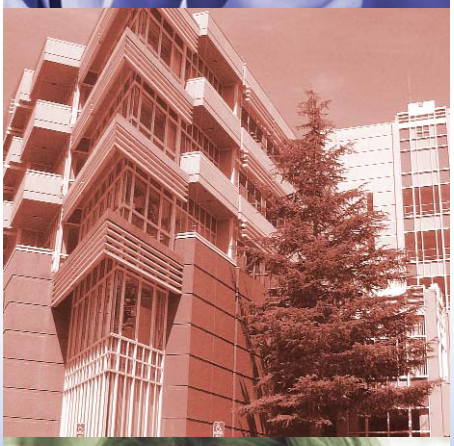


Forging a

Healthy and Sustainable Future

for the

Marin Healthcare District

CONTENTS

Executive Summary

This document highlights some of the most pressing issues facing the Marin Healthcare District Board. Because the issues are complex, this platform is meant to serve as a general roadmap for the future, merely touching on the broad spectrum of concerns vital to our community.

These three most critical elements require immediate attention:

HIRE A NEW CEO

Ensure that we have a strong, tactical, experienced transition CEO who will be responsible for making alliances, negotiating contracts, developing billing systems, and rebuilding personnel and employment policies for the District.

MEET SEISMIC SAFETY STANDARDS

The decision to retrofit the old wing, to rebuild or to build on a new site is one that takes time to assess. Until this can be done, Marin General Hospital must provide seamless access to quality care within its existing facility, while ensuring quality patient care is not compromised under any solution decided on. Ultimately, MGH should ensure easy access from public transportation, sufficient parking and accommodation for Level 2 Trauma care.

ATTRACT MORE PRIMARY CARE PHYSICIANS

MGH must retain and recruit the best newly-trained doctors, existing physicians and physician groups, and the top chief residents from around the country. The District must allow more doctors access to staffing privileges, and provide incentives for quality primary care providers to move to Marin County. This potentially includes physician employment by the District, establishing an outpatient medical clinic model, developing a joint venture with primary care physician groups already here, and housing assistance offers, such as leasing area homes to facilitate relocation. The District needs to create a base of viable, financially successful primary care physicians in order to succeed.

The vital priority for the District Board is to ensure that Marin has premier high-quality healthcare by taking the following actions:

- Hire the best executives to run the Marin Healthcare District, Marin General Hospital (MGH), and the Marin Healthcare Foundation
- Hire outstanding negotiators to obtain the best reimbursement from insurers and purchase state-of-the-art billing and medical records systems
- Network and affiliate with other successful District hospitals to enter into buying pools, combine resources, and incorporate their most successful management strategies and benchmarking
- Develop partnerships with teaching programs, such as University of California San Francisco and College of Marin, to bring in cutting-edge techniques and quality standards, and to recruit promising new healthcare providers
- Develop and enhance ancillary services to provide the full spectrum of care and financial support for the Hospital (i.e. laboratories, CAT scans, MRIs)
- Partner with physicians to create Centers of Excellence
- Institute well-defined quality control programs
- Implement policies to ensure sustainability and a non-toxic environment, including access to satellite clinics to reduce gas consumption

What is a Healthcare District?

After World War II, California passed the Health Care District Act to allow communities to create special districts to construct and operate hospitals, develop other healthcare facilities, and offer programs to meet the health needs of local communities.

This law establishes a 5-member publicly-elected Board of Directors to see that healthcare is provided for all District residents. The District Board makes policy decisions on land, finances, building and construction, healthcare policy, healthcare offerings, and alliances. It also raises funds to help subsidize community hospital and healthcare services.

Who Manages the District?

District Directors are elected from the public at large to 4-year terms. Directors debate issues and make policy decisions. District Directors hire a CEO. This CEO manages business affairs, hires staff, and negotiates contracts. The Marin Healthcare District Board has not had a CEO since before leasing the hospital in 1985.

Who Serves on Healthcare District Boards?

Much like County Supervisors and other generally elected officials, Healthcare District Boards are intended to be filled by the public at large. District Board directors reflect a wide array of industries, vocations and market sectors, and typically represent a broad diversity of professions, experience and education. Other healthcare district board directors in California include dentists, bank executives, health consultants, physicians, technology executives, and local entrepreneurs.

Why is an Independent District Hospital Important?

District hospitals have a uniquely democratic mission. They are mandated to promote the health of all residents — regardless of income, religion, race/ethnicity, or insurance coverage. County hospitals traditionally serve the poor. University hospitals have a teaching mission. Hospitals operated by HMOs serve their members. Non-profit or sectarian hospitals may limit the populations they treat, and investor hospitals must meet stockholder demands for profit. By contrast, District hospitals are mandated to treat ALL residents of their community.

AT A GLANCE

- The first Healthcare Districts were formed in 1946.
- Today, California has 77 Districts, with 44 operating 47 hospitals.
- Fifteen Districts leased or sold their hospitals but still provide health-related services to residents. The remaining solely provide health-related services.
- District-managed hospitals care for about 15% of all California patients.

This uniquely inclusive mission has created excellent healthcare institutions that provide quality care and are much loved by their communities.

What is the Marin Healthcare District?

Voters formed the Marin Healthcare District in 1948. It encompasses all of Marin except Novato.

Who Owns Marin General Hospital?

Residents of the Marin Healthcare District own Marin General Hospital (MGH). In 1948, residents authorized the District to build MGH and the District issued bonds to do so. Thus, local property owners paid for its initial construction and equipment.

Community donations built the second phase, and the District Board issued bonds for the new wing. The entirety of Marin General Hospital has been designed, built and paid for with public financing, and the public has always been in control of the construction and design process.

It is important to protect, maintain and revitalize this valuable public investment. Future bonds to update and maintain the buildings will be well worth the community investment.

According to the 2005 Lewin Report commissioned by the Marin Healthcare District Board, successful District hospitals are located in suburban or small city markets with limited hospital system competition, offer a relatively broad scope of services and technology, and maintain traditions of community support and partnerships.

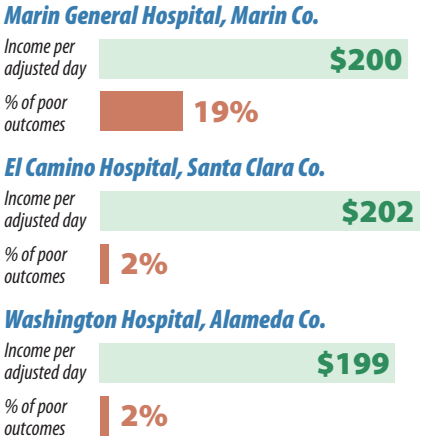
Make-up of District Boards

The vast majority of district board members in California are members of the public — not doctors and nurses.

District, County	*Chair*	*Vice-Chair*	*General Board Members*		
Alameda, Alameda Co.	Doctor	Public	Public	Public	Public
Antelope Valley, Los Angeles Co.	Doctor	Nurse	Doctor	Doctor	Nurse
El Camino, Santa Clara Co.	Doctor	Public	Public	Public	Doctor
Healdsburg, Sonoma Co.	Public	Public	Public	Public	Doctor
Kaweah, Tulare Co.	Public	Nurse	Public	Public	Public
Mendocino, Mendocino Co.	Public	Public	Public	Public	Public
Palm Drive, Sonoma Co.	Public	Public	Public	Public	Public
Palomar Pomerado, San Diego Co.	Doctor	Nurse	Public	Public	Nurse
Salinas, Monterey Co.	Public	Doctor	Public	Public	Nurse
Tri-City, San Diego Co.	Public	Public	Public	Public	Public
Tulare, Tulare Co.	Public	Public	Public	Doctor	Nurse
Valley, Riverside Co.	Public	Public	Public	Public	Doctor
Washington, Alameda Co.	Public	Public	Public	Doctor	Doctor

First: Hire the best independent CEO to manage the District, hire staff, and negotiate contracts.

Negative Patient Outcomes in Similar Hospitals



** represents number of instances ranked in the bottom 15% nationally for a given outcome.*

"I think it's absolutely essential to pass a bond for the Marin Healthcare District to grow and move forward. In the past 10 years, more than 70% of healthcare district bonds across the state have succeeded in passing."

—Gary Hicks, GL Hicks Financial/Association of California Healthcare Districts (ACHD)

Challenges Facing the District

With the transition of Marin General Hospital (MGH) back to District control over a possible 4-year period, the District and its residents must take bold steps to ensure that District assets are protected, that Sutter's ability to expand or compete is countered, and that solid plans are implemented — focusing on long-term growth over short-term savings and expediency.

Inadequate Transition Finances

For a well-functioning District, a minimum of $10 million will be necessary to ensure a successful transition. The Marin Healthcare District may require more than this to ensure public safety and seamless patient care. Long-term rebuilding work lies ahead. We must start raising capital and ensure that our community understands the importance of strengthening regional healthcare through effective planning, staffing, construction, and developing Centers of Excellence.

Minimizing the Influence of Competitive Providers

MGH is one of the County's largest employers. If another hospital is established elsewhere in the county during the transition, the siphoning of physicians, staff, patients, and money will debilitate the District. Our community needs to ensure that other entities are limited locally and that the District recovers its critical assets, including buildings, land, equipment, and specialized services. The District must also have a robust strategy that supports primary physicians, such as incorporating outpatient primary care clinics.

Specialty Hospitals & Stand-Alone Surgery Centers

An alarming trend around the nation has been the establishment of private boutique or specialty hospitals and day surgery centers — such as cardiac and neurosurgery centers, surgery clinics and others. These siphon off well-insured and private pay patients, leaving the primary hospital to treat the injured, elderly, poor and uninsured. This effectively creates a two-tiered healthcare system and financially cripples a District hospital by taking the best-insured patients out of the system. Privately operated boutique and specialty hospitals are contrary to the mission of Districts, which is to promote the health and welfare of ALL residents.

This trend also illuminates another critical issue: If we allow the disenfranchisement of healthcare specialties, we are weakening the healthcare spectrum. Outstanding medical care includes all disciplines and involves the interaction of all specialties — cardiovascular, neurological, pathological, circulatory, etc. — in treatment.

Risks associated with creating specialty boutique hospitals go far beyond potential social or economic issues. They strike at the very heart of quality healthcare — which could mean the difference between life and death. When a loved one suffers a heart attack or is in a serious accident, she would be taken to the trauma center at MGH, not to a boutique hospital. Therefore, it is in the best interest of all District residents, including Kaiser members, to ensure that MGH is an excellent hospital.

a Unique Moment...

With the planned return of the District-owned Marin General Hospital (MGH) from Sutter control, our community has an opportunity to create an excellent healthcare system. This document lays out a strategy that aims to move the District to the national forefront of excellent and successful healthcare districts and community hospitals.

Other successful California healthcare districts such as El Camino Hospital District in Santa Clara County, Washington Township Healthcare District in Alameda County, and Palomar Pomerado Healthcare District in San Diego County are similar to Marin in terms of size, market populations, and competition. Each of these districts offers full-service medical care in large complex hospitals comparable in size to MGH and with integrated healthcare delivery.

In contrast, MGH provides inadequate trauma and psychiatric care, and offers no long-term care, clinics, hospice care, sports medicine or neuroscience centers. Emergency services are inadequate or unprepared. Most importantly, quality medical care has suffered as treatment options have closed. Today, the care locally available meets only some of the basic needs for Marin. Physicians refer many patients needing complex medical care to out-of-county facilities. Since Sutter took over MGH management in 1996, the MGH Foundation, Marin Home Care, and other public assets have been merged into other Sutter entities, and property previously in public hands has been transferred to private ownership.

The public has the power to create a District that is rich, vital and successful. The population of Marin County is diverse, active and relatively affluent. In addition, we share a focus on healthy living and a commitment to environmental sustainability. These characteristics provide fertile territory to grow a strong and effective District that meets our community's needs.

Marin Healthcare District History Timeline

1940s

County population about 25,000

- The California legislature enacts the Local Hospital District Act.
- Marin Healthcare District (MHD) is created.
- Novato opts out of joining the District.
- Land is donated for MGH campus.
- Voters pass bonds to build Marin General Hospital (MGH).

1950s

County population about 75,000

- Marin General Hospital opens in 1952 as a 100-bed hospital.
- Ross General Hospital incorporates as physician-owned.
- Physician-owned Novato General Hospital opens with 25 beds.
- Kaiser opens outpatient services in San Rafael.

1960s

County population about 100,000

- Marin Community Mental Health Center (CMHC) formed on MGH campus.
- Mental Health Foundation forms. *(current status: suspended)*
- President Kennedy signs Community Mental Health Center Act of 1963, with Federal to local support, expressly bypassing states.
- MGH Foundation incorporates.
- Kaiser opens small hospital in Terra Linda.

continued on page 6

Marin Healthcare District History Timeline

continued from page 5

1970s

County population about 200,000

- Marin Community Clinic forms.
- Beryl Buck dies, leaving her estate to the Leonard and Beryl Buck Foundation, to be administered by San Francisco Foundation solely to benefit Marin's needy.
- Kaiser opens new 5-story hospital in Terra Linda.

1980s

County population about 215,000

1980–81

- Sutter Health forms in Sacramento.
- SF Foundation says too few needy people live in Marin to honor Buck's wishes.

1982–84

- CA Healthcare System forms *(current status: merged)*.
- CA law changed to permit lease of District hospitals.
- A PAC forms with the goal of electing 5 members to the MHD Board who favor privatization. PAC members include physicians who later would receive contracts from the newly privatized MGH, developers who later invested with MGH physicians in real estate near the hospital, local bankers who would finance these deals, and prominent local politicians.

1985

- Novato Community Hospital seeks affiliation with MGH. When rebuffed, it affiliates with Sutter Health.
- MHD authorizes revenue bonds to build new hospital tower.
- Healthcare District law is amended to permit District hospitals to meet in closed session to protect trade secrets and to contract for professional health services without a competitive bid.
- The District CEO and Counsel negotiate a 30-year deal to lease Marin General Hospital to their own private corporation, conveniently named "MGH Corp." MGH Corp. then becomes a wholly-owned subsidiary of California Health System (CHS), headed by the District's Counsel.
- The District transfers all its assets to MGH Corp., effectively handing over authority to set policy and standards of care at MGH, and the authority to manage the Hospital, Marin Home Care, and the MGH Foundation.

1986

- Court gives Marin Community Foundation the role of distributing the Beryl Buck trust.
- CHS takes over California Pacific Medical Center (merger of five SF hospitals), Alta Bates, and the newly privatized Mills-Peninsula Hospital.

1987–89

- CHS/MGH buy Ross General Hospital and sell to JMA Properties, which immediately closes Ross General.
- Based on the activities in Marin County, California Healthcare District law is amended to require a public vote to approve any future lease of any District hospital.

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The Marin Healthcare District: A Community Treasure Deserving Protection

Healthcare Districts can have a powerful impact on life in the communities they serve. In other communities, District Boards assert a major role in determining what health services are offered, how funds are spent, how land is used, what facilities are purchased and constructed, and how they are managed. The District Board oversees the management and organization of healthcare throughout the District — including issues such as property, structure, personnel, services, or procedures. Thus, our elected representatives have authority for a major portion of the assets and operations of our District healthcare resources and programs. Their decisions significantly impact Marin's health, economy, growth, reputation and long-term viability.

> ***"The long-term viability of the Marin Healthcare District is dependent upon the existence of a strong and thriving physician community that is independent of other healthcare systems and therefore able to refer patients to MHD inpatient and outpatient facilities, services and programs."***
>
> *—Jon Friedenberg, Vice President for Strategy and External Relations, El Camino Hospital*

Statement of Principles

The Friends of Marin Healthcare District has developed a Statement of Principles around which we believe the District should organize. These guiding principles are:

- **BEST PRACTICES.** Adopt best practices to achieve optimal health outcomes, with the goal of maximizing the well-being of every resident and patient.
- **CONTINUITY OF CARE.** Support and encourage universal comprehensive healthcare throughout the life span — from regular checkups to long-term care, including outpatient, acute and mental health services.
- **OUTREACH & LINKAGE.** Restore Marin's historical links to other healthcare providers with a mix of partners including: UCSF, Kaiser Permanente, County of Marin, College of Marin, Dominican University, community based nonprofits and other healthcare districts.
- **GREENING OF HEALTHCARE.** Transform healthcare in Marin County so it is ecologically sustainable, healthier for patients, and healthier economically.
- **TRANSPARENCY & COMMUNITY INVOLVEMENT.** Maintain open and honest reporting of what happens at our publicly-owned Hospital and in our District, with full community support and involvement.

A Vision for the District

Quality & Safety

To create a model healthcare system, quality and safety must guide all assessments, plans, decisions, and achievements. The District Board must work with physicians and staff to identify and adopt quality principles and goals to guide the hospital and its healthcare partners.

Recognizing that MGH will not return to District control until 2010, business restructuring to protect quality healthcare delivery must be a first step. Very specific attention must be devoted to critical business practices so the transition to District management of MGH is seamless and without losses. These include:

> ***Healthcare safety and quality needs to be priority #1. It's what the residents of Marin County want and need."***
>
> *—George Stratigos, Chairman, Sausalito School Board*

FINANCIAL AGREEMENTS with insurers, employers, and Marin County

BILLING & REIMBURSEMENT SYSTEMS which significantly impact the ability to operate profitably

COMPUTERIZED MEDICAL RECORDS in order to bill appropriately and to care for patients safely and efficiently.

Excellence & Integrity

As evidenced by other districts, top-notch patient care can be and is profitable. By hiring the right mix and numbers of licensed staff, developing quality of care criteria, and evaluating staff on their success in providing it, MGH can establish a solid foundation for excellence that will extend far into the future. Such criteria should include: evaluating physicians on quality and outcomes; hiring licensed staff such as pharmacists, nurses and phlebotomists; encouraging unlicensed staff to upgrade their skills; and providing incentives for good care rather than profit, while sustaining financial viability.

We must be vigilant about the lessons we have learned since 1985. The District Board is responsible for protecting healthcare delivery (access, care quality, and outcomes) and healthcare assets (land, equipment, cash, accounts receivable, and inventory) for District residents. The District Board must monitor or remediate performance by all healthcare partners for care quality, financial accountability, compliance and mismanagement. As District residents, our job is to see to it that the Directors we elect meet these expectations.

Marin Healthcare District History Timeline

continued from page 6

1990s

County population about 225,000

1990–94

- District Board authorizes using bond funds originally intended for MGH upgrade to purchase and build Cancer Center at 1350 So. Eliseo.
- Sutter Health reduces beds at Novato Community Hospital from 75 to 62.
- California Emergency Physicians given contract to manage MGH Emergency Room.
- Sutter Health and CHS begin merger talks.
- Nurse staffing cuts begin at MGH and other CHS hospitals to reduce operating costs. Unlicensed caregivers are hired to provide care at the bedside.
- MGH Corp. and Marin IPA form the Marin Physician Hospital Organization (PHO). PHO allows Sutter to negotiate insurance contracts through a for-profit subsidiary. IPA and MGH Corp. split profits.

1995–97

- The California Department of Health Services cites MGH for 40 violations of health and safety laws regulating healthcare quality.
- US News & World Report releases a report ranking MGH in the bottom 25% in all specialties and absolutely last in cardiology.
- The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) ranks MGH in the lowest 5% of hospitals nationally.
- Making none of this public, in December 1995, the District board approves MGH joining Sutter by a vote of 2-0.
- Marin Safe Healthcare Coalition forms to fight declining quality of care, staffing cuts, and efforts to cut psychiatric care.
- CHS and Sutter Health merge. Sutter becomes CHS successor and de facto manager of MGH Corp. and Marin General Hospital.

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Between 1952 and 1995 Marin General Hospital never was cited for any safety or quality of care violations. Since Sutter's arrival, State and Federal investigators have identified nearly 500 health and safety violations impacting quality of care and involving thousands of patients.

A Model of Green Management & Construction

As the first "green" hospital in the U.S., the 200-bed Boulder Community Hospital (BCH) in Boulder, CO, has become a leader in recycling, wind energy, alternative transportation, and developing green, high performance, and sustainable buildings. It has received a number of awards and certificates for superior environmental performance. The BCH Foothills Campus was the first hospital in the U.S. to earn the prestigious LEED (Leadership in Energy and Environmental Design) certification and has been deemed one of the most sustainable facilities in the country. The facility's efforts include:

- **Improved ventilation for healthy indoor air quality**
- **Low-VOC (volatile organic compound) paints**
- **Special adhesives and carpets to alleviate allergies and breathing problems**
- **Efficient power sources for heat, lighting and hot water**
- **Reflective roofing to reduce summer heat and air conditioning demand**
- **Drought-tolerant plantings to conserve water**

Since 1996, BCH has saved 4,524,300 gallons of water, 2,848,400 kilowatt hours of electricity, and 11,000 trees — while eliminating 39,100 pounds of pollutants and 5,000 yards of landfill materials. Nearly 71% of potential landfill waste was recycled during construction.

BCH must disclose to employees and the public any incidents that cause environmental harm or pose health or safety hazards. The hospital also instituted policies that forbid action to be taken against employees who report such adverse conditions.

Green Management

Commitment to a green facility limits the use of non-renewable resources, strives to eliminate emissions of toxic or dangerous substances into the air, water and earth, and encourages the use of transportation alternatives.

According to the EPA, hospitals generate large amounts of waste — about 13.2 million pounds per day nationally. In California, some of this waste must be incinerated. Medical waste incineration produces a variety of air emissions, some of which are toxic — including dioxin, one of the most toxic substances known. Hospitals also use more energy per square foot than any other type of building, and their energy use has skyrocketed faster in the West than in the rest of the US.

BCH employs a paid environmental coordinator to help identify new ways to reduce/reuse/recycle throughout every department in this hospital. Also, staff is encouraged to find simple solutions by identifying ways to make the hospital more environmentally friendly. Examples:

- All lights in staffing areas are motion-sensitive, so the light automatically turns off when the room is unused.
- All x-ray-related materials are recycled – including the film, film boxes and canisters, which can be returned for refills.
- Wheelchairs, crutches and other items are returned fully functional and given to low income individuals in the community as well as to Boulder's sister city in Mexico.
- BCH provides ECO passes free to employees, periodic incentives for switching to alternative transportation, and employees who bus or bike to work can borrow hospital-owned cars for necessary workday travel.
- BCH Purchasing Department ensures that purchases contain recycled materials, are recyclable or reusable, and cause the least environmental harm. This includes the use of mercury free thermometers and blood pressure gauges, and the use of cloth diapers in the Maternity Department.
- The Food Service Department has incorporated a compost program. Compostable paper and food waste is collected for landscaping and other sustainable uses.

"Green" Healthcare: Protecting the Environment & Patients

By adopting the Green Model (see sidebar) the District has the opportunity to transform our healthcare institutions into healthy, high quality healing environments using Green Construction, Green Management, and Green Employment practices. Among other benefits, research shows that environmentally sound practices can improve infection control, lower re-admittance rates, improve heart and respiratory function among newborns and infants, and contribute to improved patient and staff satisfaction.

An environmental health perspective profoundly impacts human health and environmental quality throughout the life cycle. A Green healthcare system is a true manifestation of the healthcare axiom "First do no harm." There is always more we can do.

GREEN CONSTRUCTION. Commit to sustainable sites, water efficiency, minimized energy consumption, and careful selection of materials and resources.

GREEN MANAGEMENT. Commit to energy and water conservation, chemical and waste management, environmental services and environmental purchasing, and minimizing the use of environmental contaminants such as mercury, PVC, cleaners, and pesticides.

GREEN EMPLOYMENT. Implement a sustainable approach to workforce housing, childcare, transportation, and educational development as tools to improve staff recruitment and retention, involving both the community and staff.

Community Partners: Tapping Local Expertise

One of the most critical elements to building a healthy and vibrant District is to re-establish links and affiliations with community partners. Examples include:

LOCAL PHYSICIANS. Strengthen relationships with local physicians, primary care providers, and the Marin Independent Practice Association.

REGIONAL PROVIDERS. Establish partnership relationships with other providers — such as Kaiser Permanente, UCSF, and other District hospitals and treatment centers based on expertise.

LOCAL GOVERNMENT. Maintain and expand agreements with the County of Marin to ensure the poor, mentally ill, uninsured, disabled, and those needing trauma care get quality care.

LOCAL EDUCATORS. Strengthen and build alliances with educational training programs for nurse and ancillary health professionals — including affiliations with College of Marin, Dominican University, and UCSF; collaborate with UCSF for physician and specialty training.

District Board: Development, Accountability & Transparency

The history of the District Board has been unstable since 1985. Records have not been kept, are missing, or have been destroyed. Abuse of power and conflicts of interest have been at the heart of many decisions made during the last 20 years. The only way to ensure that the District retains its integrity and stays true to its core mission is to create carefully designed bylaws and policies that will guide and open governance. Openness must be the hallmark of all transactions, bylaws, committee appointments, staff and consultant hiring, etc. Key elements should include:

CLEARLY DEFINED FUNCTIONS & RESPONSIBILITIES. Each stakeholder (Board, CEO, managers, etc.) is focused on the public's best interests over the best interests of a few.

PUBLIC ACCOUNTABILITY. The District must build accountability into its structure and decision-making, with clear policies to prevent conflicts of interest.

TRANSPARENCY. Openness between the District, its healthcare partners, and the public is vital. Examples include open and accessible financial records, publicly vetted land/technology/partnership deals, and streaming video of District meetings.

Marin Healthcare District History Timeline

continued from page 7

1990s

1995–97 (continued)

- MHD Board votes that Sutter/MGH violated lease by failing to provide notice of lack of neurosurgeons.
- MHD Board votes unanimously that MGH Corp. has breached the lease.
- MHD Board files lawsuit in Sacramento County Superior Court, charging conflict of interest in making the lease contract and breaches in the lease

1998–99

- District settles lease breach portion of suit against Sutter/MGH. CA Supreme Court refuses conflict of interest appeal.
- Ross Psychiatric Hospital closes as a result of Medicare billing fraud.
- Marin County sues MGH/Sutter for withholding rent payments, making the District unable to pay the bill for the 1996 election and upcoming election.
- Report released on California Department of Health Services citations against Sutter/MGH for violating at least 135 state or federal laws or regulations governing hospital care, some as many as five different times.

2000s

County population about 250,000

- After severe nurse staffing cuts and the shift to unlicensed staff, physicians begin to warn about the slashing of services for profits and a looming patient care crisis.
- Marin County places more mentally ill, and all mentally ill adolescents, out of county after Ross closure.
- Neurology Clinic of Marin forms.
- Marin Surgery Center forms.
- Marin Rehabilitation Hospital forms.
- County hires outside trauma experts to evaluate trauma plan. They recommend Level II trauma care be instituted in Marin.

Decisions for 2006 and beyond

- Hospital retrofit or new build.
- Finalize agreement with Sutter Health for early termination of the lease.
- Plan for Level 2 trauma care.

"An improved Marin General Hospital would be an educational and economic engine for years to come."

—Greg Brockbank, President, College of Marin Board of Trustees

Accountability requires a transparent process that swiftly informs the public of District decisions. To ensure transparency, the District Board should adopt bylaws that require the timely reporting of all incidents that cause environmental harm or pose health and safety hazards. This policy must include explicit protections for anyone who reports adverse conditions.

Retain and Recruit Top-Notch Medical Staff

Preparing for long-term success means implementing new strategies to attract and retain doctors, nurses and ancillary professionals as partners in growth. Some mechanisms the District can put into place include:

TRANSPORTATION. Ensure and improve access to public transportation and carpools, underwrite commute costs, and offer pre-tax employee benefits for bus commuting and energy-efficient automobiles, launch a program to help District employees buy energy-efficient automobiles.

WORKFORCE HOUSING. Provide incentives for staff housing and short-term executive housing, including collaborations with local organizations to develop workforce housing for District employees.

SUSTAINABLE WORK FORCE. Collaborate with the College of Marin to develop onsite childcare programs for District employees and the children of patients.

HEALTH PROFESSIONS EDUCATION. Improve linkages with the College of Marin, Dominican University, San Francisco State University, and UCSF to train the next generation of physicians, nurses and allied health professions; offer residencies and internships to attract the best new health professionals.

"To attract and keep the best doctors in Marin, it is necessary to have a district hospital and services that support superb and safe medical care. This requires a top notch proven hospital administrator working at the pleasure of the district board. We now have the opportunity to create excellence in care for the Marin community."

—Anna Thorn, M.D.

Capacity of Peer Hospitals

	LICENSED BEDS									
	TOTAL	Medical/ Surgical	Perinatal/ Newborn	Pediatric	Intensive Care	Cardiac Care	Neonatal ICU	Rehab	Psych	Long-Term
ANTELOPE VALLEY HOSPITAL MEDICAL CENTER (Los Angeles County)	**340**	182	26	22	21	–	27	–	30	32
EL CAMINO HOSPITAL (Santa Clara County)	**395**	210	44	12	16	12	16	–	25	60
HEMET VALLEY MEDICAL CENTER (Riverside County)	**433**	266	12	–	18	8	–	–	16	113
KAWEAH DELTA DISTRICT HOSPITAL (Tulare County)	**427**	222	47	12	21	–	10	45	–	70
MARIN GENERAL HOSPITAL (Marin County)	**235**	164	22	14	10	–	8	–	17	–
PALOMAR MEDICAL CENTER (San Diego County)	**420**	167	49	23	21	14	6	18	26	96
POMERADO HOSPITAL (San Diego County)	**236**	68	11	–	12	–	4	–	12	129
SALINAS VALLEY MEMORIAL HOSPITAL (Monterey County)	**266**	214	23	8	6	7	8	–	–	–
TRI-CITY MEDICAL CENTER (San Diego County)	**397**	266	38	6	14	14	20	10	29	–
WASHINGTON HOSPITAL, FREMONT (Alameda County)	**337**	272	22	15	12	16	–	–	–	–

Planning for the Future

November 2006 through 2010

Critical District Actions

The process of rebuilding the District will involve three general phases:

1. DEVELOP NEW MANAGEMENT

2. PLANNING

3. CONSTRUCTION (Retrofit or Rebuild)

Beginning immediately, the new District Board must do a nationwide search to find the best transition CEO to effectively manage the transition process. For this role, the District needs a strong, focused and proven leader.

The transition CEO will be responsible for making alliances, negotiating contracts, developing billing systems, and rebuilding personnel and employment policies for the District. Transition management should also focus on preserving District assets and improving service quality and the breadth of services offered. Maintaining seamless quality for physicians, staff and patients should be the primary focus in the transition process.

The CEO will be critical in helping to identify Directors for the Hospital and the Foundation, and lead the selection for the best post-transition District CEO and Nurse Administrator. These key positions will require executives with proven track records in turning around hospitals with quality issues to become Centers of Excellence while ensuring financial viability.

The District Board will not micro-manage the hospital but set policy and ensure that public concerns are heard and addressed.

The District will have to secure sufficient resources to move forward with planning and development. Ultimately, rebuilding the District will involve raising funds through a combination of:

- **bonds**
- **parcel tax**
- **individual donations**
- **grants**
- **foundation, government, & corporate donations**

Partnering with physician groups, other Districts, etc. to optimize best practices, gain advantages in purchasing, and leverage skill sets will put the District on the path to success.

(See the El Camino Hospital District case study on page 12 for a great example of one District's success.)

The El Camino Hospital District

An Ideal Case Study for Marin

El Camino Hospital District was well-functioning and offered a broad spectrum of healthcare services to its residents until 1992, when the Board turned over the District's operation, management and assets to a private 501(c)(3) corporation named Camino Healthcare.

In October 1995, after significant financial losses and service cuts, the District Board filed suit over validity of the 1992 contracts, charging conflict of interest. In 1997, the District won its suit, and the hospital and all assets returned to District control.

Less than 100 days later, El Camino was once again profitable and worker relations were greatly enhanced! Today employees are proud of where they work. Long-delayed improvements have been made. Rolled-back employee benefits have been reinstated. Letters from patients express gratitude that the "old" El Camino Hospital is back.

Since then, El Camino became a teaching partner with Stanford University, purchased state-of-the-art equipment, and provides state-of-the-art care. Today, El Camino is considered one of the nation's top hospitals. Its accolades include:

- One of Top 100 Cardiac Hospitals in the country
- One of Top 100 Orthopedic Hospitals in the country
- The #1 hospital in 2000 for the quality of inpatient nursing care, out of 120 hospitals assessed
- Highest ranking for overall performance from the Patients Evaluation of Performance in California, from the nation's largest publicly-reported and most comprehensive hospital patient survey
- Named in 2003/2004/2006 as one of the nation's Most Wired by Hospitals & Health Networks magazine.
- Designated in 2005 as California's first community-based Nursing "Magnet™" Hospital by American Nursing Association's Credentialing Group.
- Recognized as one of the nation's top performance-improvement leader hospitals

In 2004, El Camino was the sole recipient of the President's Award for Customer Satisfaction from among 300 hospitals nationwide. In 2005 it was an American Hospital Association McKesson Quest for Quality Prize® finalist — one of four hospitals in the country recognized for leadership and innovation in quality, safety, and commitment to patient care.

District Board members currently include two physicians, a clinic administrator, a Stanford research scientist, and a computer industry program manager.

Planning: Making Informed Decisions for the Future

True success involves a full spectrum of development that lays the groundwork for high quality care. At minimum, this includes planning for basic services — urgent care (trauma and emergency), primary care, community clinics, and digital imaging to effectively treat the most critical health issues. Success will be measured by low rates of adverse outcomes, high patient and community satisfaction, and consistent community involvement, along with implementation of the following activities:

FINANCIAL STRENGTH. Re-establish the foundation, contracts and affiliations.

IMPLEMENT EXCELLENCE. Create benchmarks for safe staffing levels, licensed health professionals, Continuous Quality Improvement, Total Quality Management, and establish Centers of Excellence.

SYSTEM GROWTH. Create or re-establish continuity of care (long term, mental, adolescent, substance abuse, nursing, home health, hospice, etc.)

LEADERSHIP DEVELOPMENT. Groom local healthcare leaders by encouraging involvement with District Board activities, increasing volunteer participation in healthcare delivery, and allowing healthcare managers to move up

DISTRICT BOARD COMPETENCE. Increase communication to District residents, and develop committee participation to grow the next generation of District Directors

ORGANIZED FORUMS. Hold annual District meetings, speak with PTAs, Rotary Clubs, business councils, major employers and payors, etc.

Tools & Benchmarks to Stay on Track

Assessment must be a constant activity throughout the planning and implementation process. While there are few benchmarks, we can take a look at what successful peer Districts have done, as well as methods they have used to evaluate their process and stay focused on their goals. Factors for success include:

- **HIGHLIGHTING SUCCESS.** Has the District defined ways to analyze and share health successes — such as patient outcome data and patient satisfaction surveys?
- **CORRECTING FAILURE.** Has the Board defined ways to identify healthcare failures, publicly acknowledge them, and develop strategies to prevent them in the future?
- **TOOLS.** Review what tools other districts use to assess progress.
- **PARTICIPATION.** Ensure that citizen participation has grown. If not, what can be done to correct this?
- **OPEN FORUMS.** Has the District implemented open forum public meetings?

Gather & Assess Data Regarding MGH Operations & Explore Potential Affiliations

Further actions by the Board should include:

HIRING INDEPENDENT CONSULTANTS for an unbiased assessment of options, strengths and weaknesses from individuals without vested interests.

DEVELOPING & CONTINUING COMMUNITY SURVEYS to involve residents in District issues and decisions in order to maintain openness and new communication avenues with the public.

MEETING WITH POTENTIAL REGIONAL HEALTH PARTNERS to enrich and supplement healthcare services and reestablish community partnerships.

DEVELOPING A PLAN FOR SECURING NEW MANAGEMENT, pursuing affiliations, and engaging in construction to meet seismic safety standards. Develop objectives and performance measurements for plan implementation and evaluation.

EDUCATING STAKEHOLDERS & COMMUNITY MEMBERS about the roles and powers of healthcare districts, the history of our District and MGH, and ongoing successes and projections.

"Many successful and financially viable healthcare districts have a healthy percentage of Kaiser members — ranging from 15% – 40% of residents.*"

—Gary Hicks, GL Hicks Financial/Association of California Healthcare Districts (ACHD)

** These include Palomar Pomerado, West Contra Costa, Washington Township, San Gorgonio, Kaweah Delta and Oak Valley.*

Earthquake Preparedness: To Retrofit or Build?

A moderately-strong earthquake occurs in California every 2-3 years. The 1971 Sylmar quake caused 65 deaths and a hospital collapse, which prompted the Legislature to pass the 1973 Hospital Seismic Safety Act. It requires that acute care hospitals be constructed to withstand a major earthquake and remain operational immediately after. The main MGH tower, completed in 1987, houses most patients and is earthquake compliant beyond 2030, but the "old wing" does not meet the present standard.

After the 1994 Northridge earthquake, when many older hospitals sustained considerable damage, the Seismic Safety Act was strengthened. It now requires hospitals to evaluate and rate all general acute care buildings by 2008, and to develop a plan for non-compliant buildings. The District submitted a retrofit plan, buying time to conclude negotiations to return MGH to local control. As one of its most important acts, the new District Board will have to decide what option would be most appropriate.

As this plan goes to print, the Legislature is considering whether to modify the current rules to permit re-evaluation using recently developed software that is more sensitive to seismic risk. If this legislation passes, hospitals may be in a position to more accurately assess their options.

Options for Marin General Hospital

One of the immediate critical needs is to commission an independent assessment of what should be done at MGH. Previous studies and data were generated, analyzed, and evaluated by Sutter and its consultants. Their conclusions were integrally involved with Sutter's intent to continue managing MGH.

Now that we know that MGH will return to local control, we recommend that the District obtain an assessment — by independent consultants — of the following options:

- **BUILD A NEW HOSPITAL** at a **NEW** location, or
- **BUILD A NEW WING** or a **NEW HOSPITAL** at the **SAME** location, or
- **RETROFIT** the old wing for continued acute care operation beyond 2030

Regardless of the final decisions, timing is critical since the District will have to determine how to finance any new construction. A substantial amount of time is required to set up and pass construction bonds.

Hospitals that are awarded Magnet status are an amazing benefit to the communities they serve. Magnet hospitals outperform others in recruiting and retaining nurses, as well as high caliber physicians and staff. This increases stability in patient care and ultimately results in more positive patient outcomes."

—*Essie Blau, R.N.*

2011 & Beyond

Today, Marin General Hospital is worth about $200 million, making it one of Marin County's most valuable public assets. As residents, our job is to protect our District assets and ensure that the District operates to benefit our entire community – our families and neighbors – rather than allowing the pursuit of private gain.

According to the 2005 Lewin Report, Marin County has several characteristics that will support a successful freestanding District hospital – an affluent suburban population, a high rate of insurance coverage, and a broad scope of services and technology. It is therefore appropriate and realistic for District residents to expect our hospital to be successful and top-quality.

With a population that is environmentally conscious, active, stable and aging, we should address the full spectrum of needs for our residents. These include:

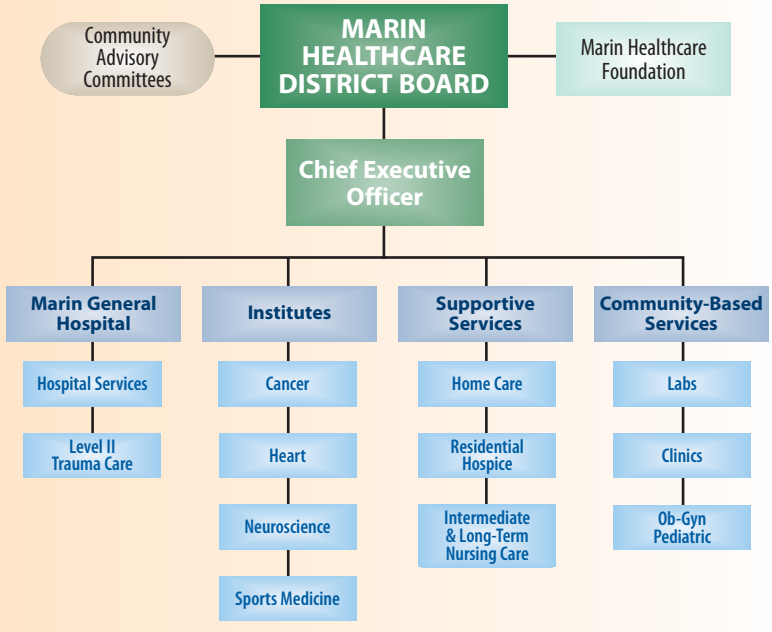
EFFICIENT & EFFECTIVE CARE FOR ELDERS AND DISABLED. Establish integrated services, including a neuroscience center, long-term nursing and home care. The District should serve as a role model for aging services.

SPECIALIZED TREATMENT & SERVICES FOR OUR ACTIVE COMMUNITY. Marin has the opportunity to become a leader in providing cutting-edge programs for orthopedics, physical therapy and other rehabilitative treatment.

GREEN-FOCUSED HEALTHCARE DELIVERY. Green healthcare is good for patients and staff, good for the environment, and good for economic growth.

FOCUSED DEGREE PROGRAMS. Through collaborations with educational institutions, the District can ensure a pipeline of devoted healthcare leaders committed to working in Marin County.

Ideal Organization of the District



NURSING EXCELLENCE. Five years after MGH returns to District management, the Board should aim for it to be designated as a Nurse Magnet Hospital, with the District seen as a national model for publicly-operated healthcare.

Establishing a modern, safe, successful and fully functioning healthcare system — one that serves all residents well and protects the environment — is a viable and worthy goal that will take time. It can be realized with committed leadership from the District Board and our community.

As some of the most ardent voters in the nation, Marin's electorate has the power to usher in historic, positive changes that will greatly enhance the quality of life in our community. Let's work together to rebuild our healthcare system with enlightened goals and practical well-planned solutions.

Friends of the Marin Healthcare District

Friends of the Marin Healthcare District (FMHD) is a community organization whose members have an extensive and diverse public service background, including significant expertise in the healthcare field.

As the District begins its transition of the publicly-owned Marin General Hospital (MGH) from Sutter Health to public control, FMHD seeks to ensure that healthcare is high quality and comprehensive, that financial challenges facing the District are managed appropriately and successfully, and that District governance is open, fair and void of conflicts of interest. FMHD also serves to help build alliances and networks between the District and other organizations, and to encourage greater public participation in planning for the District's future.

Our objective is to encourage and support an outstanding, financially viable Healthcare District comprised of a strong and vibrant healthcare network that provides excellent service to meet the health needs of our community's diverse populations.

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The Marin Healthcare Landscape 2006

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