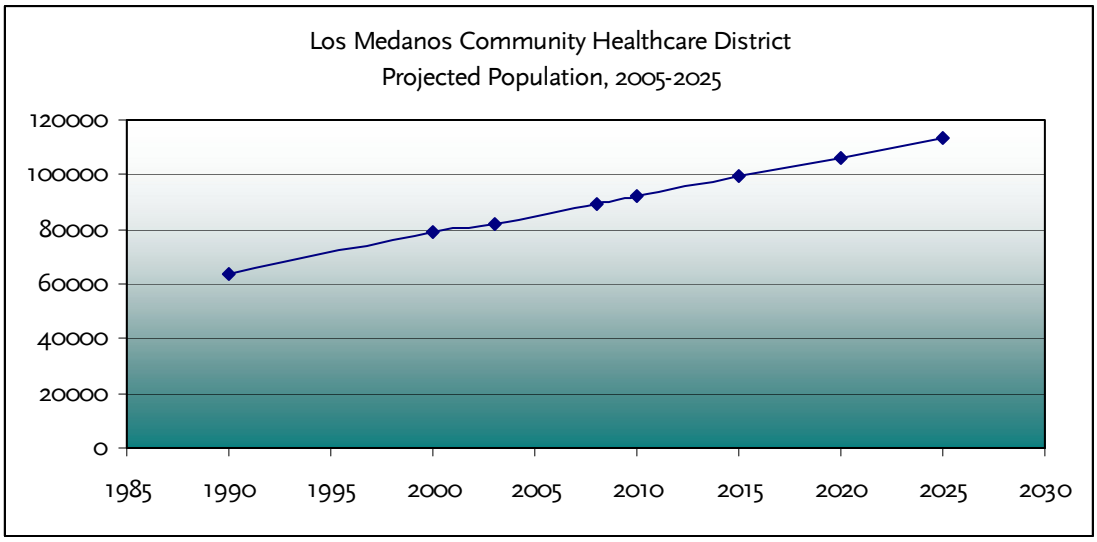
Source: Los Medanos Community Healthcare District Strategic Plan 2006 to 2008



Source: US Census Bureau

The population within this area is projected to increase nearly 44 percent, from 78,813 in 2000 to 113,379 in 2025 as shown in Figure 4.3. This increase is significant, particularly with respect to the area's demographics and public health issues.

Figure 4.3



Source: US Census Bureau; Trade Dimensions International, 2003; The Abaris Group, 2006

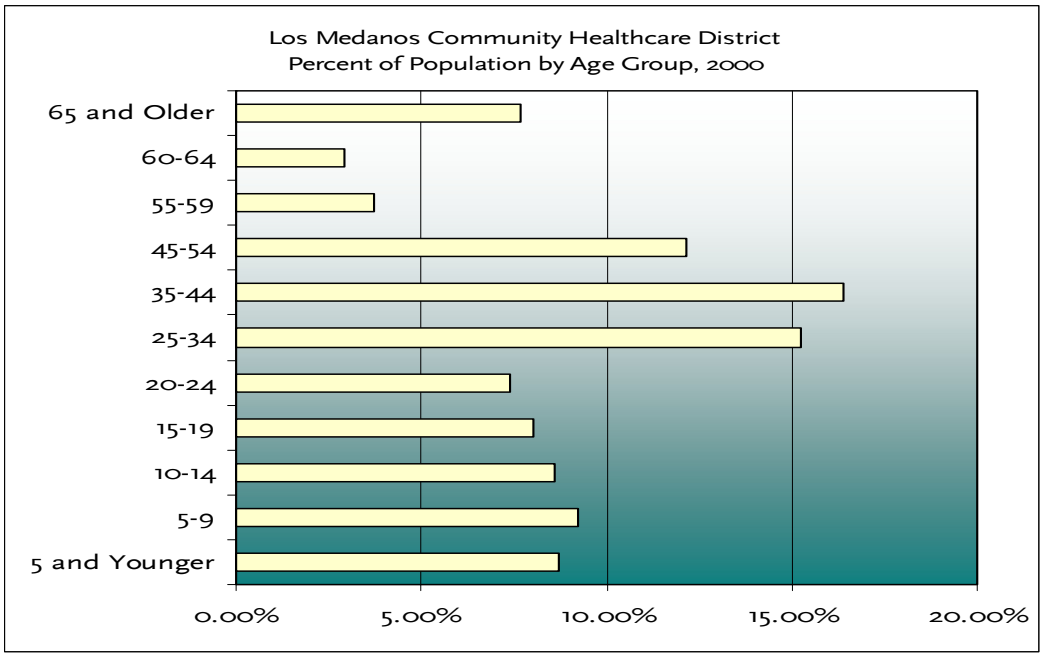
The Association of Bay Area Governments (ABAG) has developed population projections through 2035 by subregional study area. Population within the Pittsburg subregional area, which encompasses the City's current Sphere of Influence (including Bay Point), is projected to increase by 28,600 to reach a population of 112,600 in 2035[7], with a 1.1 percent average annual rate of growth. This is consistent with the level of growth discussed above.

Population by Age Groups

As shown in Figure 4.4 below, the area has a 27 percent pediatric population (under the age of 15). This is five percent higher than the county's pediatric population. The second largest age population for adults is 25-34 year olds, which is child bearing age. This will result in continued demand for pediatric and obstetrics services.

The adult population for ages 45 and up is 26 percent. In Contra Costa County the population of adults over the age of 65 is expected to increase by 4.4 percent by 2025. The areas of focus for healthcare providers will need to expand to meet the needs of the aging population, many of whom will have multi-disease concerns.

Figure 4.4



Source: US Census Bureau

[7] Association of Bay Area Governments, Projections 2007.

4.3 Infrastructure Needs or Deficiencies

LMCHD owns the Pittsburg Health Center, which was the former Los Medanos Community Hospital. In 1998 the District and CCHS entered into a 20-year lease agreement for the facility to be used as a community health clinic. The facility was built in 1979; per the terms of the agreement the County is responsible for leasehold improvements and facility maintenance. The facility is in good to excellent condition.

There is a need for urgent care services within the Pittsburg/Bay Point area. Sutter Delta Memorial Center in Antioch is currently the only provider of urgent care services. Approximately 70 percent of the Pittsburg Health Center Clinic visits are for primary care with the balance for specialty services such as dentistry, outpatient surgery and diagnostic imaging. After hours services are provided by appointment only with no drop-in services. LMCHD is contracting with CCHS to provide urgent care services within the remaining unused portion of the Pittsburg Health Center.

LMCHD has plans to partner with Contra Costa Health Services to provide dental services at the Bay Point Family Health Center. The District will fund a one-time cost of up to $80,000 for renovation and $187,807 annually to provide for a full-time dentist and an assistant for 30 hours a week. The renovation of the Dental Clinic is scheduled for completion in 2007.

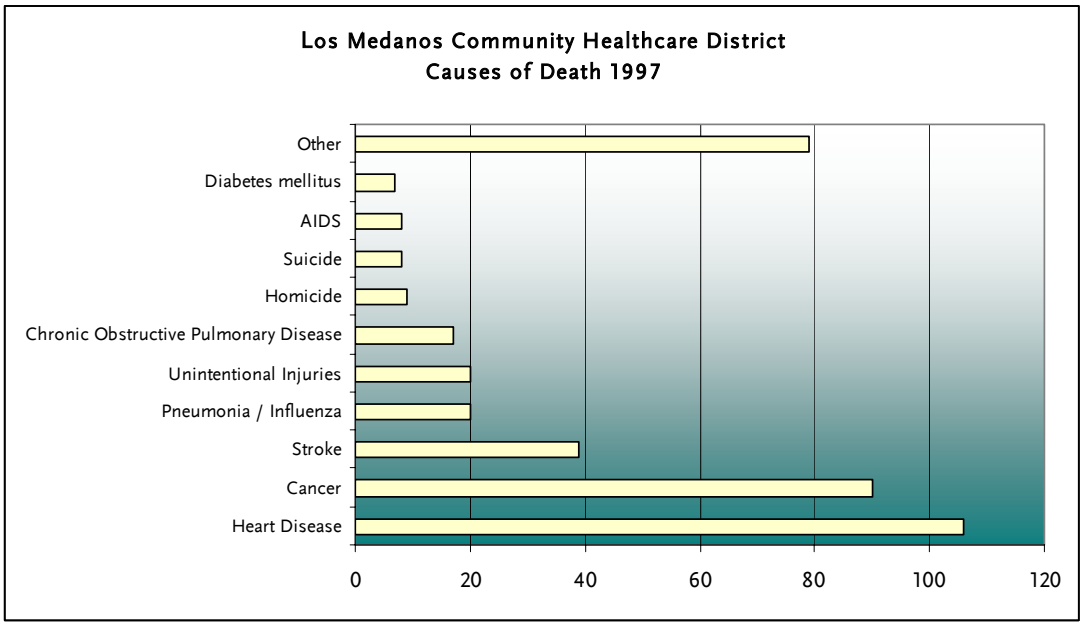
Table 4.2 below summarizes the facility projects that the District has supported:

Table 4.2
Los Medanos Community Healthcare District Projects

PROJECT DATES	PROJECT	PROJECT DESCRIPTION	PROJECT COSTS
2000-2001	Conversion of Los Medanos Community Hospital to the Pittsburg Health Center	Remodeled 120,000 sq. ft. for ambulatory care clinics, public health, WIC program, dental services, rehab. Therapy, and support services	$14 million
2004	Outpatient Mental Health Clinic & Day Treatment Center	Design of 8,500 sq. ft. in the former ICU for the mental health clinic. Design of the day treatment center in the former hospital kitchen for 2,000 sq. ft.	$1.6 million
2004	Satellite Computer Facility	3,100 sq. ft. remodel to provide a Health Services computer center that will allow the facility to act as an emergency backup	$550,000
2006	Laboratory Remodel	Increase the waiting area capacity and design of a blood draw room	$50,000
2007	Urgent Care Clinic	Increase outpatient clinic by 6,300 sq. ft., providing an additional 15 exam rooms, waiting area, nurse and provider areas, and registration	$1.8 million
2007	Medical Records	Expand the capacity of the current medical records department	$260,000

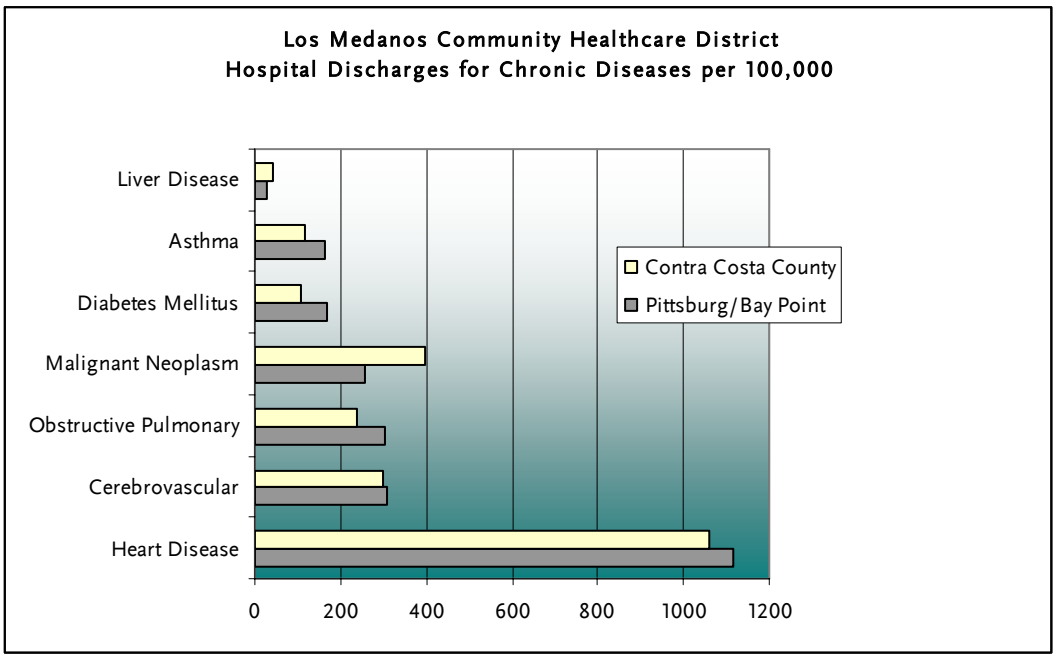
The LMCHD has developed its 2006-2008 Strategic Plan and areas of focus on the healthcare needs of the residents within the District. Figures 4.5 and 4.6 below identify some of the critical health issues:

Figure 4.5



Source: Los Medanos Community Healthcare District Strategic Plan 2006 to 2008

Figure 4.6



Source: Los Medanos Community Healthcare District Strategic Plan 2006 to 2008

Health issues and healthcare conditions within the Pittsburg/Bay Point area are influenced by a number of outside factors, including changes in service providers and locations, social trends, and economic factors. The District has identified infrastructure and programmatic needs based on current

trends and unmet needs. The District is able to address these needs by partnering with other healthcare providers and agencies, providing financial support in lieu of direct services. In terms of facility use, the District has structured a lease agreement with the County that leverages the building asset to provide a high level of healthcare services within the community. With the District's commitment to conducting ongoing monitoring of the health profile and status of District residents, the District will be able to adjust its programs and areas of focus to meet the evolving healthcare needs of the residents.

4.4 Financing Constraints and Opportunities

The Los Medanos Community Healthcare District is funded through property tax revenues. The District receives a share of the 1-percent property tax; the additional parcel tax that was being assessed ended in 2005 with the final payment on the bonds used to construct the hospital facility. A summary of the District's financial condition is included in Table 4.3 below. The results of Fiscal Year (FY) 2005-06 were out of the ordinary in that the District received approximately $450,000 less in property taxes over the prior year and issued $852,125 in property tax refunds, due to the final payment of the hospital bond and associated release of funds from the bond trust account.

For FY 2006-07, the District has budgeted $690,000 in revenue from property taxes and $690,000 in expenses, including $250,000 for the 1998 bankruptcy obligations, $260,000 for district health programs, $40,000 in legal fees, $30,000 in insurance and $25,000 in election expenses.

Table 4.3
Los Medanos Community Healthcare District Financial Summary

	FY 2003-04 ACTUAL	FY 2004-05 ACTUAL	FY 2005-06 ACTUAL
Current Assets	$1,756,994	$870,870	$966,971
Capital Assets, Net	4,309,557	4,155,799	3,997,069
Total Assets	**6,066,551**	**5,026,669**	**4,964,040**
Current Liabilities	451,160	401,078	78,236
Long-term Debt	2,335,992	2,089,531	1,170,174
Total Liabilities	**2,787,182**	**2,490,609**	**1,477,477**
Fund Equity:			
Invested in Capital Assets, Net	1,593,686	1,741,521	2,597,828
Restricted	852,125	0	0
Unrestricted	833,588	794,539	888,735
Total Fund Equity	**$3,279,399**	**$2,536,060**	**$3,486,563**

To settle the bankruptcy, in 1998 the District accepted long-term debt from California's Statewide Office of Health Planning and Development (OSHPD). The secured note bears annual interest of 8 percent and is payable in annual installments of $400,000. The debt was to be satisfied by 2012, but now is expected to be paid in full by July 2007. This has been accomplished through the District's

aggressive financial management and the benefit of the sales proceeds from three land parcels. This early pay off is an indication that LMCHD has reached financial stability.

OSHPD was entitled to file a $1.4 million claim in the District's bankruptcy. In place of this claim (and in addition to the note payable described above), the District entered into a contractual agreement with OSHPD whereby the District has assigned all rental income from the hospital facility from August 1, 1998 to January 31, 2026 to OSHPD. This includes the lease with Contra Costa County described below. The terms of the OSHPD agreement are as follows:

1. 08/01/1998 – 07/31/2018: $100,000 per year
2. 08/01/2018 – 07/31/2020: $500,000 per year, minimum
3. 08/01/2020 – 07/31/2026: all rental income, if any

The agreement contains a 6.5 percent interest rate if the District defaults on the repayment provisions.

LMCHD has leased the Pittsburg Health Center to Contra Costa County for a twenty-year term from August 1, 1998 through July 1, 2018, with two five-year options. The County makes annual lease payments of $100,000 that are assigned to the State to satisfy the District's contractual obligation discussed above.

At June 30, 2005 the District had $794,540 in reserves, including $350,000 designated for bond-related expenses and $444,540 undesignated. The District does not have any policies for restricted reserves. In the future the Board may want to consider adopting policies to restrict reserves for facilities and programs to ensure financial resources are available should unforeseen circumstances arise. With the District's support becoming increasingly essential for certain services and programs to continue, some level of restricted reserves would provide a safeguard for the community and other healthcare providers.

The District has restructured its financial management approach to incorporate prudent financial decision-making. This has allowed them to retire debt early, relieving taxpayers of an additional five years of debt service, and focusing programs and services on specific health issues that have been documented within the District's service area. The District's current budget is structured to provide benefit to the residents of the District and ensure long-term financial stability.

4.5 Cost Avoidance Opportunities

The District has made significant progress in limiting or reducing expenses. They have created an innovative relationship with the County and other healthcare providers to deliver needed services and programs to the region where all parties, including the patients, benefit.

One key aspect of LMCHD's relationship with the County is the long-term lease of the Pittsburg Health Center. Per the terms of the lease the County is responsible for maintenance and improvements to the building and grounds.

4.6 Opportunities for Rate Restructuring

The District is not currently charging fees for its services, nor collecting an additional parcel tax to fund operations or capital needs. With the bankruptcy bonds completely paid in 2007, the District's debt service expenses will be reduced by approximately $250,000. This additional available money along with the strategic plan and strong community healthcare partnerships will place the District in a stronger financial position. As long as LMCHD continues to manage their finances and project for the future needs of their service area, there will not likely be a need for any rate restructuring.

4.7 Opportunities for Shared Facilities

According to the 2000 US Census Bureau 12.9 percent of LMCHD's service population is below the poverty line. Thus, it is of continued importance that LMCHD pursue relationships that will benefit this demographic group. LMCHD will partner with Contra Costa Health Services to develop an urgent care clinic within the Pittsburg Health Center, expanding the capacity to a total of 15 exam rooms. The District will fund $200,000 for the project and Contra Costa County will fund approximately $2 million. The goal of LMCHD and the County is to increase the hours of operation of the clinic and to allow for drop-in service. At this time, Contra Costa Health Services is developing a plan, addressing hours of operation and staffing needs. Completion of this renovation project is scheduled for late summer of 2007. The District anticipates receiving a staffing proposal from the County for the Urgent Care Center by the end of this fiscal year.

The success of the partnership between LMCHD and Contra Costa Health Services will likely continue to meet the needs of the 44 percent population growth expected over the next two decades.

4.8 Evaluation of Management Efficiencies

The Los Medanos Community Healthcare District retained Mr. Frank Puglisi Jr., as a consultant and then in July 2006 hired him as a part-time Executive Director at a salary of $30,000 per year. Mr. Puglisi is an experienced and well respected hospital and healthcare system executive that is knowledgeable about Contra Costa County and County health and hospital services. He and the District's Board of Directors have considerable experience, and this management team that has evolved over the last few years has been instrumental in pulling the District out of a financial quagmire.

The District's office is located in the Pittsburg Health Center; the District operates with minimal staff. The District has adopted its 2006-2008 Strategic Plan that provides a framework for management decisions.

4.9 Government Structure Options

Four government structure options were identified for the Los Medanos Community Healthcare District:

- Maintain the status quo
- Dissolve the LMCHD
- Consolidate the LMCHD with the Mt. Diablo Healthcare District
- Dissolve the LMCHD and form a subsidiary district of limited powers

Status Quo

Under this option, the government structure for the LMCHD would not change. The District is operating efficiently and works cooperatively with Contra Costa Health Services and other healthcare providers on common issues. The advantages of this option are that it would allow the residents within the district to benefit from the financial improvements and service level enhancements that have occurred within recent years, and are planned to continue in the next five years. The District has successfully resolved a number of financial issues and built strong, collaborative relationships with CCHS, other service providers and community organizations. These relationships are leveraging the assets of the Pittsburg Health Center and Bay Point Health Center in providing direct healthcare services that are needed within the community. The District is engaged in activities that support the purpose for which it was formed. With its current budget, the District is spending 74 percent of its budgeted revenue on health programs and retiring debt.

The disadvantage to this option is primarily related to the District's history of financial performance and the potential for the District to not follow through on implementing its service and financial plans. However, the District has strong management leadership now, a key indicator of future success. The District has identified its limitations and accepted its role as an indirect service provider until such time as more funding is available. The District is providing substantial healthcare benefit with the property tax revenue it receives.

Dissolution of the Los Medanos Community Healthcare District

The second government structure option is to dissolve the Los Medanos Community Healthcare District. Although the District does not directly provide health services, it does play a critical role in supporting healthcare services within the Pittsburg/Bay Point area:

- **Facilities:** The LMCHD owns the Pittsburg Health Center building and is the landlord for the lease agreement with CCHS. CCHS is able to provide a full service clinic because this facility is available at favorable terms and conditions. In the near future, an urgent care center will be operating in the facility as well.

- **Program Funding:** The LMCHD provides funding for a number of programs implemented through other agencies and service providers. This includes funding the NEW (nutrition, education and wellness) KIDS program, a nursing faculty position at Los Medanos College, the Student Eyeglasses Program, an annual Fitness Festival, a dental center at the Bay Point Health Center, and two health educator/outreach coordinators in partnership with John Muir Health.

Potential advantages of dissolution include a reduction in District expenses such as elections, board payments, and consultants. LAFCO would have to designate a successor agency to operate or divest of the District's assets, including the Pittsburg Health Center, land and equipment.[8] Duplication of effort could be minimized if the successor agency were actively engaged in providing healthcare services and had the ability to evaluate and fund effective healthcare programs. However, a successor agency would assume some costs, so the net savings from dissolution may be nominal.

Potential disadvantages of dissolution include reduced funding committed to healthcare and a loss of local control. The District receives a portion of the 1 percent property tax, and this funding is used to support healthcare within its service area. With a dissolution, the property tax revenue that accrued to the district would be redirected to other services and programs (healthcare related and not), and would not necessarily provide direct benefit to the residents within the district. This could significantly impact the level of healthcare services provided within the Pittsburg/Bay Point area. With the documented health issues and need coupled with limited financial resources for public health, the loss of this revenue for healthcare would be significant.

Dissolution of a healthcare district requires an in-depth study, identification of an appropriate successor agency, development of terms and conditions, LAFCO approval, and ultimately voter approval.[9] The result could include no actual or limited costs savings (or actual loss in revenue), little improvement in service efficiency, loss of local autonomy, and political opposition. Pursuing reorganization without the support of residents or the governing board typically increases the time and effort involved.

Consolidate the LMCHD and the Mt. Diablo Healthcare District

Under this option, the LMCHD would be merged with the Mt. Diablo Healthcare District. Both districts were formed for the same purpose; however they have taken different approaches to providing service within their respective jurisdictions. The LMCHD has returned to financial stability, actively leveraging agency partnerships to increase the range and value of services provided. The District has identified the critical health issues of its residents, and the District's goals address specific health issues that have been identified through County studies. The Mt. Diablo Healthcare District is

[8] Government Code Section 54751 requires that, for the purpose of winding up the affairs of a dissolved district that includes territory in incorporated and unincorporated areas, the successor agency is the city or county whose territory contains the greater assessed value of all taxable property within the territory of the dissolved district

[9] Government Code Section 57103 requires voter approval for dissolution of healthcare districts.

providing minimal healthcare services, with no funding allocated in the District's 2006 budget for healthcare programs or services. The Mt. Diablo District's efforts are primarily focused on monitoring the agreement with John Muir Health and participating in grant review and award process for the John Muir/Mt. Diablo Community Health Fund. With the consolidation of the two districts, the strategic planning, approach and impetus of the LMCHD could be expanded to provide benefit in the Mt. Diablo Health Care District area.

Potential advantages of this option could include improved service levels within the Mt. Diablo Healthcare District service area, greater economies of scale, improved efficiency and a reduction in overhead costs through shared administrative facilities and functions. There would also be a reduction in Board-related costs, including elections, with only one Board of Directors.

Disadvantages or neutral effects from a change in governmental organization can include no actual or limited cost savings, little improvement in service efficiency, and political opposition. As noted above, pursuing reorganization without the support of residents or the governing board typically increases the time and effort involved.

A potential reorganization of the Los Medanos Community Healthcare District and the Mt. Diablo Health Care District would require more in-depth analysis to determine if the change would result in real benefits to the residents for both districts. Any type of reorganization (i.e., merger, consolidation, etc.) would be subject to LAFCO's approval, and ultimately voter approval.

Dissolve the LMCHD and form a Subsidiary District with Limited Powers

The fourth government structure option includes dissolving the LMCHD and forming a limited power subsidiary district of a city. This would eliminate future election costs for directors, but there would be significant costs involved with dissolving the LMCHD and forming a new subsidiary district. Government Code Section 57105 provides for the establishment of a limited power subsidiary district when the following criteria are both met: 1) portions or portions of the territory of the district represent 70 percent or more of the area of land within the district; and 2) portions or portions of the territory of the district contain 70 percent or more of the number of registered voters who reside within the district. This would require further analysis to determine whether the criteria would be met and whether the benefits would outweigh the costs.

4.10 Local Accountability and Governance

As shown in Table 4.4 below, LMCHD is governed by a five-member Board of Directors elected at large by voters in the District. In the November 2006 elections three of the five board positions were up for re-election. All three of the incumbents ran for re-election. Two of the open seats were filled by incumbents, and the remaining seat went to a newcomer.

Table 4.4 Los Medanos Community Healthcare District			
Date formed:	1948		
Statutory Authorization:	California Health and Safety Code Section 32000 Local Healthcare District Law		
Board Meetings:	Monthly on 2nd Monday, 6:30 p.m.		
Board of Directors	Title	Term Exp.	Compensation
Marilyn Condit	President	11/2010	$100 per mtg/$400 per month max.
Eva Vera	Vice President	11/2010	
Joe Rubi	Secretary	11/2008	
Jess H. Reyes	Treasurer	11/2010	
Dr. J. Vern Cromartie	Board Member	11/2008	

The District's meetings are open and accessible to the public, and therefore, the District has greater accountability to the public than private healthcare entities. The District maintains a web site, www.lmchd.org. The web site is in the process of being updated; Board meeting agendas are current and minutes are posted through July 2006.

The following Table 4.5 summarizes indicators that can be used to evaluate the District's accountability to residents:

Table 4.5 Los Medanos Community Healthcare District	
Health Care District Accountability Indicators	
Health Care District	Los Medanos
Direct service provider	No
Patients are constituents	Yes
Constituents using facility	Yes
Uncontested elections since 1996	2004
Latest contested election	Nov. 06
Latest voter turnout rate	44%
Countywide turnout rate	63%
Efforts to broadcast meetings	No
Constituents updated via outreach	Yes
Solicits constituent input	Yes
Discloses finances	Yes
Posts public documents on web	Yes
Responsive to LAFCO inquiries	Yes

Source: Los Medanos Community Healthcare District

4.11 Sphere of Influence Recommendations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review and update the sphere of influence (SOI) for each of the special districts and cities within the county.[10]

The Los Medanos Community Healthcare District was formed in 1948. Although it no longer operates a hospital, it does provide financial support and facilities for healthcare services. The District's SOI is coterminous with its boundaries. The western boundary is contiguous with boundary of the Mt. Diablo Health Care District. The LMCHD has not recommended any changes to its boundary.

Three potential options are identified for the LMCHD SOI:

- **Retain the existing SOI:** If LAFCO determines that the existing government structure is appropriate, then the existing SOI should be retained.
- **Zero SOI:** If LAFCO determines that the LMCHD should be dissolved within the next five years, then adopting a zero SOI would be appropriate.
- **Expand the SOI:** If LAFCO determines that the LMCHD and the Mt. Diablo Healthcare District should be consolidated with the LMCHD as the successor agency, then the LMCHD SOI should be expanded. (This would need to occur in conjunction with the adoption of a zero SOI for Mt. Diablo HCD.)

Note: As discussed in Section 1.0 Executive Summary, the option to consolidate all three healthcare districts was not considered as a viable option at this time due to the current legal obligations and financial condition of the West Contra Costa Healthcare District.

Discussion on the various government structure options is included in Section 4.9 above. The analysis of SOI issues is included in Table 4.6 below.

Table 4.6
Los Medanos Community Healthcare District SOI Issue Analysis

Issue	Comments
SOI Update Recommendation	Retain existing SOI
Services authorized to provide	Healthcare within greater Pittsburg/Bay Point area
Existing and Planned Land Uses and Policies	The District has no land use authority. County and city plans include land uses and population growth that will need healthcare services. County and city policies support the provision of adequate healthcare for residents.
Potential effects on agricultural and open space lands	Although there are agricultural and open space lands within the District's SOI and boundaries, healthcare services do not by

[10] State of California Government Code Section 56425 et seq.

Table 4.6 Los Medanos Community Healthcare District SOI Issue Analysis	
Issue	**Comments**
	themselves induce or encourage growth on agricultural or open space lands. No Williamson Act contracts would be affected.
Opportunity for Infill Development rather than SOI expansion	None. The District has no land use authority and has no control over the location of infill development.
Projected Growth in the Affected Area	Population is expected to increase by 5.5% over the next five years. There will be a continued need for healthcare services.
Services to be Provided to any areas added to the SOI	No additions to the SOI are recommended.
Service Capacity and Adequacy	With its financial stability, the District has the capacity to continue to provide services through facility leases and program funding. The District works in collaboration with Contra Costa Health Services, other service providers and community organizations to provide services that address health issues within its jurisdiction.
Location of Facilities, Infrastructure and Natural Features like rivers and ridgelines	The Pittsburg Health Center, a facility owned by the District, is located within Pittsburg. The facility is accessible by transportation infrastructure and public transit. Healthcare services are not affected by topography.
Effects on Other Agencies	The District's western SOI boundary is contiguous to the Mt. Diablo HCD boundary. The District includes territory in the cities of Antioch, Pittsburg, Clayton and Concord and unincorporated area. The District's SOI boundary is consistent with General Plans and does not conflict with the SOI of affected agencies.
Potential for Consolidations or other Reorganizations when Boundaries Divide communities	The analysis included four government structure options: maintaining status quo, dissolution, consolidation with the Mt. Diablo HCD, and formation of a subsidiary district to a city. Dissolution, consolidation, or district formation would require further analysis.
Social or economic communities of interest in the area	The District was formed to serve the Pittsburg/Bay Point area. In 1976, District residents voted to tax themselves for construction of the Los Medanos Community Hospital (now the Pittsburg Health Center). They, therefore, have an economic interest in receiving services from that investment. In addition, a portion of the 1 percent property tax accrues to the District for healthcare services; therefore residents have an interest in the types of services and programs the District funds.

Table 4.6 Los Medanos Community Healthcare District SOI Issue Analysis	
Issue	**Comments**
Willingness to serve	The District wishes to continue to provide services within its boundary and SOI.

Recommendation

It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the benefits and costs of a consolidation with the Mt. Diablo Health Care District in conjunction with the next Municipal Service Review.

4.12 Determinations

Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

Population within the Pittsburg/Bay Point area will increase to an estimated 112,600 people by 2035, with an average annual growth rate of 1.1 percent. These residents will need adequate healthcare services within the local area.

The District's service area has a significant pediatric population (0-15 years) as well as adults in the 25-34 age range and those over 65 years old. Each of these groups has specific healthcare needs.

Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The LMCHD owns and leases the Pittsburg Health Center (formerly the Los Medanos Community Hospital) to the County. Per the terms of the lease agreement, the County is responsible for improvements and maintenance. The facility is in good to excellent condition.

The District's other services are provided through funding support for programs and services of other healthcare service providers. The District conducts ongoing monitoring of health conditions within its service area and re-evaluates programs and priorities as part of its strategic planning process. The District is able to structure its programs to address specific healthcare issues and unmet needs.

Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

The LMCHD is funded through a portion of the 1 percent property tax. This is a stable source of revenue.

Through prudent financial management the District will retire a long-term debt associated with the 1994 bankruptcy in 2007, five years earlier than required. This will reduce cash needs by $250,000 per year, and relieve the taxpayers of interest on the long-term debt.

The District structures its budget to match the anticipated property tax revenues and does not plan to incur additional long-term debt.

The District does not have restricted reserves or adopted policies for reserves. Given that the District has an increasingly important role in funding healthcare services for the Pittsburg/Bay Point area, the Board should consider reserve policies that would ensure available financial resources for program stability.

Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

The LMCHD collaborates with the County and other healthcare providers to leverage facilities, services, and programs.

The District should work with the County to ensure that the County is meeting its leasehold obligations for compliance orders on the Pittsburg Health Center.

Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

The LMCHD does not charge fees for service. Given the District's financial stability, the District should be able to avoid tax rate increases through continued prudent financial management.

Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The LMCHD shares facilities with Contra Costa Health Services, and provides funding support for programs in the Bay Point Health Center and Los Medanos College. The District has leveraged opportunities to collaborate with other service providers and form partnerships that enhance the level of healthcare services provided within the District's service area.

Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

The LMCHD has hired an experienced Executive Director to manage the District. The District operates with limited staff. This management leadership will enable the District to maintain its financial stability and implement its strategic plan.

Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

Four government structure options were identified:

- **Status Quo:** Advantages are that it would allow the residents to benefit from the financial stability and increased service levels that have been achieved over the past few years. Disadvantages are that the District has a history of financial issues, including bankruptcy, and there is a concern that property tax revenues are not providing significant benefit to the area.
- **Dissolve the LMCHD:** Advantages include a potential reduction in District overhead expenses and avoiding any duplication of effort with other service providers. Disadvantages include potential redirection of property tax revenues from healthcare to other services and programs that may or may not be within the local area. Given the documented health issues and level of unmet needs, this loss of funding would result in a significant impact to healthcare services locally and countywide.
- **Consolidate the LMCHD with the Mt. Diablo HCD:** Advantages include potential service level improvements within the Mt. Diablo service area and cost reductions such as board expenses, overhead, and election costs. Disadvantages include no actual or limited cost savings, little improvement in service efficiency, and political opposition.
- **Dissolve the LMCHD and form a Subsidiary District with Limited Powers:** Advantages include elimination of future election costs for directors, but there would be significant costs involved with dissolving the LMCHD and forming a new subsidiary district. Disadvantages include no actual or limited cost savings, little improvement in service efficiency, and political opposition.

Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

The LMCHD encourages public participation by making District information and documents available on the District website and holding meetings that are open and accessible to the public.

Recent elections have been contested, with both incumbents and new candidates running for open seats. This is evidence of public interest in District management and operations.

5.0 MT. DIABLO HEALTH CARE DISTRICT

5.1 Overview

The Mt. Diablo Health Care District (MDHCD) was formed in 1948, with voters approving both district formation and a special parcel tax to build the Mt. Diablo Community Hospital. The District's boundaries include the cities of Martinez, Lafayette (portions), Concord, and Pleasant Hill (portions) along with the communities of Clyde and Pacheco (see *Figure 5.1, Mt. Diablo Health Care District*).

In 1997, MDHCD entered into an agreement with John Muir Health to transfer the hospital and other District assets to John Muir. As a condition of the transfer, a community benefit endowment was established to provide grant funding for a variety of community programs and events that address relevant health issues and promote a healthy community. John Muir Health contributes $1 million annually to this fund, as well as $25,000 directly to the MDHCD.

The District has adopted the following mission statement:

> *We are dedicated to serving our community by promoting community wellness through education, advocacy, and collaboration.*

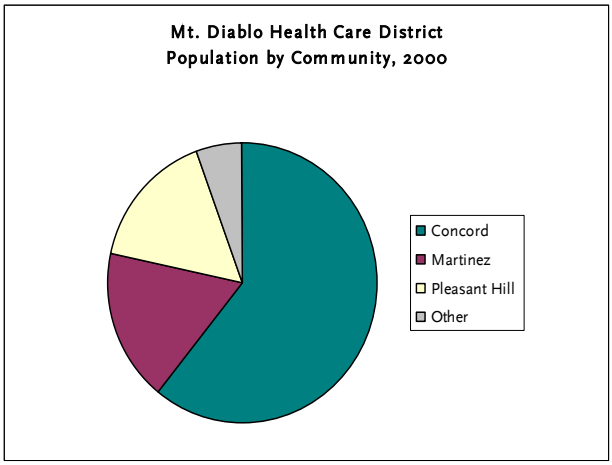
The MDHCD board sees its role as being: 1) an overseer of the Community Benefit Agreement and monitoring District assets that have been transferred to John Muir; 2) promoting community health improvement; 3) facilitating community health partnerships; 4) advocating for the community's interests; and 5) serving as a liaison from the community to the John Muir Health Board. The District provides a few no-cost programs such as blood pressure screening at the local farmers market and teen education on topics related to healthy living.

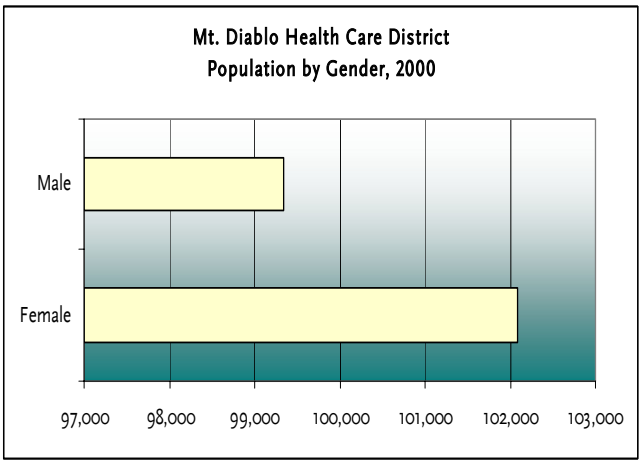
5.2 Growth and Population Projections for the Affected Area

MDHCD serves the area primarily within zip codes 94518, 94519, 94520, 94521, 94523, and 94553. Thus, for demographic purposes, these zip codes were used for data collection. Approximately 56 percent of the population is within the City of Concord and its sphere of influence. The population by community and population by gender are shown in Figure 5.2 below.

The population within the MDHCD area is projected to increase from 201,426 in 2000 to 247,312 in 2025, nearly a 23 percent increase as depicted in Figure 5.3. The projected increase is approximately half that anticipated in the LMCHD service area. Though moderate by comparison, this increase is significant, particularly with respect to the area's demographics and public health issues.

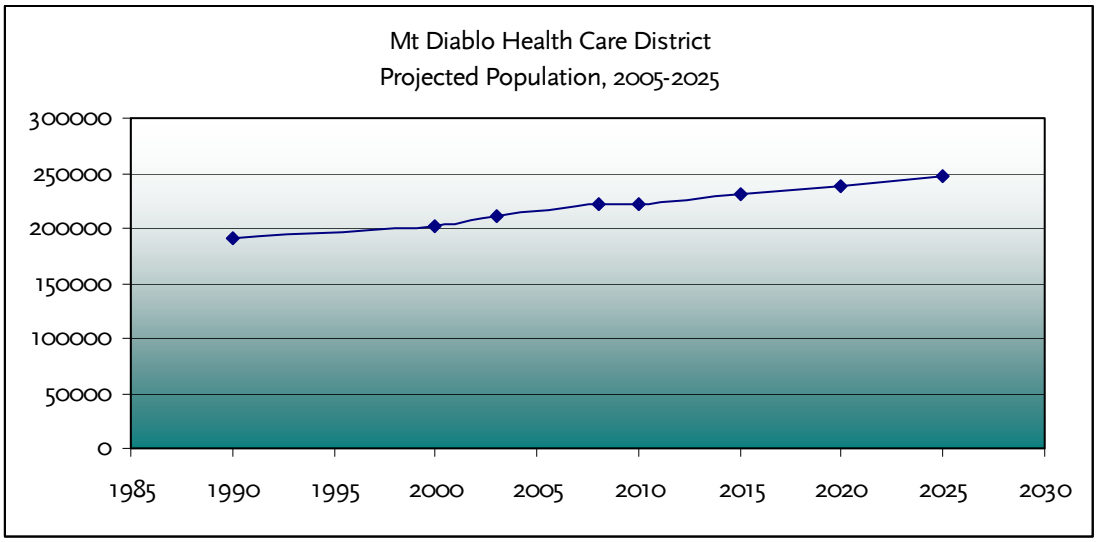
Figure 5.2





Source: US Census Bureau

Figure 5.3

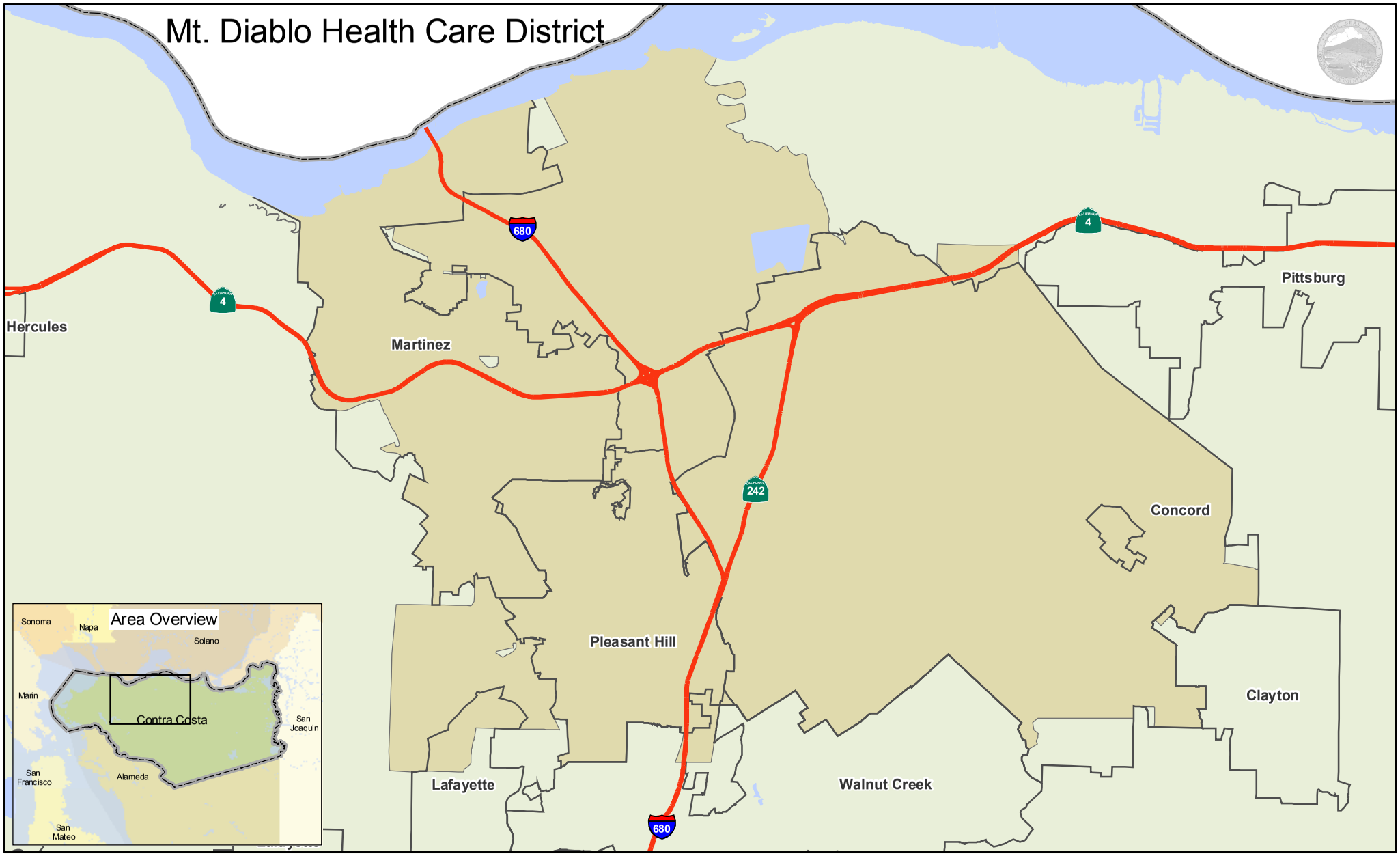


Source: US Census Bureau; Trade Dimensions International, 2003; The Abaris Group, 2006

The Association of Bay Area Governments (ABAG) has developed population projections through 2035 by subregional study area. Population within the Concord, Lafayette, Martinez, and Pleasant Hill subregional areas, which encompass each City's current Sphere of Influence, is projected to increase by nearly 50,000 to reach a population of 281,000 in 2035[11], with an average annual rate of growth of less than 1 percent. This is consistent with the projections discussed above.

[11] Association of Bay Area Governments, Projections 2007.

Mt. Diablo Health Care District



Legend

- Mt. Diablo Health Care District
- City Limits

Miles
0 1 2 4

Map created 6/01/2007
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0095
37:59:48.455N 122:06:35.384W

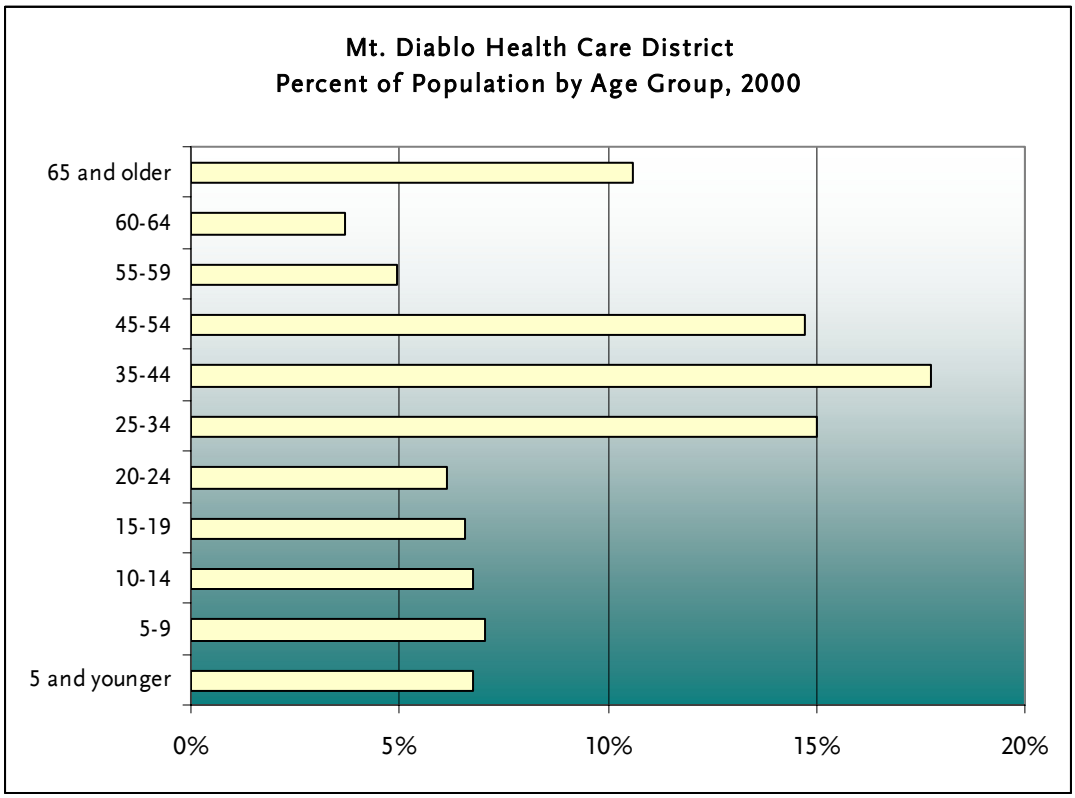
This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

N W E S

Population by Age Groups

As shown in Figure 5.4 below, the District has a 20.1 percent pediatric population (under the age of 15). Adults over the age of 65 comprise 11 percent of the district population. The current adult population ages 45-64 is 23.4 percent which indicates that, in 2025, the population of adults over the age of 65 could be higher than the 15.7 percent projected for Contra Costa County. Each of these age groups represents a range of healthcare needs. The areas of focus for healthcare providers will need to expand to meet the needs of the aging population.

Figure 5.4



Source: US Census Bureau

What is often not accounted for in population and growth estimates are certain underserved groups, such as the working poor, the homeless, and those with mental illness and/or chemical dependency. These groups also represent a significant need for public healthcare services.

5.3 Infrastructure Needs or Deficiencies

The Mt. Diablo Health Care District does not own or operate any facilities. Per the terms of the 1996 Community Benefit Agreement between the District and John Muir Health, all rights and title in the Mt. Diablo Medical Center, including land, buildings and equipment, transferred to John Muir. In return, John Muir is required to operate and maintain the District's healthcare facilities and assets for

the benefit of the communities served by the District. Furthermore, John Muir is required to maintain basic emergency services at the Mt. Diablo Hospital and to maintain a separate acute care license for the Hospital. A Basic emergency department (ED) must meet California Title 22 requirements, including 24/7 physician ED coverage, on-call specialists, ICU beds, laboratory, radiology, surgery, and recovery.

The Community Benefit Agreement is effective until December 31, 2049 and will automatically renew for three additional successive 50-year terms. The agreement does include clauses which allow for termination. Either party may give 180-days written notice prior to the expiration of a 50-year term of their intention not to renew the agreement. There are several clauses by which John Muir could terminate the agreement sooner than 2049, including significant facility upgrade costs over a short period or sustained operating losses. After January 2004, John Muir may terminate the agreement with or without cause by a two-thirds vote or greater of the John Muir Health Board. Upon termination of the agreement, the assets would transfer back to the District.

In February 2007, John Muir Health approved a $170 million expansion at the Concord campus (Mt. Diablo Medical Center), including a cardiovascular institute and an expanded emergency room. With this level of capital investment, it is unlikely that John Muir would opt to terminate the agreement with the District in the foreseeable future.

Another important consideration is seismic retrofit. John Muir Health's Concord campus (Mt. Diablo Medical Center) meets the 2013 seismic requirements, except for one elevator, which John Muir Health intends to upgrade. The main patient wing does not meet 2030 seismic requirements and John Muir Health has indicated they may require that their agreement with MDHCD be renewed early to provide some certainty before undertaking this project.

The MDHCD offers some healthcare programs such as monthly blood pressure screenings and dental care education at the Concord Farmers' Market through the assistance of volunteer nurses, and the District provided a $5,000 nursing scholarship to Cal State Hayward in Concord. While these programs provide an inexpensive way to impact health, they do not achieve a level of benefit expected from approximately $228,000 in funding from property taxes and $25,000 in annual funding from John Muir Health. The County has documented critical health concerns and public healthcare needs through the Community Healthcare Needs Assessment and other studies. The MDHCD should focus its resources on addressing some of these health issues and providing measurable benefits.

Programs offered by the District, such as abating school truancy, should also be discontinued in favor of more health-related projects. The purchase and resale of automatic defibrillators, toothbrush sanitizers and other items as revenue generators, as planned by the District, would not be within the typical healthcare district project scope, and there remain other organizations that are positioned for and have a history of providing these services.

5.4 Financing Constraints and Opportunities

The Mt. Diablo Health Care District is funded through property tax revenues and a $25,000 annual contribution from John Muir Health. The District receives a share of the one percent property tax. In 1996, the MDHCD faced bankruptcy and the voters approved a Community Benefit Agreement which transferred the assets of the District to John Muir Health in 1997, in exchange for certain assurances regarding health care services to be provided within the District as well as the creation of the John Muir/Mt. Diablo Community Health Fund. Per the terms of the Agreement, John Muir Health is required to contribute $1 million per year to the Fund. This agreement insulates the MDHCD from the financial risks experienced by the two other health care districts in Contra Costa County. In addition, it provides for a guaranteed revenue source for the community that District board members, who sit on the grant advisory committee, can allocate to worthy healthcare causes in central and eastern Contra Costa County. The MDHCD does not have controlling interests with these funds, having presently 50 percent of the seats on the advisory committee.

The District's 2006 budget includes $253,200 in revenue and $177,814 in expenses. All of the budgeted expenditures are for district administration, audit and election costs, and board-related expenses including board member benefits. Aside from the $5,000 nursing scholarship provided to Cal State Hayward in Concord, no funding is allocated to healthcare projects or programs. The largest expense is $89,000 for election costs (35% of budgeted revenue). Board related expenses, including directors insurance, medical insurance, stipends, and post-retirement funding is $56,060 (22% of revenue).

As of December 31, 2005 the District had cash and investments of $123,835. The District has a long term liability due to post-retirement healthcare benefits for some directors. The District sponsors a defined post retirement health care plan for the Board of Directors that includes medical and dental insurance. Directors who have served twelve (12) years on the board and who took office prior to January 1, 1995 are eligible for lifetime benefits at District expense. To date, the District has not pursued any alternative that might relieve this liability. As of December 31, 2005, the District had $99,209 invested to meet an actuarial determined liability of nearly $425,000. The District's financial history is summarized in Table 5.1 below.

Table 5.1 Mt. Diablo Health Care District Financial Summary			
	12/31/04 ACTUAL	12/31/05 ACTUAL	12/31/06 ACTUAL
Current Assets	$281,673	$247,771	$400,107
Capital Assets, Net	0	0	0
Total Assets	**$281,673**	**$247,771**	**$400,107**
Current Liabilities	$239,477	$37,720	$99,206
Long-term Liabilities	$420,372	$424,924	$760,037
Total Liabilities	**$659,849**	**$462,644**	**$859,243**
Fund Equity:			
Invested in Capital Assets, Net	0	0	0
Restricted	0	0	0
Unrestricted	($378,176)	($214,873)	($459,136)
Total Fund Equity	**($378,176)**	**($214,873)**	**($459,136)**

The significant change in Current Assets from 2005 to 2006 is due to an increase in the amount of property tax revenues received due to increases in property values. The increase in current liabilities is attributable to timing for accounts payable and the continued accrual of stipends for directors who are currently waiving their stipend. The increase in long-term liabilities reflects the accrued post-retirement healthcare benefits (actuarially based) for three directors at the end of 2005.

5.5 Cost Avoidance Opportunities

The Mt. Diablo Health Care District no longer operates a hospital and with the exception of a one-time $5,000 nursing scholarship and ongoing blood pressure screenings, allocates no additional funding to provide healthcare related programs or services. The District's expenses are board-related and administrative in nature. Due to the high cost of the lawsuit filed by the District against John Muir Health about the relocation of the birthing center from the Concord campus (Mt. Diablo Medical Center) to Walnut Creek, the District's budget was severely impacted. Over the four-year period of 2002 through 2005, the District's legal expenses totaled $465,000. The District should re-examine its role within the community and the opportunities that are available to provide healthcare benefit. This should be used as a basis for evaluating whether future legal actions are appropriate given the District's resources.

Due to the post-retirement benefit structure, there are a number of expenses that cannot be significantly reduced. At a minimum, the District should pursue opportunities to participate in Joint Powers Insurance Agreements and other programs to reduce liability and medical insurance costs. (The District is currently working with the Association of California Health Care Districts to establish a Joint Powers Agreement to alleviate some of these cost burdens on districts throughout the state.) Even though the District participates in determining grant awards from the Community Health Fund, the ability for the District to do anything meaningful with the limited dollars left after administrative expenses of their own tax dollars is extremely limited.

5.6 Opportunities for Rate Restructuring

The Mt. Diablo Health Care District receives property tax revenue and funding from John Muir Health. They do not charge fees for any services. Given that the District does not own or manage any capital assets, nor provide services or programs upon which other agencies are dependent, there is no need to consider rate restructuring.

5.7 Shared Facilities

Each of the three health care districts has entered into relationships for shared facilities or is in the process of evaluating these opportunities. The MDHCD was the first in Contra Costa County to recognize the synergies available after bankruptcy concerns surfaced in 1996. Through the Community Benefit Agreement, the District's assets acquired through taxpayer funding were appropriately leveraged to provide long-term benefit in the local community. In conjunction with this change, services were optimized. For example, the Mt. Diablo birthing center was a third of the size of John Muir's and losing money. By consolidating the centers, a profitable birthing program was possible. Similarly, open-heart surgery programs have been merged and are performed only on the Concord campus (Mt. Diablo Medical Center).

Both John Muir and District board members stated during interviews for this study that the relationship is working and reasonably beneficial. Notwithstanding, in the past there has been strife over the District's decision to sue John Muir over the consolidation of birthing centers to the Walnut Creek campus and on the ongoing "oversight" role the District has been taking with John Muir. These issues seem to have been resolved and John Muir Health is moving forward with significant plans for the Concord campus (Mt. Diablo Medical Center).

The County is opening a new health center in the District. There may be opportunities for the District board to leverage its resources to support the health center.

5.8 Evaluation of Management Efficiencies

The MDHCD is managed by the District's Board of Directors with part-time administrative support. Of the five Directors, two are physicians and one is a family nurse practitioner. The board members are experienced and knowledgeable about healthcare issues and services within the MDHCD service area.

5.9 Government Structure Options

Four government structure options were identified for the Mt. Diablo Health Care District:

- Maintain the status quo, including an option for periodic updates to LAFCO
- Dissolve the MDHCD

- Consolidate the MDHCD with the Los Medanos Community Healthcare District
- Dissolve the MDHCD and form a subsidiary district of limited powers

Status Quo

This option would maintain the MDHCD's current boundary and SOI. The District would continue to serve the Concord/Martinez/ Pleasant Hill area, and operations would continue based on the MDHCD Board's direction. The advantages of this option are that it would allow the District to continue to reduce its unfunded healthcare benefit liability. The property tax revenues that accrue to the District would remain within healthcare, with the potential for greater benefit if the District begins to support programs and services and leverage its resources through other healthcare programs.

The disadvantages to this option are that the issues identified above – lack of services and program support and severe financial constraints – would continue. Property tax revenues would continue to support board-related expenses, elections, and administrative needs with no funding directed towards healthcare programs and services.

Status Quo with Report Back. LAFCO would require that the MDHCD report back within specified time periods (e.g., annually) on the progress being made on resolving the key issues noted above. This would require that MDHCD adopt policies and/or implement practices that specifically respond to the issues raised. It would also require that MDHCD demonstrate measurable progress on supporting programs and services that address healthcare issues and needs identified in the County's assessments. Since LAFCO has the statutory authority to initiate the dissolution of a special district[12], the periodic updates would be an important means of noting the progress that MDHCD makes.

It may not be possible for the District to survive given its limited contribution to healthcare with District funds. However, it if were to survive, the District's board should be encouraged to build on its strategic planning efforts and strengthen its focus on wellness and healthcare education for the District's residents. For example, the County is opening a new health center in the District. There may be opportunities for the District board to support the health center in addition to an ancillary relationship with John Muir Health.

Dissolution of the Mt. Diablo Health Care District

The third government structure option is to dissolve the Mt. Diablo Health Care District. Should dissolution of the Mt. Diablo HCD be considered, sufficient safeguards would have to be in place to ensure that the Community Health Fund allocates their $1,000,000 budget appropriately per the terms of the Community Benefit Agreement. Contingencies would need to be established in case John Muir Health does not renew the agreement in 2049 or opts for an even earlier termination due to any number of circumstances. John Muir has reported financial losses significant enough to invoke the latter type of termination, but has not done so according to the hospital. Given the direction towards

[12] Government Code Section 57103 requires voter approval for final dissolution of healthcare districts.

implementing a $170 million capital improvement project on the Concord campus (Mt. Diablo Medical Center), early termination of the agreement is not likely in the foreseeable future.

Potential advantages of dissolution include a reduction in District expenses for elections, board expenses, and administration. LAFCO would have to designate a successor agency to serve the District's fiduciary role in the Community Benefit Agreement. The role of the District in approving directors for John Muir Health and appointing Directors to the Community Benefit Corporation could be accomplished through a Healthcare Commission appointed by the respective City Councils within the current District boundaries.

Potential disadvantages of dissolution include reduced funding committed to healthcare in general. The District receives a portion of the one percent property tax, and this funding could potentially support healthcare within its service area. With a dissolution, the property tax revenue that accrues to the District would be redirected to other services and programs (healthcare related and not), and would not necessarily provide direct benefit to the residents within the district. In addition, a successor agency would assume the liability for the District Directors' lifetime healthcare benefits, which would transfer that financial burden to the taxpayers of the successor agency.

Dissolution of a healthcare district requires an in-depth study, identification of an appropriate successor agency, development of terms and conditions, LAFCO approval, and ultimately voter approval. Pursuing reorganization without the support of residents or the governing board typically increases the time and effort involved.

Consolidate the Mt. Diablo Health Care District and the Los Medanos Community Healthcare District

Under this option, the MDHCD would be merged with the Los Medanos Community Healthcare District. Both districts were formed for the same purpose; however they have taken different approaches to providing service within their respective jurisdictions. The LMCHD has returned to financial stability, actively leveraging agency partnerships to increase the range and value of services provided. The District has identified the critical health issues of its residents, and the District's goals address specific health issues that have been identified through County studies. Other than the one-time nursing scholarship and ongoing blood pressure screenings, the Mt. Diablo Healthcare District is currently not providing healthcare services and has not allocated funding for any healthcare programs or services. The Mt. Diablo District's efforts are primarily focused on monitoring the agreement with John Muir Health and participating in the oversight of that agreement. With the consolidation of the two districts, the strategic planning, approach and impetus of the LMCHD could be expanded to provide benefit in the Mt. Diablo Healthcare District area.

Potential advantages of this option could include improved service levels within the Mt. Diablo Healthcare District service area, greater economies of scale, improved efficiency and a reduction in overhead costs through shared administrative facilities and functions. There would also be a reduction in Board-related costs, including elections, with only one Board of Directors. After the

MDHCD lifetime health benefit liability was fully funded, there would be an additional $250,000 per year that could be used to support healthcare programs and services.

As the successor agency, the Los Medanos Community Healthcare District would assume the fiduciary responsibility of the District in the Community Benefit Agreement. As noted above, pursuing reorganization without the support of residents or the governing board typically increases the time and effort involved.

A potential reorganization of the Los Medanos Community Healthcare District and the Mt. Diablo Health Care District would require more in-depth analysis to determine if the change would result in real benefits to the residents for both districts.

Dissolve the MDHCD and form a Subsidiary District with Limited Powers

The fourth government structure option includes dissolving the MDHCD and forming a limited power subsidiary district of a city. This would eliminate future election costs for directors and board related costs, including healthcare benefits provided while directors are in office. However, there would be significant costs involved with dissolving the MDHCD and forming a new subsidiary district. The liability for post-retirement Director benefits would become the responsibility of the new district. Government Code Section 57105 provides for the establishment of a limited power subsidiary district when the following criteria are both met: 1) portions or portions of the territory of the district represent 70 percent or more of the area of land within the district; and 2) portions or portions of the territory of the district contain 70 percent or more of the number of registered voters who reside within the district. This would require further analysis to determine whether the criteria would be met and whether the benefits would outweigh the costs.

5.10 Local Accountability and Governance

The Mt. Diablo Health Care District is governed by a five-member Board of Directors elected at large by voters in the District. In the November 2006 elections three of the five board positions were up for re-election, with one incumbent running for re-election. One position was for a two-year short term for the position vacated by a retiring board member. One seat was filled by an incumbent, and two seats were filled by newcomers. Table 5.2 provides information about the District's Board of Directors.

Table 5.2 Mt. Diablo Health Care District			
Date formed:	1948		
Statutory Authorization:	California Health and Safety Code Section 32000 Local Healthcare District Law		
Board Meetings:	Monthly on 1st Thursday, 7:00 p.m.		
Board of Directors	**Title**	**Term Exp.**	**Compensation**
Grace Ellis	Chairman	11/2008	Stipend waived; Health Benefits Only
Linda A. Stephenson, RN	Secty/Treasurer	11/2010	Stipend
John R. Toth, DO	Vice Chairman	11/2010	Stipend waived
Frank Manske	Director	11/2008	Stipend
John P. Toth, MD	Director	11/2008	Stipend waived

Note: Approved stipend is $100 per mtg/$500 per month max.

Directors who have served 12 years on the board and took office prior to January 1, 1995, are eligible to receive lifetime health insurance benefits at District expense, including medical and dental insurance through a defined benefit plan. One current director and one former director are eligible. Directors elected after January 1, 1995 receive health insurance benefits while they are in office. The District's consulting actuary determines the accrued post retirement cost.

The following Table 5.3 summarizes indicators that can be used to evaluate the District's accountability to residents:

Table 5.3 Mt. Diablo Health Care District	
Health Care District Accountability Indicators	
Health Care District	**Mt. Diablo**
Direct service provider	No
Patients are constituents	N/A
Constituents using facility	N/A
Uncontested elections since 1996	2000, 2004
Latest contested election	Nov. 06
Latest voter turnout rate	30%
Countywide turnout rate	56%
Efforts to broadcast meetings	Yes
Constituents updated via outreach	Yes
Solicits constituent input	-Yes
Discloses finances	Yes
Posts public documents on web	No
Responsive to LAFCO inquiries	Yes

Source: Mt. Diablo Health Care District

The MDHCD Board normally meets on a monthly basis. Each agenda includes a public comment period for the community to ask questions or provide input. The minutes describe little or no public

comment at the 2006 meetings. The MDHCD website, www.mtdiablohealthcaredistrict.org, has outdated information and only includes projects up to 2004, the Community Health Fund page is blank, and the link to Board minutes was not working.

The MDHCD Directors serve on the Community Health Benefit Corporation Board and participate in reviewing and selecting programs to receive grant funding. The John Muir/Mt. Diablo Community Health Fund receives $1 million per year from John Muir Health. The grant making service area includes central and eastern Contra Costa County. Funding has been provided to a wide range of entities and programs, including Contra Costa for Every Generation, multiple programs under the Healthy Aging Initiative, and a responsive grant program to address urgent health challenges affecting underserved populations.

The MDHCD board sees its role as being: 1) an overseer of the Community Benefit Agreement and monitoring District assets that have been transferred to John Muir; 2) promoting community health improvement; 3) facilitating community health partnerships; 4) advocating for the community's interests; and 5) serving as a liaison from the community to the John Muir Health Board. The Board identified the following fiduciary responsibilities:

- To safeguard the millions of dollars the community invested in the hospital facility
- Remain the Trustee for the former hospital employees' retirement fund
- Approve the appointments of 50 percent of the John Muir Health Board
- Appoint 50 percent of the Community Health Benefit Corporation Board (District Directors serve in those positions)
- Approve any changes to the Community Benefit Agreement between MDHCD and John Muir Health
- Be prepared to accept the responsibility of running a hospital should John Muir terminate the Agreement

Since the Community Benefit Agreement became effective in 1997, the District has focused its resources on fulfilling those fiduciary responsibilities, including the legal action against John Muir regarding program closures on the Concord campus. As a result, the District's role in sponsoring or promoting healthcare programs has been limited. The Agreement conforms to the requirements of the California Health and Safety Code Section 32121, which addresses this type of asset transfer and includes provisions to safeguard the public's interests. With the recent commitment of John Muir Health to construct $170 million in new capital infrastructure on the Concord campus (Mt. Diablo Medical Center), the District's Board should re-focus its efforts on providing quantifiable benefits to healthcare services and programs within its boundaries. This should include developing a strategic plan that identifies specific healthcare issues and needs, along with goals and objectives.

5.11 Sphere of Influence Recommendations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review and update the sphere of influence (SOI) for each of the special districts and cities within the county.[13]

The Mt. Diablo Health Care District was formed in 1948. The District no longer operates a hospital, nor funds services and programs that support healthcare within its boundaries. The District's SOI is coterminous with its boundaries. The eastern boundary is contiguous with the boundary of the Los Medanos Community Healthcare District. The MDHCD has not recommended any changes to its boundary.

Due to the District's limited capacity to provide service, three potential options are identified for the MDHCD SOI:

- **Retain the existing SOI:** If LAFCO determines that the existing government structure is appropriate, then the existing SOI should be retained. This could include an option in which the MDHCD would be required to report back within specified time periods (e.g. annually) on the progress being made on resolving key issues such as providing support for healthcare services and programs and leveraging the District's resources to address identified healthcare care issues within the district.

- **Zero SOI in Preparation for Dissolution:** If LAFCO determines that the MDHCD should be dissolved within the next five years, than adopting a zero SOI would be appropriate.

- **Zero SOI in Preparation for Consolidation with Los Medanos Community Healthcare District** If LAFCO determines that the MDHCD and the Los Medanos Community Healthcare District should be consolidated with the LMCHD as the successor agency, then the MDHCD SOI should be changed to a zero sphere. (This would need to occur in conjunction with the adoption of an expanded SOI for the Los Medanos Community Healthcare District.)

Note: As discussed in Section 1.0 Executive Summary, the option to consolidate all three healthcare districts was not considered as a viable option at this time due to the current legal obligations and financial condition of the West Contra Costa Healthcare District.

Discussion on government structure options is included in Section 5.10 above. The analysis of SOI issues is included in Table 5.4 below.

[13] State of California Government Code Section 56425 et seq.

Table 5.4 Mt. Diablo Health Care District SOI Issue Analysis	
Issue	**Comments**
SOI Update Recommendation	Retain existing SOI
Services authorized to provide	Healthcare
Existing and Planned Land Uses and Policies	The District has no land use authority. County and city plans include land uses and population growth that will need healthcare services. County and city policies support the provision of adequate healthcare for residents.
Potential effects on agricultural and open space lands	Although there are agricultural and open space lands within the District's SOI and boundaries, healthcare services do not by themselves induce or encourage growth on agricultural or open space lands. No Williamson Act contracts would be affected.
Opportunity for Infill Development rather than SOI expansion	None. The District has no land use authority and has no control over the location of infill development.
Projected Growth in the Affected Area	Population is expected to increase by 1% over the next five years. There will be a continued need for healthcare services.
Services to be Provided to any areas added to the SOI	No additions to the SOI are recommended.
Service Capacity and Adequacy	The District has severe financial constraints due to previous legal actions initiated by the District and a lifetime healthcare benefits liability. The legal fees have been paid. The District has limited funding that could be leveraged to support healthcare programs and services within District boundaries.
Location of Facilities, Infrastructure and Natural Features like rivers and ridgelines	The District does not own or manage any facilities. Healthcare services are not affected by topography.
Effects on Other Agencies	The District's eastern SOI boundary is contiguous to the Los Medanos Community Healthcare District boundary. The District includes territory in the cities of Concord, Pleasant Hill, Martinez, Lafayette and unincorporated area. The District's SOI boundary is consistent with General Plans and does not conflict with the SOI of affected agencies.
Potential for Consolidations or other Reorganizations when Boundaries Divide communities	The analysis includes four government structure options: status quo (and status quo with report back), with no change in SOI; dissolution; consolidation with the Los Medanos Community Healthcare District; and formation of a subsidiary district to a city. Dissolution, consolidation, or district formation would require further analysis.

Table 5.4 Mt. Diablo Health Care District SOI Issue Analysis	
Issue	**Comments**
Social or economic communities of interest in the area	The District was formed to serve the Concord, Pleasant Hill, Martinez area. In 1996 District voters approved the transfer of District assets, including the Mt. Diablo Community Hospital, to John Muir Health. They therefore have an economic interest in receiving benefit from that transfer. In addition, a portion of the 1 percent property tax accrues to the District for healthcare services; therefore residents have an interest in the types of services and programs the District funds.
Willingness to serve	The District wishes to continue to provide services within its boundary and SOI.

Recommendation

It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the benefits and costs of a consolidation with the Los Medanos Community Healthcare District in conjunction with the next Municipal Service Review. In addition, LAFCO should consider requesting that the District provide annual reports on progress made towards providing programs that address some of the healthcare needs within their service area.

5.12 Determinations

Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

Population within the Concord/Martinez/Pleasant Hill/Lafayette area will increase to an estimated 281,000 people by 2035, with an average annual growth rate of 0.6 percent. These residents will need adequate healthcare services within the local area.

The District's service area has a significant pediatric population (0-15 years) as well as adults in the 25-34 age range and those over 65 years old. Each of these groups has specific healthcare needs.

Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The MDHCD does not own or manage any facilities. Per the terms of the 1996 Community Benefit Agreement, all rights and title to the District's assets, including the Mt. Diablo Community Hospital, transferred to John Muir Health.

There are significant healthcare issues, unmet needs, and underserved populations within the MDHCD boundaries. However due to the District's financial condition, the District is not currently funding any healthcare services or programs aside from the one-time nursing scholarship and blood pressure screenings. This is a deficiency which can be addressed through the District refocusing its efforts from oversight of the Community Benefit Agreement towards supporting healthcare services and programs.

Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

The MDHCD is funded through a portion of the 1 percent property tax. This is a stable source of revenue.

The District has paid off approximately $485,000 in legal debts incurred by a legal action initiated by the District in response to John Muir's decision to consolidate birthing center services in the Walnut Creek campus.

The District has financial constraints that limit their ability to fund healthcare services and programs. Of the $253,000 in revenue anticipated in the 2006 budget, 43 percent will go to election and audit expenses and 22 percent will go to Board-related expenses.

The District has an unfunded liability associated with lifetime healthcare benefits for board members. At December 31, 2006, the liability was approximately $760,000.

Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

The MDHCD should pursue opportunities to participate in Joint Powers Insurance Agreements and other programs to reduce liability and medical insurance costs.

Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

The MDHCD is funded through property tax revenues and an annual $25,000 contribution from John Muir Health. The District does not provide direct services nor charge fees.

Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The MDHCD participates in the decision-making process for grants provided through the John Muir/Mt. Diablo Community Health Fund.

The County is opening a new health center in the District. There may be opportunities for the District board to leverage its resources to support the health center.

Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

Four government structure options were identified:

- **Status Quo:** Advantages are that it would allow the District to continue to reduce its healthcare benefit liability. The property tax revenues that accrue to the District would remain within healthcare, with the potential for greater benefit if the District begins to support programs and services and leverage its resources through other healthcare programs. Disadvantages are that property tax revenues would continue to support board-related expenses, elections, and administrative needs with minimal funding directed towards healthcare programs and services.

  Status Quo, with periodic updates to LAFCO: This would maintain the status quo through the next service review; however the MDHCD would be required to report back within specified time periods on the progress being made on resolving key issues such as providing support for healthcare services and programs and leveraging the District's resources to address identified healthcare care issues within the district.

- **Dissolve the MDHCD:** Advantages include a reduction in District overhead expenses such as elections, audits, and board-related expenses. Disadvantages include potential redirection of funding from healthcare to other services and programs that may or may not be within the local area. There are unmet needs and documented health issues; this funding could provide measurable benefits in addressing those issues.

- **Consolidate the MDHCD with the Los Medanos Community Healthcare District:** Advantages include potential service level improvements within the Mt. Diablo service area and cost reductions such as board expenses, overhead, and election costs. Disadvantages include no actual or limited cost savings, little improvement in service efficiency, and political opposition.

- **Dissolve the MDHCD and form a Subsidiary District with Limited Powers:** Advantages include elimination of future election costs for directors and other board-related costs, which would allow for increased funding for healthcare programs. Disadvantages include potentially significant costs involved with dissolving the MDHCD and forming a new subsidiary district, and political opposition.

Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

The MDHCD operates under the direction of the Board of Directors with one part-time staff. The Directors are knowledgeable about local healthcare issues and other service providers.

Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

Recent elections have been contested, with both incumbents and new candidates running for open seats. This is evidence of public interest in District management and operations.

The MDHCD Board of Directors has identified their fiduciary responsibilities with respect to the Community Benefit Agreement with John Muir Health. The Agreement conforms to the requirements of the California Health and Safety Code Section 32121, which addresses this type of asset transfer and includes provisions to safeguard the public's interests. With the recent commitment of John Muir Health to construct $170 million in new capital infrastructure on the Concord campus (Mt. Diablo Medical Center), the District's Board should re-focus its efforts on providing measurable benefits to healthcare services and programs within its boundaries.

6.0 WEST CONTRA COSTA HEALTH CARE DISTRICT

6.1 Overview

The West Contra Costa Healthcare District (WCCHD) serves the western portion of Contra Costa County, including Hercules, El Sobrante, Richmond, Richmond Heights, Kensington, Pinole, Rodeo, El Cerrito, Crockett, and San Pablo (*Figure 6.1, West Contra Costa Health Care District)*. The District owns and operates the Doctors Medical Center in San Pablo. For seven years prior to 2004, Doctors Medical Center was leased to Tenet Healthcare Corp, which ended its agreement early due to operating losses. Doctors Medical Center continues to suffer financially and, on October 1, 2006, declared bankruptcy. The WCCHD is a party to the DMC Management Authority, JPA with Contra Costa County initiated in 2006 to keep the hospital open. The JPA was created following Contra Costa County's support via an intergovernmental transfer of funds that brought $20 million to WCCHD to keep the hospital open. In order for the fund transfer to occur, WCCHD pledged approximately four years of its ad valorem taxes to repay the County for the advance of $10 million from the County's General Fund. The State of California utilized the $10 million intergovernmental transfer as the non-federal share to provide $20 million in enhanced MediCal payments to DMC for in-patient hospital services rendered to MediCal beneficiaries.

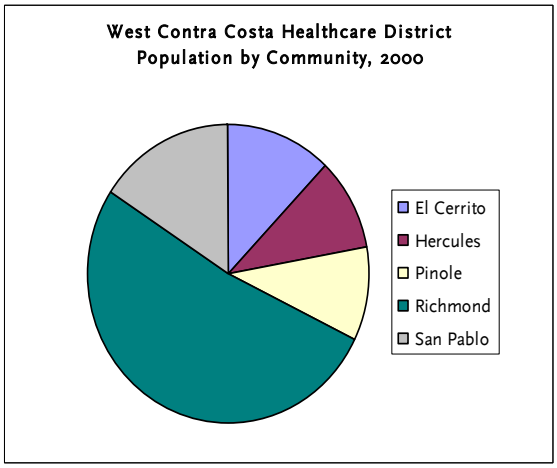
Doctors Medical Center is the only hospital in West Contra Costa County serving the general public and is a critical component of the County's emergency medical services system. In order to preserve needed health care services in this region of the county, the DMC Management Authority, JPA has approved the implementation of certain elements of the business plan that has been developed and is considering new options to help secure the short-term and long-term viability of the hospital. The business plan options help ensure adequate levels of service at the hospital.

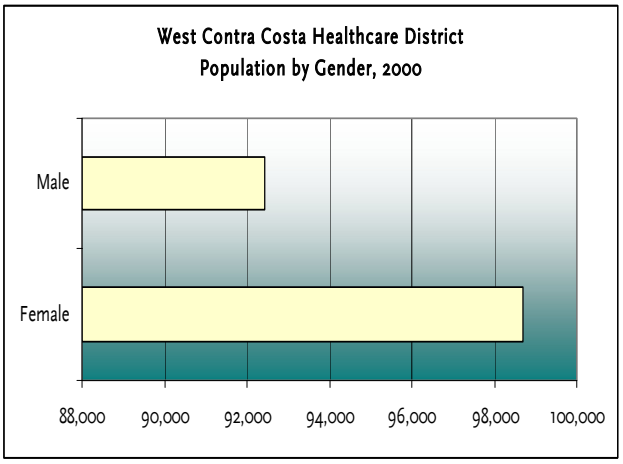
As is required by the bankruptcy court, any funds received by WCCHD cannot be used for payment of pre-petition creditors, but can only be used for post-petition operations at DMC. The business plan options that are being considered by the JPA include the following: $14 million of improvement initiatives; $3 million of synergies working with the County; an evaluation of DMC's core programs and restructuring of some of them: $25 million in needed capital investments; and additional short-term and long-term funding required to implement that plan. It does not include a plan to come out of bankruptcy.

6.2 Growth and Population Projections for the Affected Area

The West Contra Costa County Healthcare District primarily serves the following zip codes: 94525, 94530, 94547, 94564, 94572, 94707, 94708, 94801, 94803, 94804, 94805, and 94806. Thus, for demographic purposes, these zip codes were used for data collection. The population by community and by gender is shown below in Figure 6.2.

Figure 6.2

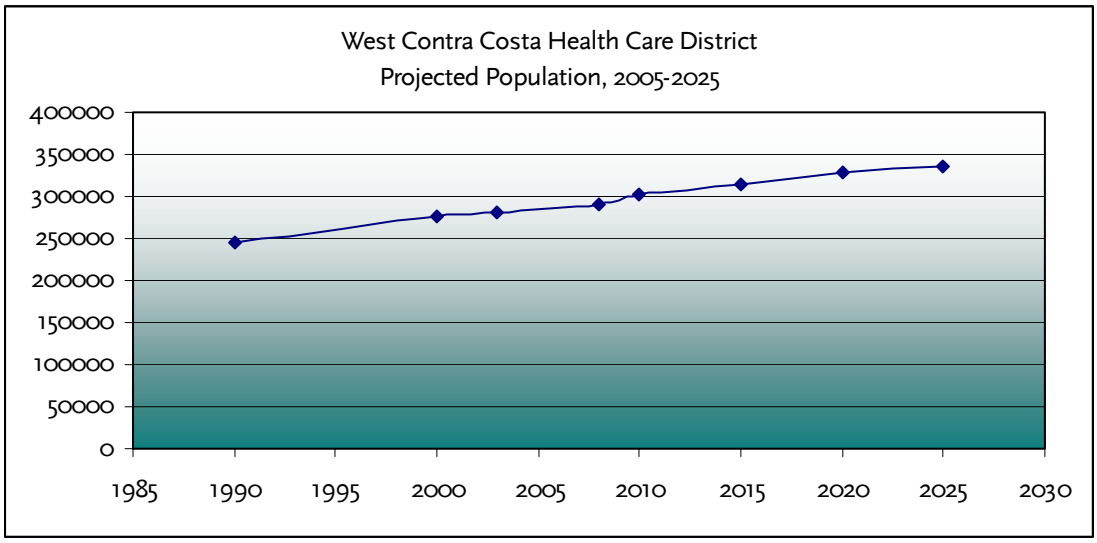




Source: US Census Bureau

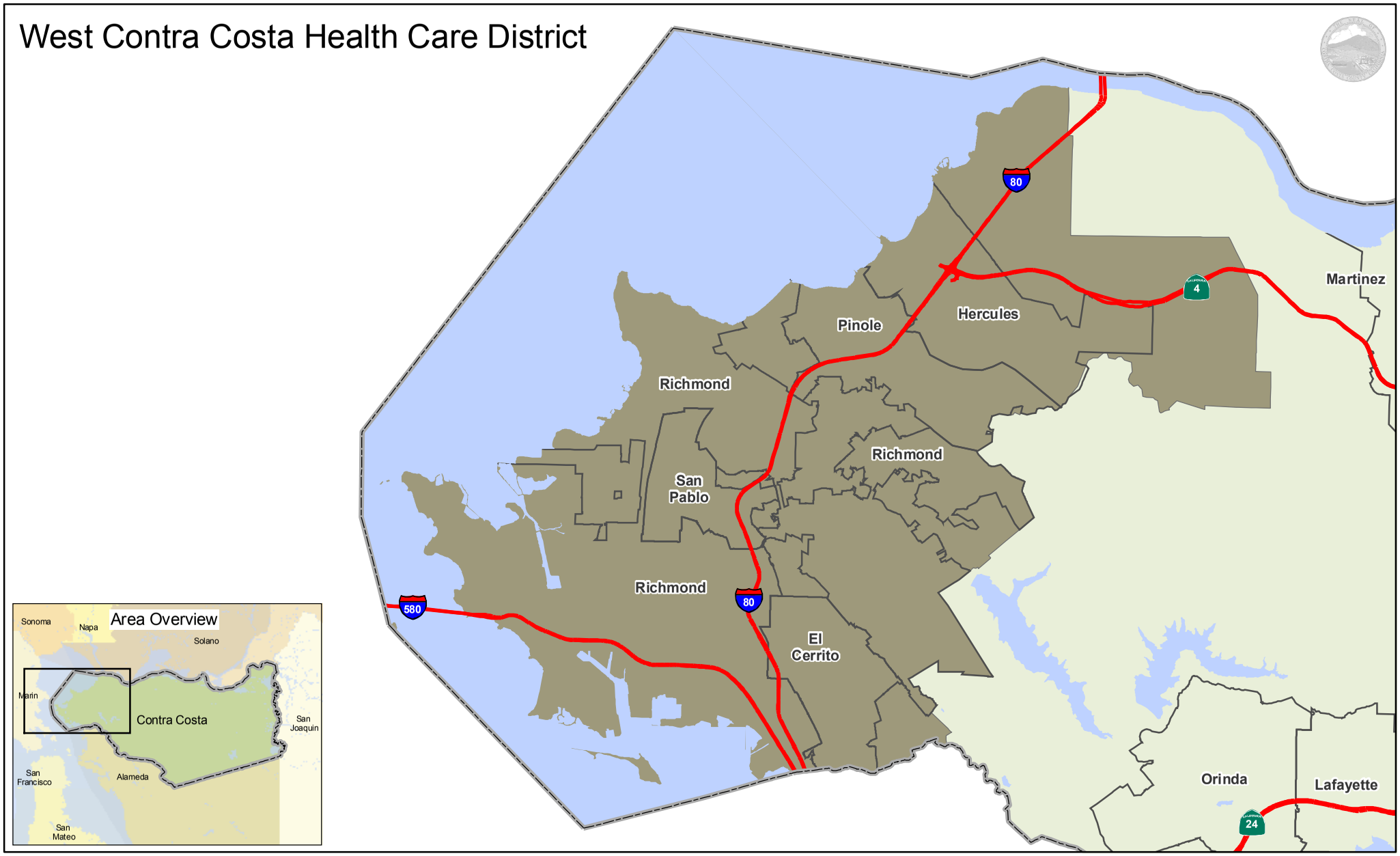
West Contra Costa County Healthcare District is expected to have a population growth rate of 22 percent through 2025, similar to the Mt. Diablo Health Care District service area. It is the largest healthcare district in the county, and its service area is expected to reach a population of 335,621 by 2025, up from 275,033 in 2000 as shown in Figure 6.3.

Figure 6.3



Source: US Census Bureau; Trade Dimensions International, 2003; The Abaris Group, 2006

West Contra Costa Health Care District



Legend

West Contra Costa Health Care District

City Limits

Miles
0 1 2 4

Map created 6/01/2007
by Contra Costa County Community Development, GIS Group
651 Pine Street, 4th Floor North Wing, Martinez, CA 94553-0095
37:59:48.455N 122:06:35.384W

This map was created by the Contra Costa County Community Development Department with data from the Contra Costa County GIS Program. Some base data, primarily City Limits, is derived from the CA State Board of Equalization's tax rate areas. While obligated to use this data the County assumes no responsibility for its accuracy. This map contains copyrighted information and may not be altered. It may be reproduced in its current state if the source is cited. Users of this map agree to read and accept the County of Contra Costa disclaimer of liability for geographic information.

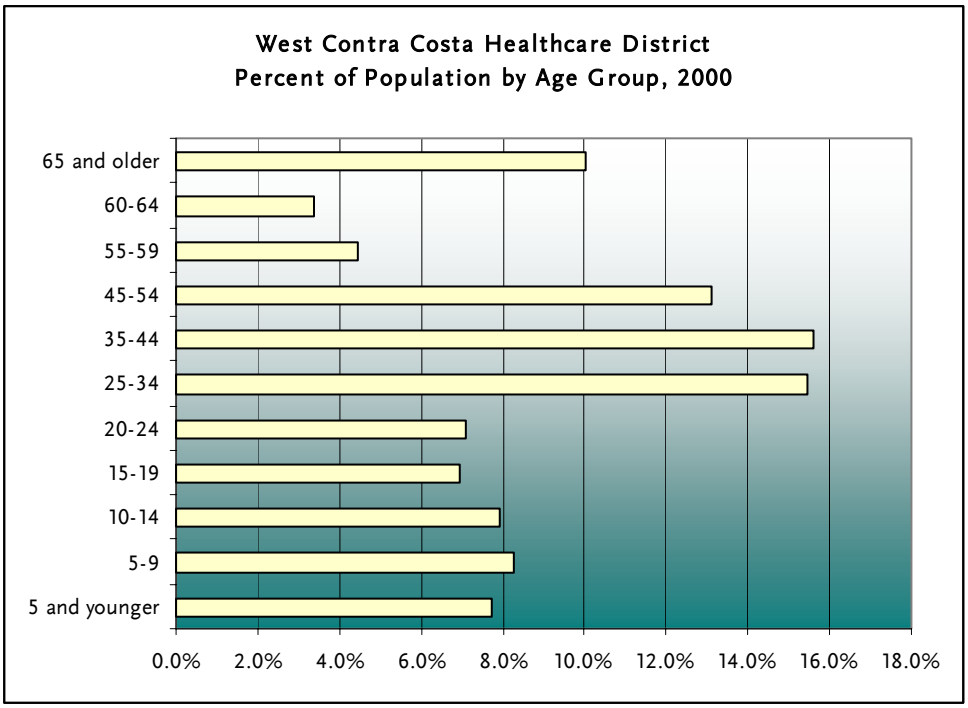
N
W E
S

The Association of Bay Area Governments (ABAG) has developed population projections through 2035 by subregional study area. Population within western Contra Costa County is projected to increase by nearly 52,000 to reach a population of 303,800 in 2035[14], with an average annual rate of growth of less than 1 percent. This is slightly lower than the projections discussed above but still indicates continued growth.

Population by Age Groups

As shown in Figure 6.4 below, the WCCHD has a 24 percent pediatric population (under the age of 15). Adults over the age of 65 comprise 10.0 percent of the district population. The current adult population ages 45-64 is 20.9 percent which indicates that the population of adults over the age of 65 in 2025 could be significantly higher than Contra Costa County's projected 15.7 percent. Given the expected growth, demand for cardiac, neurology and cancer services will grow as the age population increases. It will be essential that the District address the aging population with programs that align with the community's needs.

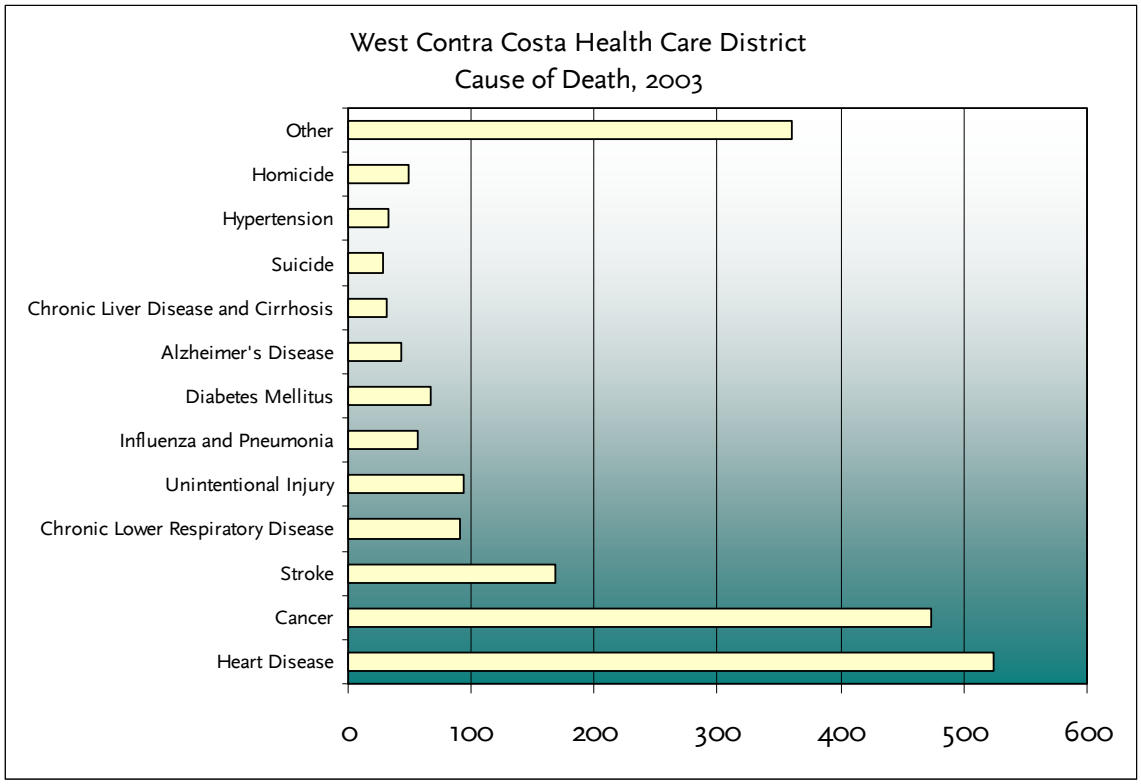
Figure 6.4



Source: US Census Bureau

[14] Association of Bay Area Governments, Projections 2007.

Figure 6.5



Source: California Department of Health Services

6.3 Infrastructure Needs or Deficiencies

The District, in conjunction with the County, through the DMC Management Authority, JPA, has conducted a comprehensive hospital assessment and has developed new business plan options that are being considered. The business plan options include the following: $14 million of improvement initiatives; $3 million of synergies working with the County; an evaluation of DMC's core programs and restructuring of some of them: $25 million in needed capital investments; and additional short-term and long-term funding required to implement that plan.

Of significance are the large seismic upgrades that will be necessary to meet standards that will apply in 2009 and 2013, with costs yet to be determined by the District. While there is no likely immediate funding source for this retrofit, there are a number of hospitals in the state that have successfully gone back to the voters to support a bond measure for the seismic work.

6.4 Financing Constraints and Opportunities

Doctors Medical Center, originally known as Brookside Hospital, has been owned by the West Contra Costa Healthcare District since it was built in 1954, following voter approval of the District's formation in 1948. The District receives revenue from hospital operations and collects $2.9 million in general property taxes. Even before the dissolution of the Tenet management agreement, the medical center

was losing $36 million a year. Kaiser infused $3 million in "future service" funds to support the ailing hospital, including $1 million as a gift. Although unconfirmed, it is estimated that Doctors received $2.5 million in California Medical Assistance Commission (CMAC) funds from the State in 2006.

There are no plans to reopen the Pinole Campus. The hospital has been seeing California Department of Corrections and Rehabilitation (CDCR) patients since July 2006, and is receiving payment for services through an informal agreement. The CDCR contract has not been executed and is currently being worked on. Business from the CDCR brings a new revenue stream estimated at $5 million per year. Asking voters to approve additional taxes may be considered, along with several other funding options.

The District had been considering $26 million in Certificates of Participation (COPs) to finance long-term debt. Before this was completed, the District filed for Chapter 9 bankruptcy in October 2006. On October 31, 2006, the County Board of Supervisors agreed to provide $10 million in funds with a matching $10 million from the State in MediCal money. In return, the District must pledge $11.5 million in future tax revenue to repay the County's loan plus interest.

6.5 Cost Avoidance Opportunities

When Tenet ended its agreement in August 2004, the WCCHD began cutting expenses to curb the $3 million a month in losses. This included closing the non-profitable Burn Center and Doctors' Pinole campus. Vendors extended longer payment terms, administration took pay cuts, and medical director stipends were delayed. The medical center cut the operating loss in half during 2004-2005 and average cost per patient is within the lower third of East Bay hospitals. Additional expense cuts will require buy-in and concessions from medical staff, Directors, and labor. The recent hospital assessment and business plan options report identified many specific areas for improvement, including some that are underway and are beginning to show upward trends. The assessment found that DMC is much worse off financially than previously thought, but the business plan includes options that specifically address the long-term financial needs of the hospital.

6.6 Opportunities for Rate Restructuring

Doctors Medical Center is anticipating $10 million in new revenue due to billing and collection improvements from a hospital-wide IT investment covering 27 separate computer systems completed in July 2006. The $10 million capital improvement was mandatory as Tenet only leased back their computer infrastructure until August 2006. The true impact of the new IT system cannot be captured until more experience is gained with the system.

With the bond measure only recently approved in 2004, and with extraordinary financial pressures on the hospital, the District may consider asking the voters to approve a tax increase.

6.7 Opportunities for Shared Facilities

The WCCHD has realized the need for County support due to declaring bankruptcy in October 2006. Through this new partnership, the County has controlling interest to affect change on the joint management committee for the hospital. Through this new partnership, the County has controlling interest to affect change on the DMC Joint Management Authority, JPA. This change may include new opportunities for DMC and Contra Costa Regional Medical Center and County Health Clinics to work together.

6.8 Evaluation of Management Efficiencies

The West Contra Costa Healthcare District provides direct service to the community through Doctors Medical Center. A reduction in reimbursement by all payers and a general decline in demographics in the District's region created significant problems for the District. In 1997, the WCCHD was out of cash and signed a 20-year lease with Tenet. During the next seven years, the Medical Center continued to lose revenue sources, including a Kaiser contract for in-patient beds, surgeons building a surgical center for outpatient surgeries, and a 13-month nursing strike. A month after the nursing strike ended, Tenet announced that they would no longer lease the Medical Center, leaving the District only six months to resume control and 24 months to replace all information technology (IT) infrastructure.

Since 2004, when the West Contra Costa Healthcare District resumed operations of Doctors Medical Center, it has been a constant struggle to keep the hospital afloat. The District has been able to cut losses by 67 percent, close units/services not profitable, increase revenue with a new prison contract, and it anticipates reestablishing contracted beds with Kaiser. The necessity to install a $10 million informational technology system in 2006 for electronic medical records (IT) and labs challenged the District's ability to become solvent.

The bailout from the County and State allowed the ED to reopen to ambulance traffic after eight weeks of diversion, a critical step in regaining needed patient admissions. The ED represents 80 percent of the hospital's admissions.

The Chief Executive Officer and Chief Operating Officer of Contra Costa Regional Medical Center will provide additional support to improve hospital operations. They will consider opportunities to increase efficiency with other county services, such as those located at the Richmond Health Center. The health center has outgrown its current location and some services could be relocated to Doctors Medical Center to increase services while decreasing costs. Assuming the County and the District are able to turn the medical center around, the District's leadership will need to instill confidence in the voters to support and pass a parcel tax increase within the next seven years to build a new hospital that meets the 2013 seismic requirements.

6.9 Government Structure Options

Given the terms of the DMC Joint Management Authority, JPA, no government structure options were identified as possible alternatives at this point in time. The status quo should be maintained so that the District can meet its contractual and fiduciary obligations.

The WCCHD must continue to seek relationships with independent hospitals, public and private healthcare providers, and the county public health agencies to build a strong foundation for the hospital and to continue to provide hospital services to the public. Through partnerships, the District can improve its financial position, reduce liability to the taxpayers, and ensure healthcare services to the community.

6.10 Local Accountability and Governance

The WCCHD is governed by a five-member Board of Directors elected at large by voters in the District. In the November 2006 elections three of the five board positions were up for re-election. Two incumbents ran for re-election along with a third new candidate. The election was uncontested. Table 6.1 provides Board of Director information about West Contra Costa Healthcare District.

Table 6.1
West Contra Costa Healthcare District

Date formed:	1946
Statutory Authorization:	California Health and Safety Code Section 32000 Local Healthcare District Law
Board Meetings:	Monthly or more frequently
JPA Meetings:	Monthly or more frequently

Board of Directors	Title	Term Exp.	Compensation
Desmond Carson, MD	Chair	11/2008	$100 per mtg/up to 5 mtgs per month*
Jim Beaver	Vice Chair	11/2010	
Beverly Wallace	Treasurer	11/2010	
Deborah Campbell, RN	Secretary	11/2008	
Nancy Casazza, RN	Asst. Secretary	11/2010	

Board members may also receive up to $50 per month ($100 for Board Chair) in reimbursable business related expenses.

In exchange for financially supporting the District, the County will hold the majority of seats on a newly appointed joint oversight management committee for hospital operations. The committee meets weekly and oversees major financial decisions, approves the business plan, and reports monthly to the County Board of Supervisors. The committee will therefore have significant accountability to the public. Other considerations of accountability are shown below in Table 6.2:

Table 6.2 West Contra Costa Healthcare District Health Care District Accountability Indicators	
Health Care District	**West County**
Direct service provider	Yes
Patients are constituents	9%
Constituents using facility	9%
Uncontested elections since 1996	1996, 1998, 2006
Latest contested election	Nov. 2004
Latest voter turnout rate	82%
Countywide turnout rate	83%
Efforts to broadcast meetings	No
Constituents updated via outreach	Yes
Solicits constituent input	Yes
Discloses finances	Yes
Posts public documents on web	Yes
Responsive to LAFCO inquiries	Yes

Source: West Contra Costa Health Care District

The WCCHD encourages public participation by making District information and documents available on the District website (www.wcchd.ca.gov) and holding meetings that are open and accessible to the public. (It should be noted that the DMC Joint Management Authority, JPA is separate from the directly elected WCCHD Board. JPA meetings are public.)

6.11 Sphere of Influence Recommendations

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review and update the sphere of influence (SOI) for each of the special districts and cities within the county.[15]

The West Contra Costa Healthcare District was formed in 1946. The District's SOI is coterminous with its boundaries. The WCCHD has not recommended any changes to its boundary. Given the terms of the DMC Management Authority, JPA and the District's legal obligations, it is recommended the District's SOI not be changed at this time.

The analysis of SOI issues is included in Table 6.3 below.

[15] State of California Government Code Section 56425 et seq.

Table 6.3 West Contra Costa Healthcare District SOI Issue Analysis	
Issue	**Comments**
SOI Update Recommendation	Retain existing SOI
Services authorized to be provided	Healthcare, including acute care hospital and clinic services
Existing and Planned Land Uses and Policies	The District has no land use authority. County and city plans include land uses and population growth that will need healthcare services. County and city policies support the provision of adequate healthcare for residents.
Potential effects on agricultural and open space lands	Although there are agricultural and open space lands within the District's SOI and boundaries, healthcare services do not by themselves induce or encourage growth on agricultural or open space lands. No Williamson Act contracts would be affected.
Opportunity for Infill Development rather than SOI expansion	None. The District has no land use authority and has no control over the location of infill development.
Projected Growth in the Affected Area	Population is expected to increase by 2% over the next five years. There will be a continued need for healthcare services.
Services to be Provided to any areas added to the SOI	No additions to the SOI are recommended.
Service Capacity and Adequacy	Through the DMC Management Authority, JPA and business plan, the District is expected to have the capacity to continue to provide services at Doctors Medical Center over the short-term. Long-term financial viability will be determined by the management plan being developed with the County.
Location of Facilities, Infrastructure and Natural Features like rivers and ridgelines	Doctors Medical Center is located in San Pablo. The facility is accessible by transportation infrastructure and public transit. Healthcare services are not affected by topography.
Effects on Other Agencies	The District serves western Contra Costa County, including Hercules, El Sobrante, Richmond, Richmond Heights, Kensington, Pinole, Rodeo, El Cerrito, Crockett, and San Pablo. The District's SOI boundary is consistent with General Plans and does not conflict with the SOI of other agencies.
Potential for Consolidations or other Reorganizations when Boundaries Divide communities	The District's current boundaries do not divide any communities. Given the District's legal and fiduciary obligations, no consolidations or reorganizations were identified as viable alternatives at this time.

Table 6.3 West Contra Costa Healthcare District SOI Issue Analysis	
Issue	**Comments**
Social or economic communities of interest in the area	The District was formed to serve communities within western Contra Costa County. In 2004, District residents voted to tax themselves for improvements at Doctors Medical Center. They therefore have an economic interest in receiving services from that investment. In addition, a portion of the 1 percent property tax accrues to the District for healthcare services; therefore residents have an interest in the types of services and programs the District funds.
Willingness to serve	The District wishes to continue to provide services within its boundary and SOI.

Recommendation

It is recommended that LAFCO retain the existing coterminous SOI for the District, and re-evaluate the District's ability to serve in conjunction with the next Municipal Service Review.

6.12 Determinations

Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

Per ABAG projections, population within western Contra Costa County will increase to an estimated 303,800 people by 2035, with an average annual growth rate of 0.7 percent. These residents will need adequate healthcare services within the local area.

The District's service area has a significant pediatric population (0-15 years) as well as adults in the 25-34 age range and those over 65 years old. A large portion of the service area population is low income. Each of these groups has specific healthcare needs.

Infrastructure Needs or Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

The WCCHD owns and operates Doctors Medical Center in San Pablo. The facility will need significant seismic upgrades to meet standards that will apply in 2009 and 2013. There is no likely immediate source of funding for this retrofit.

Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capacity to finance needed improvements and services.

The WCCHD is funded through fees for hospital services and property tax revenue. The District receives a portion of the 1 percent property tax as well as a parcel tax approved by the voters in 2004.

The District declared bankruptcy in October 2006 and is now participating in the DMC Joint Management Authority, JPA with the County.

The long-term financial viability of DMC has been evaluated. Hospital management, consisting of representatives from a nationally recognized healthcare turnaround firm, has developed viable business plan options for the hospital.

Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

The WCCHD implemented aggressive cost-saving measures in an effort to avoid bankruptcy. The management plan that is under development will identify future cost avoidance measures.

Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

With the bond measure only recently approved in 2004, and with extraordinary financial pressures on the hospital, the District will consider asking the voters to approve a tax increase.

Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The West Contra Costa Healthcare District has entered into the DMC Joint Management Authority, JPA with the County. As part of a long-term management plan, the District and the County may share services between the Doctors Medical Center and County-owned facilities, such as the Richmond Health Center.

Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

Given the terms of the DMC Management Authority, JPA, no government structure options were identified as possible alternatives at this point in time.

Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

Doctors Medical Center is being managed through a joint effort of the WCCHD and the County, with the County holding the controlling interest.

Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management process.

The WCCHD encourages public participation by making District information and documents available on the District website and holding meetings that are open and accessible to the public.

7.0 APPENDIX A – CCHS CLINIC LOCATIONS AND HOURS OF OPERATION

Antioch Health Center Mon through-Fri 7:45 – 11:45; 12:45 – 4:45 pm
3505 Lone Tree Way, Antioch T-TH 5:15 – 8:30 pm

- Adult medicine, Family Practice, Pediatrics, Prenatal Care

Bay Point Family Health Center M-T-Th-Fri 8:00 – 4:45 pm
215 Pacifica Avenue, Baypoint W 1:00 – 5:00 pm

- Family practice, prenatal care, women's health, children's dental
- Enrollment assistance for health coverage programs
- Health education classes for Spanish-speaking families
- Assist African-American families in navigating Health Services system

Brentwood Health Center Mon through-Fri 7:30 – 11:45; 12:45 – 4:45 pm
171 Sand Creek Road, Brentwood M-W 5:15 – 8:30 pm

- Family practice, Immunizations, Internal Medicine, Pediatrics, Prenatal Care, Women's Health
- Minor Surgery/Procedures

Concord Health Center Mon through Fri
3052 Willow Pass Road, Concord

- Family practice, Internal Medicine, Pediatrics, Prenatal Care, Women's Health, Adult Medicine, Addiction Medicine, Geriatrics Psychiatry

Concord Public Health Clinic
2355 Stanwell Circle, Concord

- Immunizations (drop-in); Women, Infants and Children nutrition counseling, education, food vouchers

Martinez Family Practice Center / Martinez Specialty Center Mon through Fri 7:45 – 9:00 pm
2500 Alhambra Ave., Martinez Sat 9:00 – 5:00 pm

- Full service, including dental

Pittsburg Health Center T, Th, Fri 7:45 – 4:45 pm
2311 Loveridge Road, Pittsburg M-W 7:45 – 8:30 pm
Sat 7:45 – 11:45; 12:45 – 4:45 pm

- Family practice, immunizations, pediatrics, women's health, full range of other services, including dental

Richmond Health Center M-W-Fri 8:00 – 5:00 pm
100 38th Street, Richmond T-Th 8:00 am – 8:45 pm

- Family practice, immunizations, pre-natal care, women's health, full range of other services, including dental

North Richmond Center for Health Mon through Fri 9:00 am – 6:00 pm
1501 Third Street, Richmond

- Family practice, prenatal care, dental, Healthy Start

8.0 REFERENCES

Contra Costa Health Services www.cchealth.org

California School Health Centers Association www.schoolhealthcenters.org

California Office of Statewide Heath Planning and Development www.oshpd.state.ca.us

- Healthcare Resource Information Center
- California Perspectives in Healthcare. 2004

Racial and Ethnic Disparities in Healthcare in California, California Fact Book November 2003