2011-2012 GRAND JURY REPORT

San Gorgonio Healthcare System

Background

The San Gorgonio Pass Memorial Healthcare District was established on March 4, 1951, in accordance with California Local Hospital District Law, first passed in 1945 (section 32000 et seq. of the Health and Safety Code). Since the mid-1940s a number of local hospital districts were formed. By the 1970s and 1980s hospitals were feeling the impact of major changes in the way they were being reimbursed for services. Since then, nearly a third of these districts have closed, leased out, or sold their hospitals.

According to the California Healthcare Foundation, April 2006:

> *Of the districts still supporting hospitals, a variety of arrangements have been made to keep these hospitals solvent and competitive. Some districts continue to operate independent institutions governed by the local elected board, while many have chosen to enter into agreements with both for-profit and not-for-profit hospital management organizations. The relationship between the elected district board members and the new health system boards of directors varies from one hospital agreement to another. Some elected members sit on the new boards, while others maintain an oversight role only – for example, contracting lease agreements for facilities, a few boards have no connection with the new hospital management and strictly focus on providing community based services.*

The San Gorgonio Healthcare District (District) is governed by a five-member board elected from within the geographic boundaries, which include Banning, Beaumont, Cherry Valley, Calimesa, Cabazon, and surrounding areas. The District, acting as the landlord, leases the healthcare facilities to the San Gorgonio Memorial Hospital (Hospital) and jointly, with the Hospital, participates in managing the San Gorgonio Healthcare System (System). The Hospital is a California nonprofit corporation, exempted from taxes under Section 501(c)(3) of the Internal Revenue Code. It leases and operates the healthcare facilities. The Hospital is governed by a 14-member board, which includes the five members of the elected District Board.

Methodology

The 2011-2012 Grand Jury conducted its investigation using the following methods:

Obtained sworn testimony from:

- Past and present members of the District Board and the Hospital Board
- Past and present members of the Hospital Foundation
- Community residents
- Construction project manager
- System CEO
- System CFO

Reviewed the following documents:

- District Board agendas and minutes
- Hospital Board agendas and minutes
- Construction updates
- Audit reports
- Bylaws
- The Hospital Consumer Assessment of Healthcare Providers and Systems scores
- Press Ganey scores
- Riverside County parcel and property tax records

Toured San Gorgonio Memorial Hospital.

Findings

Construction Bond Measure

1. The impetus for a bond issue was to retrofit and expand the hospital's physical plant. District "Measure A" General Obligation bond, a $108 million issue, initiated by the District board, was passed by mail-in ballot in March 2006. The bond issue was to upgrade the facilities with a dual purpose. The first was to comply with California Senate Bill 1953, passed in 1994, requiring seismic retrofit by 2013. The second was the need for expansion as the result of a District 50-year plan developed in 2004.

   In addition to the retrofit, the bond funds were to be used to finance a new intensive care unit, an emergency department, a six-story patient tower, a helicopter pad, an updated information technology system, and a central plant that included emergency boilers and chillers. The original estimate for the project was $126 million, yet a bond measure of $108 million was pursued, with the difference coming from the Hospital Foundation.

In 2007, after many months of planning, it was apparent the $108 million bond issue would not cover the scope of the project as it was presented to voters. It is currently estimated that an additional $184 million will be needed to construct the six-story patient tower and complete the project.

Sworn testimony revealed that several factors appeared to contribute to the disconnect between the requested bond money amount and the final projected cost to complete the project as it was presented. Among the factors were:

- The inability to acquire necessary funding to prepare **detailed** construction plans that led to inaccurate cost projections and appears to have played a significant role.

- Expenditure of additional funds to meet newly-expanded state regulations by California's Office of Statewide Health Planning and Development (OSHPD).

- Plan changes to facilitate better utilization of the projected facilities.

According to District "Measure A" oversight annual report of August 2011:

> *Pre-construction costs for architectural drawings, cost estimates, Office of Statewide Hospital [sic] Planning and Development (OSHPD) and city fees, Inspector of Record (IOR) fees, testing and inspection, and soils report before the construction could begin, total $1,875,546.*

Patient Satisfaction – Employee Partnership

2. The Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey asks patients about their experiences with medical, surgical, or maternity care during their hospital stay. This survey was developed by a partnership of public and private organizations. It was funded by the Federal Government, specifically the Centers for Medicare and Medicaid Services (CMS) and the Agency for Healthcare Research and Quality. CMS oversees the administration of the HCAHPS survey, as well as the analysis of the data. This analysis is designed to ensure fair comparisons among hospitals and provides a national standard for collecting and reporting patients' perspectives. Profiles of the measures of satisfaction for the hospital can be seen in survey Attachments 1 and 2. By most measures, the Hospital ranks low on these scales in the national, state, and local venues. When it comes to working with Medicare and Medicaid, which are large sources of healthcare funding, it is found to be prudent, if not essential, for hospitals to successfully meet the criteria, which are deemed important to these programs.

With the impending healthcare changes due in 2014, the results of the HCAHPS surveys become increasingly important because Medicare reimbursement will be adjusted based on performance. The weighting in the formula to calculate scores will include 30 percent for HCAHPS scores.

Healthcare System Boards

3. Sworn testimony revealed there is public confusion regarding the powers, responsibilities, accountabilities, and finances of the District and Hospital Boards.

   Although the System is comprised of two separate bodies, they are thought of as one. Often there is a public perception of comingling, whether it be duties or finances.

Chief Executive Officer (CEO)

4. As of March 2011, the Hospital CEO was appointed to the Hospital Board as the 14th voting member.

   Sworn testimony revealed a public perception that the inclusion of the CEO, as a Hospital employee and voting member of the Hospital Board, presents a conflict of interest.

   Previously the Hospital Board consisted of 13 members. With the addition of the CEO, there is an even number of voting members, which could lead to a voting impasse.

Audit/Finance

5. The tax receipts and expenditures of the District are separated on internal documents. However, they are presented with other revenue-generating entities in the audit, and the Grand Jury was unable to ascertain from documents provided how tax dollars are spent.

   The District does not adequately account for taxpayer monies separately from the Hospital operating revenue stream, and as a result does not show in sufficient detail that tax monies are used for their specific designated purpose. This makes it difficult for the public to determine precisely how its tax monies are being spent.

Recommendations

San Gorgonio Memorial Hospital
San Gorgonio Healthcare District Board

1. In the event a new bond measure is pursued, at a minimum, the District must:

    - Review its goals, growth patterns, and predictions to see what expansion is necessary.
    - Pursue every avenue of possible funding before asking the voters to pass another bond measure.
    - Include verifiable estimates for the actual cost and scope of the project.
    - Ensure care is taken not to inflate the projection of the final product to be covered by the bond, when information is given to the public via public relations releases.

2. Hospital administration must disseminate patient satisfaction survey indicator results to staff and seek feedback on ways to improve patient's healthcare experience and to alleviate those issues that present problems. Solutions must take into account all aspects of hospital functioning, including the number and expertise of personnel and the equipment necessary to fulfill their duties.

    The Hospital must continue to improve the current employee satisfaction survey, especially as it relates to patient concerns expressed in the HCAHPS survey.

    The administration needs to provide an in-service training program to continually explore ways to improve staff-patient interactions, as studies have shown a strong staff-patient relationship is key to a successful healing process.

3. Through the use of the Internet, brochures and/or other public relations tools, the System must make the public aware of the separation of the District and Hospital Boards' authorities, as well as how they work together. It is essential that a clear delineation must be made to show the public the powers, responsibilities, accountabilities, and finances of the two boards. The District and Hospital Boards must ensure that neither the perception nor fact of possible comingling occurs, especially with finances.

4. Although legal for the CEO to be a voting member of the board, consideration must be given to the possibility of eliciting the CEO's expertise in a staff advisory capacity only. This would eliminate the appearance, to the public, of a conflict of interest.

5. In the interest of transparency, the District must account for all tax revenues on a line-item basis, allowing the taxpayers to follow the revenue and identify the appropriate expenditure of funds. Tax receipts and expenditures should be published in print and posted on-line, making them easily available to taxpayers. They must be audited separately from other revenue and expenditure streams.

Report Issued: 06/19/12
Report Public: 06/21/12
Response Due: 06/17/12

National & Peer Database Comparisons

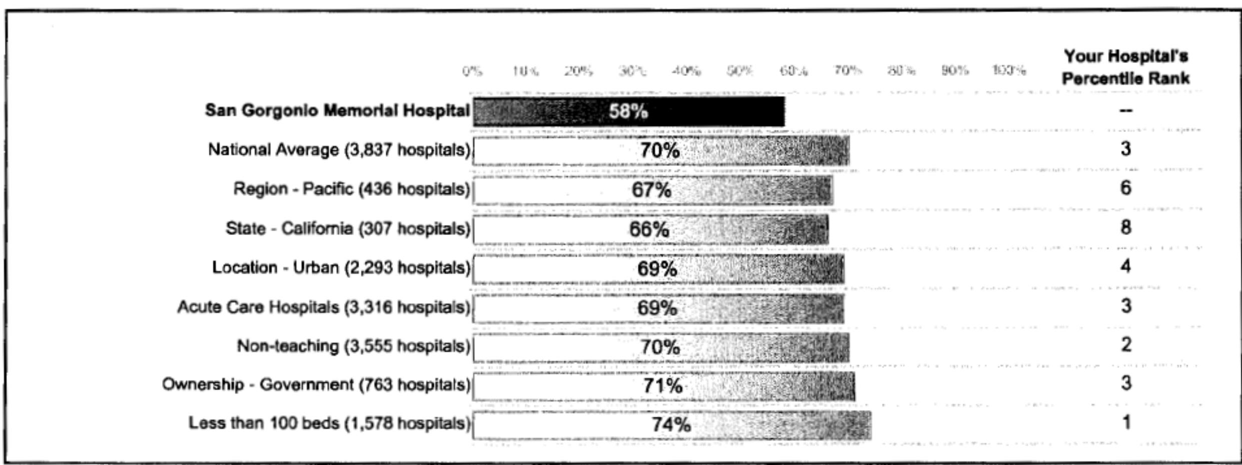
Executive Summary

One of the valuable benefits of the HCAHPS survey program is the ability to compare your hospital against a true national database. The current release includes data from 3,837 hospitals and represents the largest database in the healthcare industry for comparative purposes. The database includes every acute care hospital and all critical access hospitals that voluntarily participate in the HCAHPS program.

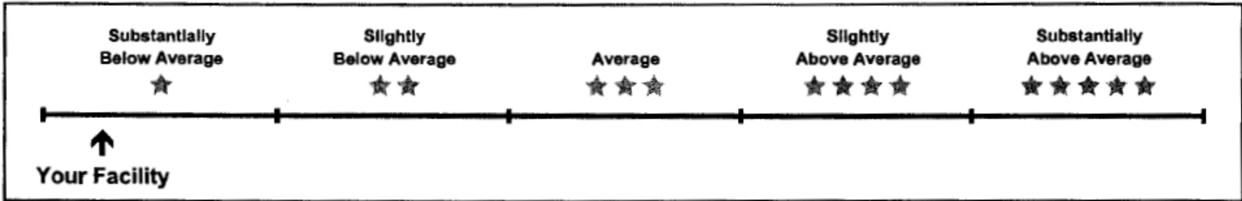
Throughout **Section I - Executive Summary**, your hospital's HCAHPS Composite score (the average of the ten measures included in the HCAHPS survey) will be used for comparative purposes. Also, the following national and peer benchmarks were selected based on the specific characteristics of your facility.

- National Average (3,837 hospitals in database)
- Pacific Region - AK, CA, HI, OR, WA (436 hospitals in database)
- State of California (307 hospitals in database)
- Location - Urban (2,293 hospitals in database)
- Acute Care Hospitals (3,316 hospitals in database)
- Non-teaching Hospitals (3,555 hospitals in database)
- Government Hospitals (763 hospitals in database)
- Size - Less than 100 beds (1,578 hospitals in database)

The following chart reflects your hospital's HCAHPS performance as compared to your national and peer benchmarks including your hospital's percentile ranking within each one of these groups. Each rank on the right-hand column indicates your hospital's percentile rank within that specific national/peer database.



HealthStream Research created the following star rating scale to summarize your hospital's performance as compared to national and peer benchmarks.



Attachment 1

Medicare Hospital Compare Quality of Care Compare Page

U.S. Department of Health & Human Services
HHS.gov

Medicare.gov → Hospital Compare Home → Hospital Results → Hospital Compare

Hospital Compare

Survey of Patients' Hospital Experiences

HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) is a national survey that asks patients about their experiences during a recent hospital stay. Use the results shown here to compare hospitals based on ten important hospital quality topics. **Read more information about the survey of patients' hospital experiences.**

Note: Process of Care, HCAHPS, and CLABSI data will be updated in May.

View Graphs » | View Tables »

	BEAR VALLEY COMMUNITY HOSPITAL **41870 GARSTIN DR BIG BEAR LAKE,CA 92315 (909) 866-6501** **Add To My Favorites**	**HI-DESERT MEDICAL CENTER** **6601 WHITE FEATHER ROAD JOSHUA TREE,CA 92252 (760) 366-6285** **Add To My Favorites**	**SAN GORGONIO MEMORIAL HOSPITAL** **600 NORTH HIGHLAND SPRINGS AVENUE BANNING,CA 92220 [illegible]-2101** **Favorites**
Patients who reported that their nurses "Always" communicated well.	**88%**	**73%**	**66%**
Patients who reported that their doctors "Always" communicated well.	**87%**	**71%**	**73%**
Patients who reported that they "Always" received help as soon as they wanted.	**78%**	**59%**	**55%**
Patients who reported that their pain was "Always" well controlled.	**83%**	**66%**	**59%**
Patients who reported that staff "Always" explained about medicines before giving it to them.	**70%**	**57%**	**52%**
Patients who reported that their room and bathroom were "Always" clean.	**74%**	**68%**	**64%**
Patients who reported that the area around their room was "Always" quiet at night.	**71%**	**54%**	**36%**
Patients at each hospital who reported that YES, they were given information about what to do during their recovery at home.	**87%**	**74%**	**80%**
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).	**76%**	**58%**	**45%**
Patients who reported YES, they would definitely recommend the hospital.	**76%**	**58%**	**49%**

Attachment 2