



San Mateo Medical Center
A County System of Healthcare

BOARD OF DIRECTORS MEETING

Thursday, July 2, 2015
8:00 AM – 10:00 AM

SAN MATEO MEDICAL CENTER

EXECUTIVE BOARD ROOM

Second Floor, Administration Wing



San Mateo Medical Center
A County System of Healthcare

BOARD OF DIRECTORS MEETING

July 2, 2015 8:00 – 10:00 AM

Executive Board Room – Second Floor, Administration Wing

AGENDA

A. CALL TO ORDER

B. CLOSED SESSION

Items Requiring Action

1. Medical Staff Credentialing Report
2. Quality Report

Dr. Janet Chaikind

Dr. Alexander Ding

Informational Items

3. Medical Executive Committee

Dr. Janet Chaikind

C. REPORT OUT OF CLOSED SESSION

D. PUBLIC COMMENT

Persons wishing to address items not on the agenda

E. FOUNDATION REPORT

Bernadette Mellott

F. CONSENT AGENDA

TAB 1

Approval of:

1. June 4, 2015 Meeting Minutes
2. Medical Staff Bylaws/Rules-Regs Changes and Department Chair Elections Results

G. MEDICAL STAFF REPORT

Chief of Staff Update

Dr. Janet Chaikind

H. ADMINISTRATION REPORTS

- 1. Quality – Surgery Department *Dr. CJ Kunnappilly*..... Verbal
- 2. Operations – Culture of Safety *John Thomas* Verbal
- 3. Health IT – Developing, Selecting, and Implementing Health IT Projects *Jean Fraser*..... Verbal
- 4. Financial Report *David McGrew*..... **TAB 2**
- 5. CEO Report *Dr. Susan Ehrlich*..... **TAB 2**

I. HEALTH SYSTEM CHIEF REPORT

- Health System Snapshot *Jean Fraser*..... **TAB 2**

J. COUNTY MANAGER’S REPORT

John Maltbie

K. BOARD OF SUPERVISOR’S REPORT

Supervisor Adrienne Tissier

L. ADJOURNMENT

Enclosed:

MEDIA ARTICLES

TAB 3

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact the executive secretary at least two working days before the meeting at (650) 573-3533 (phone) or mlee@smcgov.org (e-mail). Notification in advance of the meeting will enable San Mateo Medical Center to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.



San Mateo Medical Center
A County System of Healthcare

TAB 1

CONSENT AGENDA

HOSPITAL BOARD OF DIRECTORS
MEETING MINUTES
Thursday, June 4, 2015
Daly City Clinic Conference Room

Board Members Present

Supervisor Adrienne Tissier
Supervisor Carole Groom
John Maltbie
Jean Fraser
Dr. Janet Chaikind
Dr. Julie Hersk
Dr. Susan Ehrlich
Dr. David Lin
Sharon Petersen

Staff Present

Dr. CJ Kunnappilly
John Thomas
Liz Evans
Tosan Boyo
John Jurow
Dr. Alpa Sanghavi
John Nibbelin
Rafael Vaquerano

Michelle Lee
David McGrew
Angela Gonzales
Viral Mehta
Bernie Mellott
Lisa Mancini
Chris Rodriguez

Members of the Public

Nia Johar
Catherine Tang
Marcus Weenig
Dr. Avanti Ambekar

ITEM	DISCUSSION/RECOMMENDATION	ACTION
Call to Order	Supervisor Tissier called the meeting to order at 8:00 AM, and the Board adjourned to Closed Session.	
Reconvene to Open Session	The meeting was reconvened at 8:10 AM to Open Session. A quorum was present (see above).	
Report out of Closed Session	Medical Staff Credentialing Report for June 4, 2015. Medical Executive Committee Minutes for May 12, 2015. QIC Report from April 28, 2015.	John Nibbelin reported that the Board unanimously approved the Credentialing Report. It also accepted the Medical Executive Committee minutes.
Public Comment	None	
Foundation Report	The 2015 annual Golf Tournament will be held at the Sharon Heights Golf Club on August 24, 2015. Brius is the main sponsor for the tournament. In October 2015, there will be a masked ball at the Peninsula Country Club. Additional details will follow.	FYI
Consent Agenda	Approval of: 1. Hospital Board Meeting Minutes for May 7, 2015.	It was MOVED, SECONDED and CARRIED unanimously to approve all items on the Consent Agenda.

<p>Medical Staff Report Dr. Janet Chaikind Chief of Medical Staff</p>	<p>The election process has started for the Medical Staff Officers. Elections will be held during the annual Medical Staff meeting which takes place on June 29.</p>	<p>FYI</p>
<p>Quality Report Dr. CJ Kunnappilly Chief Medical Officer</p>	<p>The Radiology Department report was presented by Dr. Avanti Ambekar and John Jurow, Radiology manager.</p> <p>Radiology Modalities: CT, Diagnostic x-ray, Echocardiography, Fluoroscopy, Mammography, MRI, and Ultrasound.</p> <p>Right Time, Right Place Ultrasound</p> <ul style="list-style-type: none"> • 3 U/S Unit's upgraded • New U/S Unit scheduled to arrive June 10, 2015 • Hiring additional Imaging Specialists • Increase volume to reduce wait times • Partnering with Sutter Mills-Peninsula to assist with our Medi-Care and Medi-Cal patient population <p>Mammographic Quality Assurance Report 2013</p> <ul style="list-style-type: none"> • 4,735 Screening Exams Read • 2,023 Diagnostic Exams Read • 244 biopsies performed based on mammography findings • 179 cases were negative by biopsy or post-surgical pathology (false positive mammographies) • 36 positive cases, with 1 case having a false negative mammography result in the past <p>Accomplishments FY14-15</p> <ul style="list-style-type: none"> • Digital Radiology-11/2014 • Digital Radiology Maguire Correctional-11/2014 • All Major Hazardous Chemicals Removed-12/2014 • Radiologist Conference Room Redesigned-11/2014 • 1st Kazien: ED Turnaround Times-2/2015 • Mammo State Inspection (1st Digital)- 3/2015 • Echo Upgrade • PACs Administrator 3/2015 <p>Upcoming Projects FY15-16</p> <ul style="list-style-type: none"> • Powerscribe 360 Upgrade • New Digital Holter and Cardiac Management System • Ultrasound • eCW Future Order Project 	<p>FYI</p>
<p>Operations Report John Thomas Chief Operating Officer</p>	<p>Burlingame Long Term Care report presented by Marcus Weenig, Brios Vice President of Operations.</p> <p>Census as of May 31, 2015: 275 residents.</p> <p>Facility updates</p> <ul style="list-style-type: none"> • The Business Office, Medical Records, and HR relocated to 1750 El Camino Real, 4th Floor building. 	<p>FYI</p>

	<ul style="list-style-type: none"> • Continuous coordination with the Health Plan of San Mateo, Aging and Adult Services and Institute on Aging for appropriate and timely alternate placement of residents. • Construction project related to cosmetic changes and renovation: • Addition of facility ramp by front entrance, new elevators, kitchen hood, fire suppression system, and cosmetic changes <p>CDPH Activity</p> <ul style="list-style-type: none"> • Continue consistent and timely reporting of all alleged incidents. • Ensure all investigations are completed timely. • Monitor residents for safety and continue post-incident care planning to identify any change of conditions to prevent recurrence. 	
<p>Operations Report John Thomas Chief Operating Officer</p>	<p>Daly City Health Center report presented by Tosan Boyo, Deputy Director of Ambulatory Services.</p> <p>Services offered: Primary Care, Specialty Care (including Endocrine, Infectious Disease, Laboratory Musculoskeletal, Optometry, Podiatry, and Tuberculosis), Dental, and Teen Health.</p> <p>Staff Structure: 18 Primary Care Providers (8.5 FTE) excluding specialists, 15 Nursing Staff, 11 Clerical Staff.</p> <p>Patient Empanelment</p> <ul style="list-style-type: none"> • Adult Primary Care – 10,000 • Pediatric Primary Care – 2,300 <p>Calendar Year 2014</p> <ul style="list-style-type: none"> • No-Show 18%-22% • Third Next Available Appointment 45+ days <p>Calendar Year 2015</p> <ul style="list-style-type: none"> • No-Show 8% • Third Next Available Appointment 8 days • 1,850 Monthly Visits 	<p>FYI</p>
<p>Health Aging and Adult Services Lisa Mancini, Director</p>	<p>Conservatorship: The last resort to protect an adult. Presented by Lisa Mancini and Chris Rodriguez, Deputy Director of Aging and Adult.</p> <p>What is Conservatorship?</p> <ul style="list-style-type: none"> • When a person is no longer able to handle his or her own financial and/or personal affairs. • The Superior Court appoints an individual (conservator) to act on behalf of the incapacitated person (conservatee). <p>Types of Conservatorships</p> <ul style="list-style-type: none"> • Probate <ul style="list-style-type: none"> ○ Unable to provide for personal needs or manage financial resources ○ Probate Code 	<p>FYI</p>

- Dementia Authority
- Indefinite
 - reviewed by Superior Court every two years
- Lanterman-Petris-Short Act - LPS
 - Grave Disability
 - Welfare and Institutions Code
 - Lasts for one year and then needs to be reestablished by the Superior Court

Conservatorship of Person

- Make decisions about personal matters (i.e, residence, medical treatment including medications, etc.)
- Least restrictive, appropriate placement
- Minimum of quarterly visits (required)
- Encourage family interaction when appropriate

Conservatorship of Estate

- Financial affairs/manage estate
- Collect assets, pay bills, make investments, take care of real property

How do people get conserved?

- Probate
 - Signs of self-neglect, exploitation, dementia/head injury, developmentally disabled
 - Who Initiates: Adult Protective Services, Discharge Planners, SNF, Families
- LPS
 - Signs of mental health disorder that prevents the ability to provide for basic personal needs such as food, clothing, shelter, and psychiatric treatment, impaired by chronic substance abuse
 - Who initiates: Recommendations to the court are from Psychiatrist or Psychologist

Who can be appointed as Conservator? Spouse, Adult child, Parent, Sibling, Public Guardian, and any other person the Court determines can act in the best interest of the client.

Public Guardian

- Every county has a Public Guardian's (PG) office
- San Mateo County – PG resides in Aging and Adult Services (AAS), SM County unique as AAS resides in the Health System
- LPS – 363 conservatees
- Probate Case Management – 268 conservatees
- Probate Financial
- Estate Management
- Trust Accounting

Manage over \$53 million on behalf of County residents who are unable to manage their financial affairs
 Public Guardian's role is to advocate for client, participate on the treatment team, ensure conservatee is in the least restrictive setting, keep the family connection, make DNR decisions, burial. Public Guardian partners are San Mateo Medical Center, Behavioral Health and Recovery Services, Ombudsman Program, Golden Gate

	<p>Regional Center, County Counsel, Court Investigator’s Office, and the Public Defender.</p> <p>Great Results</p> <ul style="list-style-type: none"> • 63% of our LPS conservatees live in the community after stabilization (227 out of 363) • Psychiatric inpatient days are reduced by 54% after being conserved • Psychiatric emergency visits reduced by 62% • Residential days (housed) increased 170% • Outpatient hours increased 51% <p>When used appropriately, conservatorships help us:</p> <ul style="list-style-type: none"> • Maintain clients at the right level of care • Monitor client participation and compliance in treatment • Exercise positive influence on the clients environment, relationships and resources • Partner with the client and family to accomplish shared goals 	
<p>Financial Report David McGrew, CFO</p>	<p>The April FY14/15 financial report was included in the Board packet and David McGrew answered questions from the Board.</p>	<p>FYI</p>
<p>SMMC Strategic Plan Dr. Susan Ehrlich, CEO</p>	<p>Dr. Susan Ehrlich presented the new Mission, Vision, Values, and Pillar Goals for 2015-2020.</p> <p>New Mission: We partner with patients to provide excellent care with compassion and respect. New Vision: Every patient will live the healthiest life possible. New Values: Service, Empathy, Integrity, Excellence, Innovation, Collaboration.</p> <p>Patient Centered Care</p> <ul style="list-style-type: none"> • We focus on what matters most to our patients and their families, and partner with them to provide compassionate care in a culturally competent way. • Key Metric: Likelihood to recommend SMMC for care. <p>Excellent Care</p> <ul style="list-style-type: none"> • We partner with patients to achieve their health goals by providing a safe environment and integrated, evidence-based care. • Key Metrics: Improved patient self-assessment of health. Reduce harm events. <p>Staff Engagement</p> <ul style="list-style-type: none"> • We are a great place to work and we are passionate about serving our community. • Key Metric: Increase staff likelihood to recommend SMMC as a great place to work. <p>Right Care, Time, Place</p> <ul style="list-style-type: none"> • We ensure that our patients get the right care at the right time and place. • Key Metrics: Number of avoidable ED visits. Number of patient days with no medical necessity. <p>Financial Stewardship</p> <ul style="list-style-type: none"> • We partner with our patients to deliver high value healthcare in a financially responsible manner. • Key Metric: Cost per member per month. Revenue per member per month. <p>Nest Steps</p> <ol style="list-style-type: none"> 1. Report monthly progress to the Board 	<p>FYI</p>

	<ul style="list-style-type: none"> 2. Share Mission, Vision, Values, Goals, and Strategic Initiatives with the Organization 3. Engage everyone in improvement work so that we can meet our goals and live our mission and vision 	
CEO Report Dr. Susan Ehrlich, CEO	The CEO Report was included in the Board packet and Dr. Ehrlich answered questions from the Board.	FYI
Health System Report Jean Fraser, HS Chief	The Health System Monthly Snapshot for May 2015 was included in the Board packet.	FYI
County Manager John Maltbie	The new budget cycle is beginning for FY 2015-2017. The focus will be on sharing the prosperity the County is experiencing with all constituents.	FYI
Board of Supervisors Supervisor Tissier	No report.	FYI

Supervisor Tissier adjourned the meeting at 9:35 AM. The next Board meeting will be held on July 2, 2015.

Minutes recorded by:



Michelle Lee

Minutes approved by:



Dr. Susan Ehrlich, Chief Executive Officer



SAN MATEO COUNTY HEALTH SYSTEM

DATE: June 26, 2015
TO: Honorable Adrienne Tissier, President, SMMC Board of Directors
FROM: Janet Chaikind, M.D., Chief of the Medical Staff
RE: **July 2, 2015 Medical Center Board Meeting [Open Session]**

The Medical Staff Executive Committee recommends the following business for approval:

Bylaws [Attachment A]

Article 7 Clinical Privileges (not to exceed 120 days)

Rules and Regulations [Attachment B]

- A. Section II Medical Records
- B. Section III General Conduct of Care

Departmental Election Results

Emergency Medicine: Serena Lee, MD, Chair
Diana Goodwine, MD, Vice Chair

Medicine: Bryan Gescuk, MD, Chair
Bradd Silver, MD, Vice Chair

Primary Care & Community Medicine: Evelyn Haddad, MD, Chair.
Rebecca Ashe, MD, Vice Chair

Psychiatry: Stephen Cummings, MD, Chair

Surgery: Election Results are pending (will be reported when available)



Attachment A

San Mateo Medical Center

MEDICAL STAFF

Proposed Change to Bylaws

May 2015

CURRENT LANGUAGE	PROPOSED LANGUAGE
Article 7 CLINICAL PRIVILEGES	Article 7 CLINICAL PRIVILEGES
7.7.3 General Conditions	7.7.3 General Conditions
7.7.3 b) Temporary privileges shall automatically terminate at the end of the designated period (not to exceed six months) or unless earlier terminated by the Medical Executive Committee upon recommendation of the Department of Credentials Committee, unless affirmatively renewed following the procedure as set forth in Section 7.7.2 A medical staff applicant's temporary privileges shall automatically terminate if the applicant's initial membership application is withdrawn.	7.7.3 b) Temporary privileges shall automatically terminate at the end of the designated period (not to exceed [six months] 120 days) or unless earlier terminated by the Medical Executive Committee upon recommendation of the Department of Credentials Committee, unless affirmatively renewed following the procedure as set forth in Section 7.7.2 A medical staff applicant's temporary privileges shall automatically terminate if the applicant's initial membership application is withdrawn.

Medical Staff Rules and Regulations: Section II – Medical Records

DRAFT 3/6/2015

Current	Proposed
H. COMPLETENESS OF THE RECORD	H. COMPLETENESS OF THE RECORD
<p><u>H.1 Permanent Filing</u> A Medical record shall not be permanently filed until is completed by the responsible practitioner or is ordered filed by the Medical Records Committee</p> <p><u>H.2 Use of Routine Prewritten Orders</u> A practitioner’s routine prewritten order, when applicable to a given patient, shall be reproduced in detail on the order sheet of the patient’s record, dated and signed by the practitioner. Prewritten orders with medications shall be reviewed, approved, and revised if needed on an annual basis. Other prewritten orders shall be reviewed, approved, and revised as needed.</p> <p><u>H.3.a Expectations</u> The medical record shall be complete within 15 days following discharge of the patient. Therefore, as soon as possible, after discharge, a discharge summary should be written/dictated by the attending physician, however this should be no longer than 14 days following discharge.</p> <p>Physicians are expected to complete their charts on a weekly basis.</p> <p><u>H.3.b Definitions</u> Incomplete records - The total number of medical records with one or more deficiencies that need to be completed by a physician.</p> <p>Delinquent records – The subset of incomplete records that are 14 or more days past discharge at the time of the weekly mailing notices.</p> <p><u>H.3.c Sanctions</u> The Medical Staff through the Medical Executive Committee, the Chief of Staff and the department chairs will sanction physicians who do not complete their medical records in a timely fashion.</p> <p>Upon issuing a third notice, the Department of Medical Records will notify the Medical Staff Office. The MSO will notify the Department Chair, the Chief of Staff, and place a medical records sanction notice in the credentialing file for OPPE/professionalism. Until the records have been completed, a physician who receives a medical record sanction will not be able to perform the following:</p>	<p><u>H.1 Permanent Filing</u> A Medical record shall not be permanently filed until it is completed by the responsible practitioner or is ordered filed by the Department Chair or by the Chief of Staff.</p> <p><u>H.2 Use of Order Sets</u> Order sets that include medications shall be reviewed, approved, and revised if needed on an annual basis. Other order sets shall be reviewed, approved and revised as needed.</p> <p><u>H.3.a Expectations</u> The medical record shall be complete within 14 days following the discharge of the patient. (CA Code Title 22 Sect. 70751)</p> <p>Physicians are expected to complete their record deficiencies weekly.</p> <p><u>H.3.b Definitions</u> No change.</p> <p>Delinquent records – The subset of incomplete records more than 14 days past the date of discharge.</p> <p><u>H.3.c Sanctions</u> The Medical Staff through the Medical Executive Committee, the Chief of Staff and the department chairs will sanction physicians who do not complete their medical records in a timely fashion.</p> <p>Physicians have continuous on-line access to all assigned electronic medical record (EMR) deficiencies. Physicians with one or more delinquent records shall be sent a weekly notice of their record deficiencies.</p> <p>Physicians with one or more deficiencies assigned to them for more than 21 days shall be sent a “Notice of Pending Suspension” on a Monday by the Chief of Staff informing the physician that, should his or her record deficiencies remain incomplete one week from the date of the notice, the physician shall be sanctioned until his or her</p>

- Admit non-emergency patients to the hospital.
- Perform consultations.
- Schedule new procedures or operations.
- Treat patients in clinic.
- Attend in clinics.

Suspensions cumulatively totaling thirty (30) days in any twelve (12) month period shall be reported to the Medical Board of California.

record deficiencies are cleared and shall not be able to perform the following:

- Admit non-emergency patients to the hospital.
- Perform consultations.
- Schedule new procedures or operations.
- Treat patients in clinic.
- Attend in clinics.

Patient Access, OR Scheduling, and Clinic Management shall be notified of physicians whose medical staff privileges have been suspended.

The medical staff privileges of a sanctioned physician may be restored upon the completion of the physician's delinquent records. Patient Access, OR Scheduling, Clinic Management, and the Medical Staff Office shall be informed immediately of the lifting of sanctions.

The Medical Staff Office shall place a medical records sanction notice in the credentialing file for OPPE/professionalism. The sanction notice shall document the start and end dates of each sanction occurrence.

Suspensions cumulatively totaling thirty (30) days or more for any twelve (12) month period shall be reported to the Medical Board of California. (CA Business & Professions Code Sect. 805)

Procedural Considerations

All communications to physicians will include a phone number to call to resolve discrepancies regarding their notices and to request assistance with the record completion process.

Physicians who report vacations and illnesses to the Medical Record Department will not be sent delinquent notices during the period of their absence. Physicians are expected to complete record deficiencies prior to the start of a planned absence

Informal contacts to physicians may include departmental reminders and administrative contacts advising them of their delinquency status and any pending sanction.

Note: This revision combines Section II, Subsection H. and Section V, Subsection B. of the SMMC Medical Staff Rules & Regulations.

San Mateo Medical Center
 MEDICAL STAFF
 RULES and REGULATIONS

CURRENT LANGUAGE	PROPOSED LANGUAGE
<p>SECTION JII - GENERAL CONDUCT OF CARE</p> <p>A. CONSENTS FOR TREATMENT</p> <p>I. <u>Admission Consent</u></p> <p>A general consent form, signed by or on behalf of every patient admitted to the Medical Center, must be obtained before or at the time of admission. In the event a patient's condition meets the criteria for medical necessity and delay in treatment would be detrimental, the admission consent can be deferred and emergency care initiated.</p> <p>2. Procedural and Therapeutic Consents</p> <p>Specific consents for special treatments and/or surgical Procedures shall be obtained. Informing the patient of the nature and risks inherent in treatments and procedures shall be the responsibility of the appropriate physician, practitioner, or affiliate.</p> <p>Patients unable to provide own consent (i.e., minors, forensic custody, conserved, incompetent, etc.) shall not undergo special treatments or surgical procedures requiring specific consent without court or public guardian/conservator authorization. The process of informed consent remains the responsibility of the appropriate physician, practitioner, or affiliate to obtain and coordinate with the Department of Nursing and the Court, public guardian, or conservator.</p>	<p>SECTION HI - GENERAL CONDUCT OF CARE</p> <p>A. CONSENTS FOR TREATMENT</p> <p>I. Admission Consent</p> <p>A general consent form, signed by or on behalf of every patient admitted to the Medical Center, must be obtained before or at the time of admission. In the event a patient's condition meets the criteria for medical necessity and delay in treatment would be detrimental, the admission consent can be deferred and emergency care initiated.</p> <p>2. Procedural and <u>Therapeutic</u> Consents</p> <p>Specific consents for special treatments and/or surgical procedures shall be obtained. <i>ADDI Any procedure performed in the operating room or in radiology involving <u>intravenous</u> contrast material, requires informed consent.</i> Informing the patient of the nature and risks inherent in treatments and procedures shall be the responsibility of the appropriate physician, practitioner, or affiliate.</p> <p>Patients unable to provide own consent (i.e., minors, forensic custody, conserved, incompetent, etc.) shall not undergo special treatments or surgical procedures requiring specific consent without court or public guardian/conservator authorization. The process of informed consent remains the responsibility of the appropriate physician, practitioner, or affiliate to obtain and coordinate with the Department of Nursing and the Court, public guardian, or conservator.</p>



San Mateo Medical Center
A County System of Healthcare

TAB 2

ADMINISTRATION REPORTS

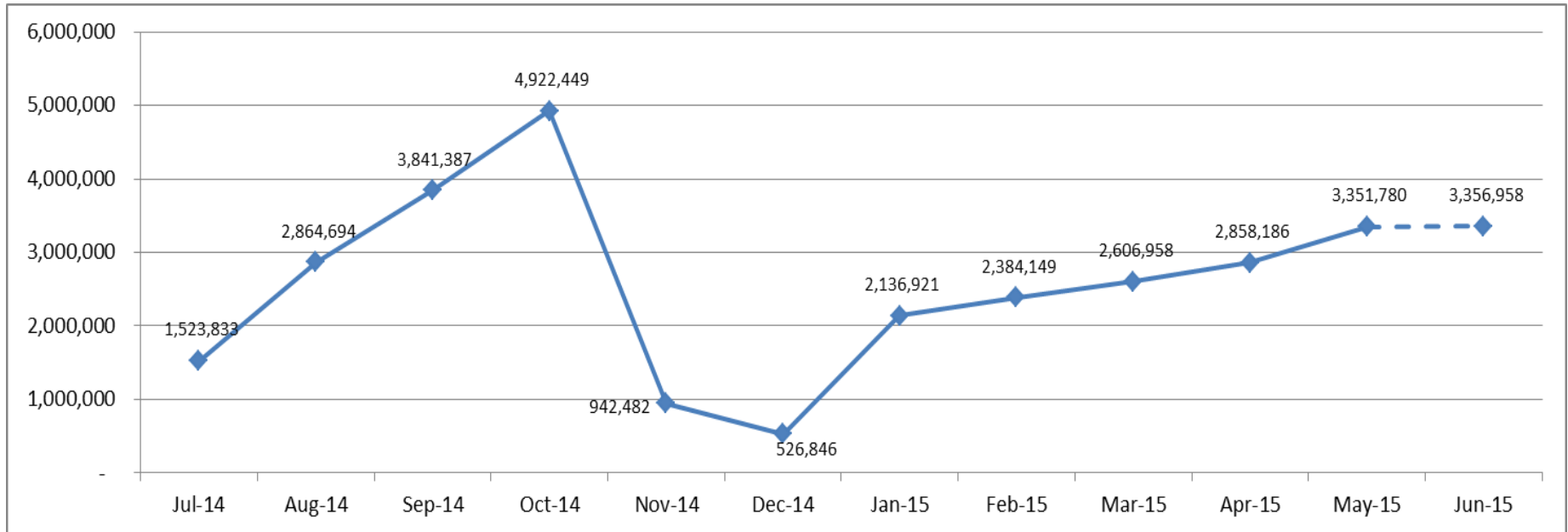


San Mateo Medical Center
A County System of Healthcare

May FY 2014-15 Financial Report

Board Meeting
July 2, 2015

Financial Highlights – Net Income Trend



Financial Drivers:

- May: \$494k net income
 - Operating revenue unfavorable \$677k (-4%)
 - Operating expenses favorable \$549k (2%)

- Favorable HPSM capitation
- Labor
- Reserve for Medi-Cal SNF Audit
- Registry
- Medical Equipment Rental

Financial Highlights - Forecast

Forecast:

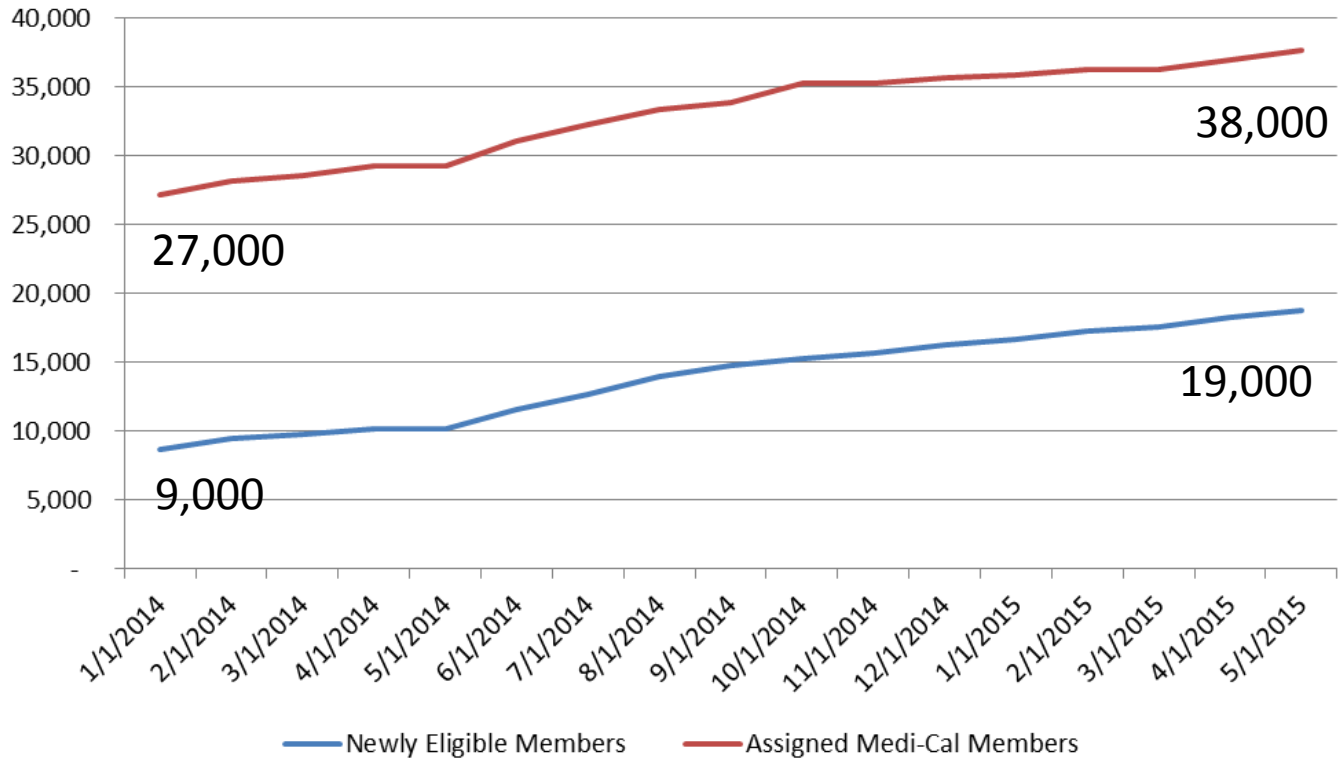
- Full year results are forecasted to be \$3 million positive due to implementation of the new HPSM capitation rates and strong expense management

Risks & Opportunities:

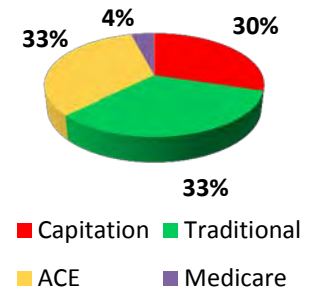
- HPSM Capitation Membership
- Medi-Cal dis-enrollments
- Supplemental revenue displacement (e.g. DSH)
- FQHC Cost Report audits
- Medi-Cal SNF audit
- Nurse staffing
- Clinic demand

SMMC Medi-Cal Members

HPSM Newly Eligible and Assigned Members



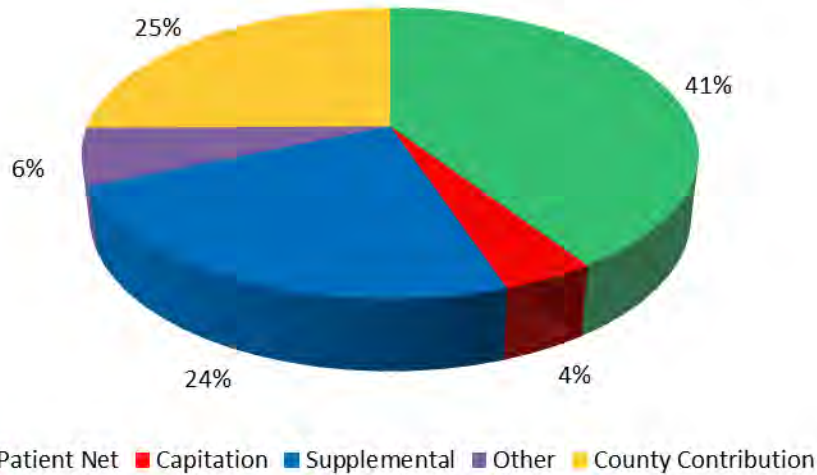
Managed Care Mix



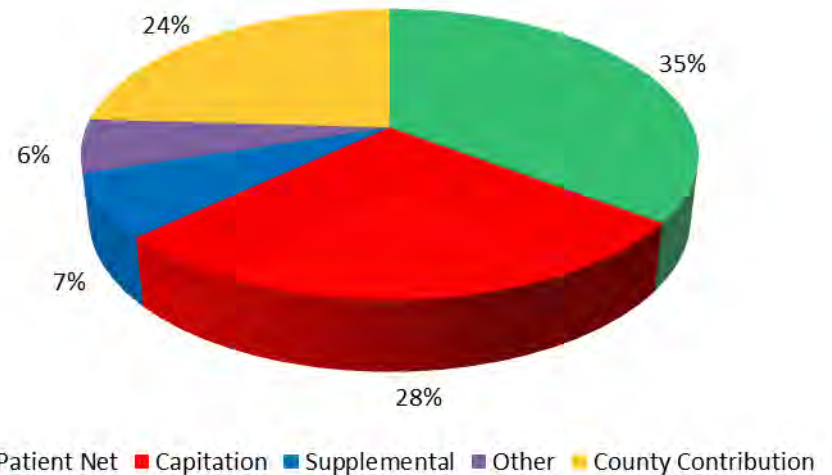
Capitation members are 49% of total Medi-Cal. Access to primary care is critical

Revenue Mix

Before Capitation (Jan 2014 - Jun 2014)



After Capitation (Jul 2014 - May 2015)



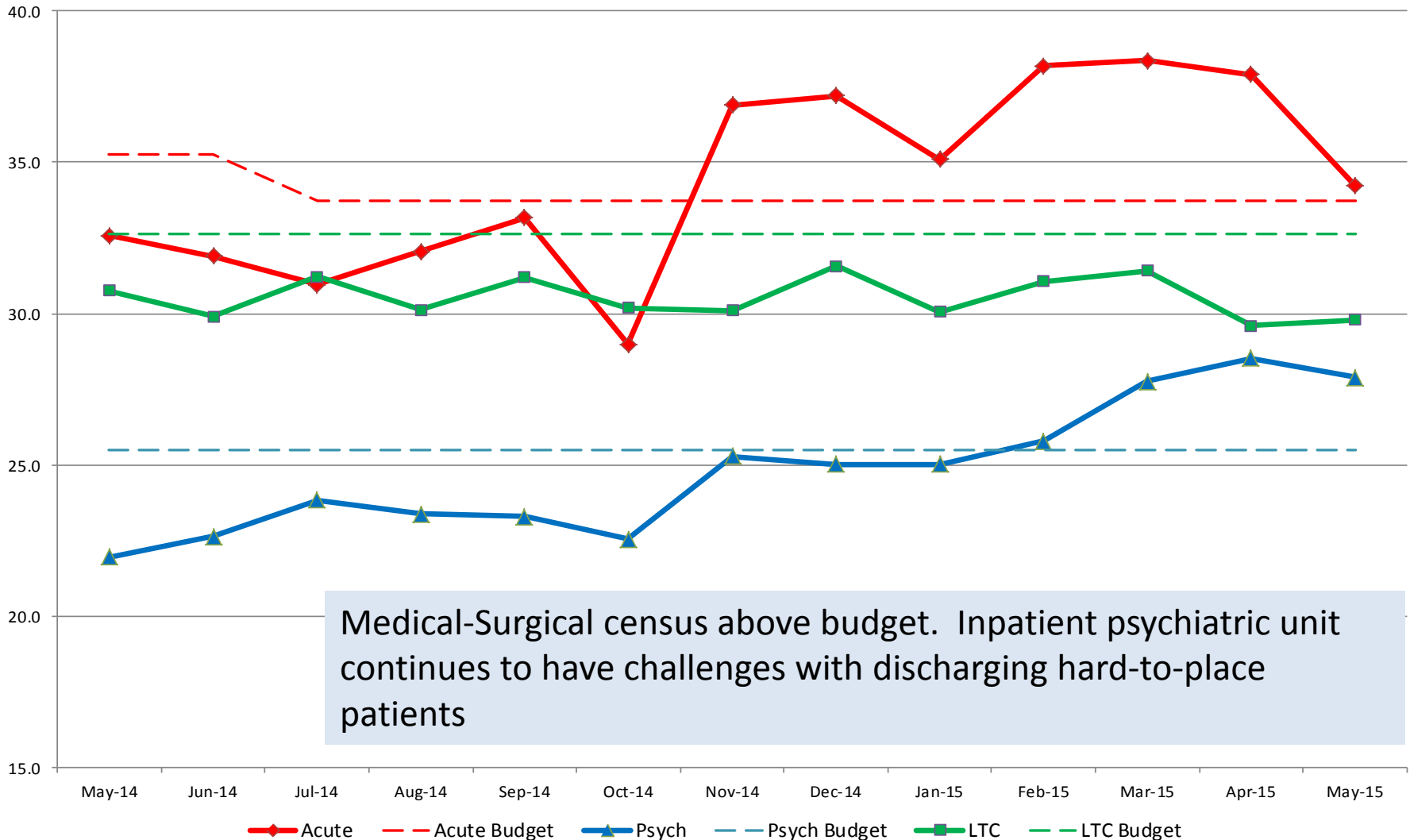
Capitation is a payment arrangement for health care service providers such as hospitals and physicians. It pays a hospital and physician or group of physicians a set amount for each enrolled person assigned to them, per period of time, whether or not that person seeks care.

San Mateo Medical Center
 Inpatient Census
 May 31, 2015

MONTH			
Actual	Budget	Variance	Stoplight
2,850	2,814	36	1%

YEAR TO DATE			
Actual	Budget	Variance	Stoplight
30,373	30,409	(36)	0%

Patient Days

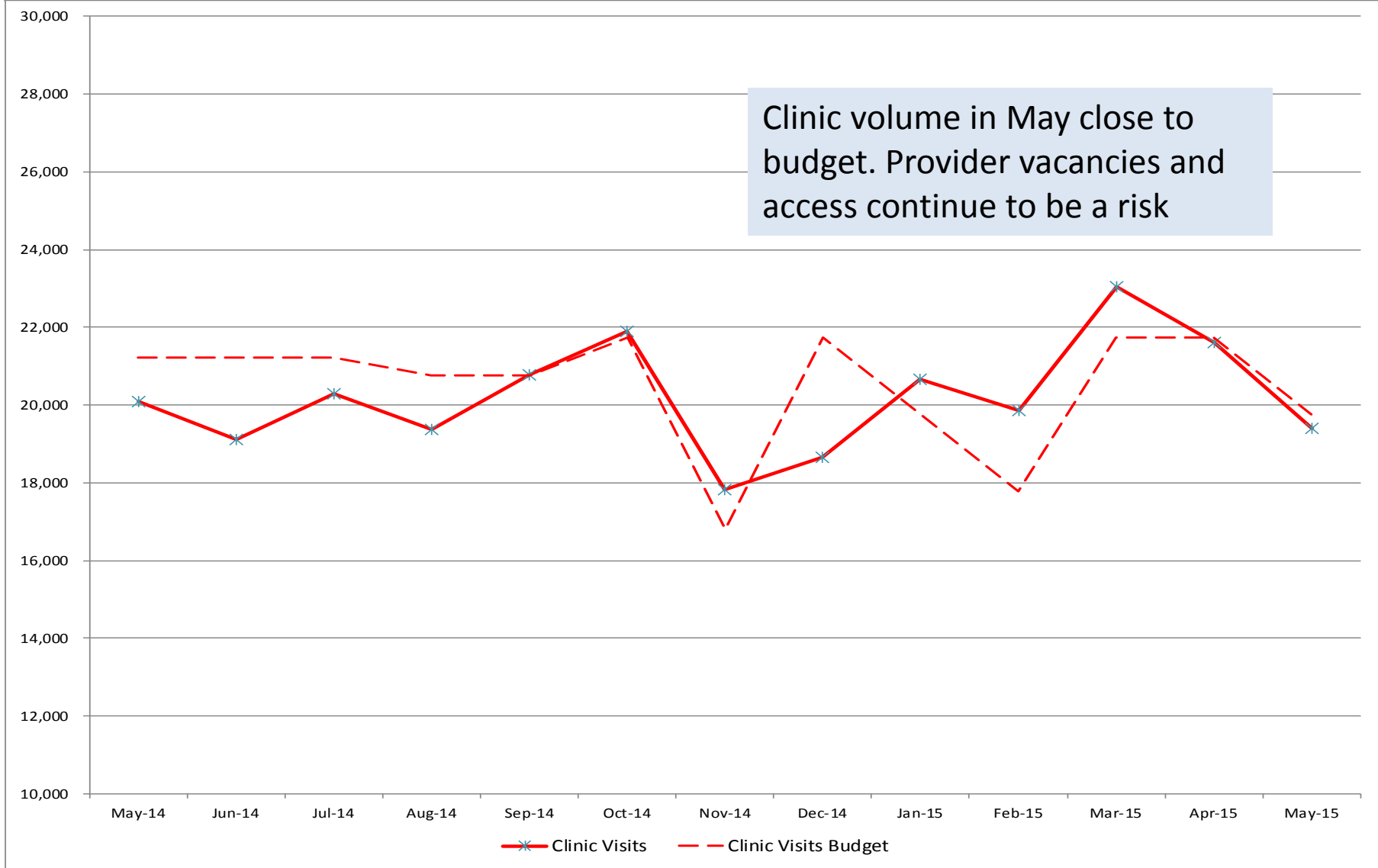


**San Mateo Medical Center
Clinic Visits
May 31, 2015**

MONTH			
Actual	Budget	Variance	Stoplight
19,410	19,760	(350)	-2%

YEAR TO DATE			
Actual	Budget	Variance	Stoplight
223,346	202,537	20,809	10%

Clinic Visits

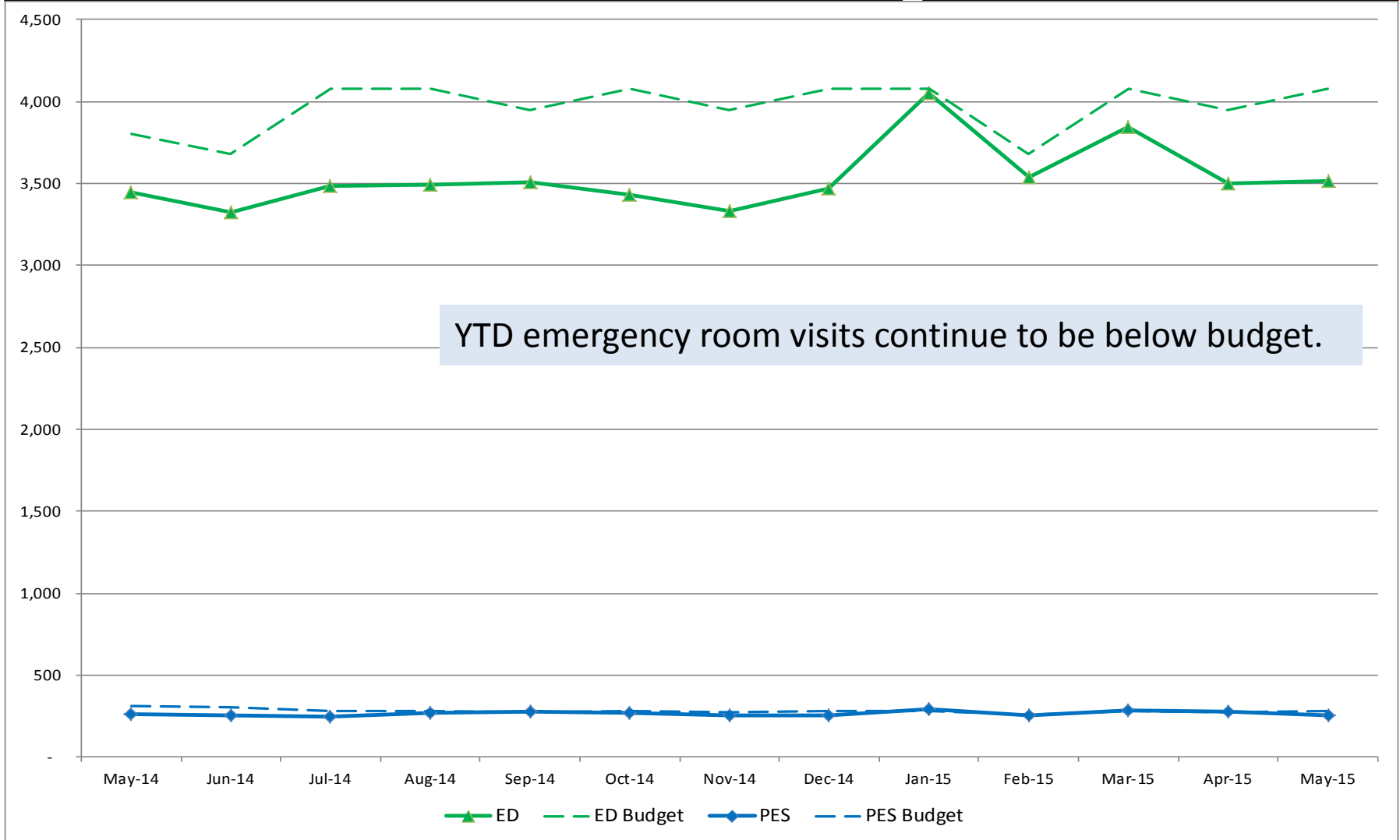


**San Mateo Medical Center
Emergency Visits
May 31, 2015**

MONTH			
Actual	Budget	Variance	Stoplight
3,772	4,360	(588)	-13%

YEAR TO DATE			
Actual	Budget	Variance	Stoplight
42,105	47,121	(5,016)	-11%

ED Visits									
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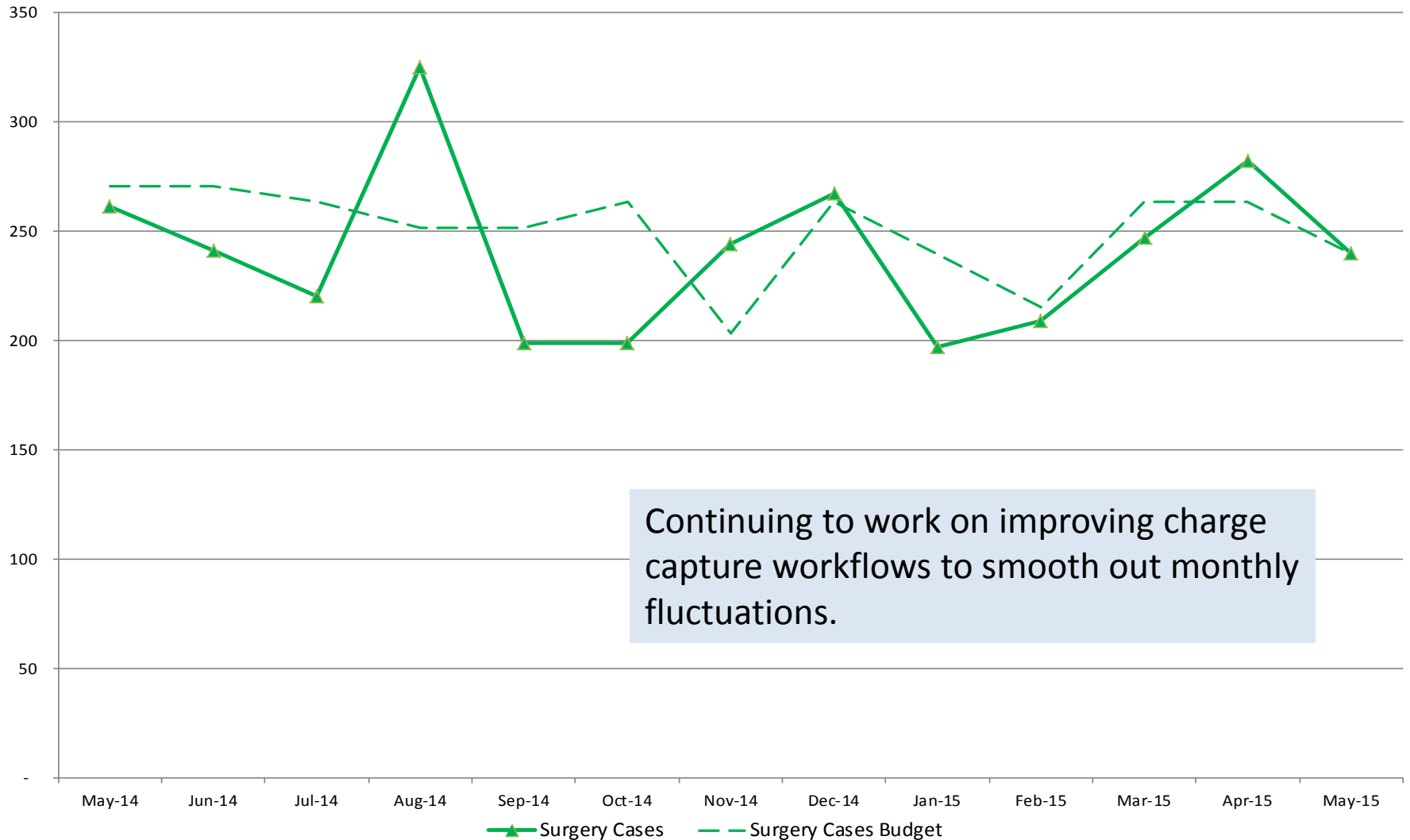


San Mateo Medical Center
Surgery Cases
May 31, 2015

MONTH			
Actual	Budget	Variance	Stoplight
240	239	1	0%

YEAR TO DATE			
Actual	Budget	Variance	Stoplight
2,629	2,717	(88)	-3%

Surgery Cases



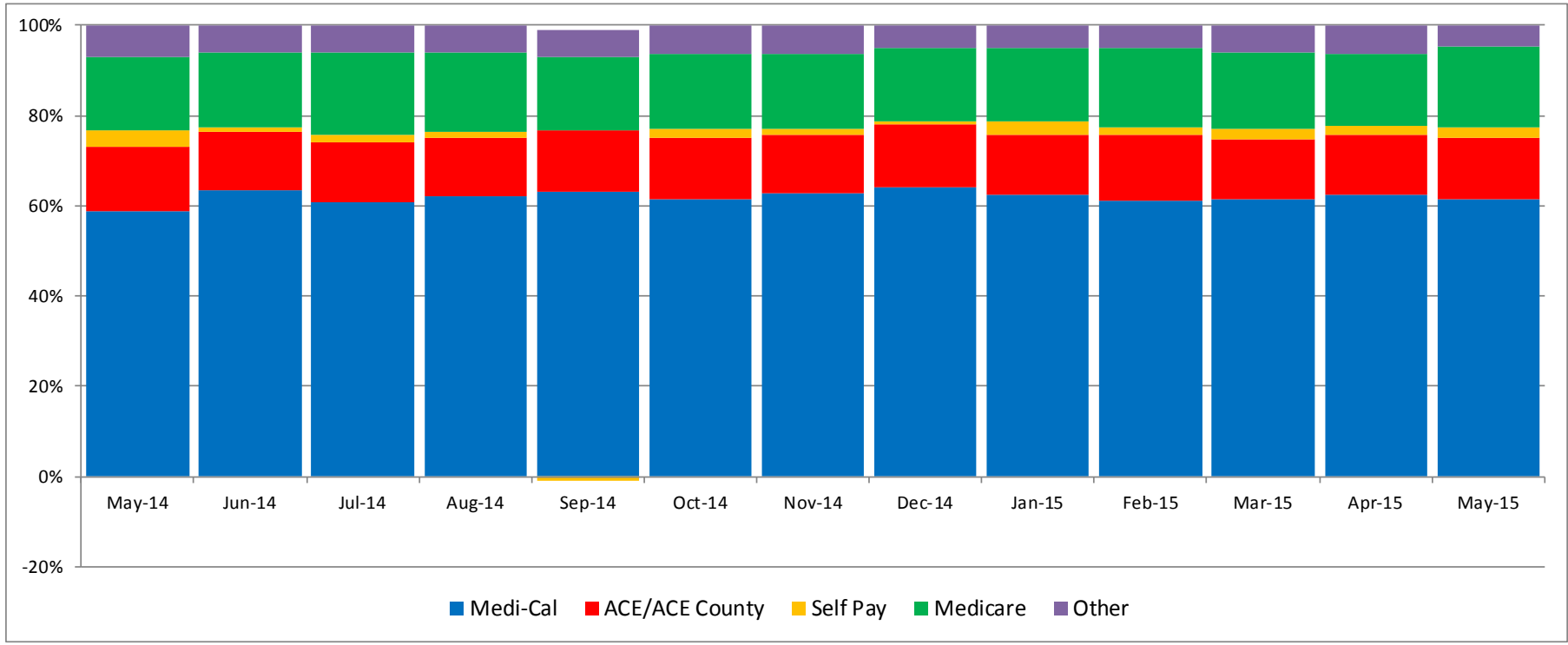
APPENDIX

San Mateo Medical Center

Payer Mix

May 31, 2015

		MONTH				YEAR TO DATE			
		Actual	Budget	Variance	Stoplight	Actual	Budget	Variance	Stoplight
Payer Type by Gross Revenue		A	B	C	D	E	F	G	H
15	Medicare	18.1%	15.3%	2.8%		17.0%	15.3%	1.7%	
16	Medi-Cal	61.6%	50.6%	10.9%		62.2%	50.6%	11.6%	
17	Self Pay	2.3%	8.7%	-6.3%		1.5%	8.7%	-7.1%	
18	Other	4.6%	6.5%	-1.9%		5.7%	6.5%	-0.7%	
19	ACE/ACE County	13.4%	18.9%	-5.5%		13.5%	18.9%	-5.4%	
20	Total	100.0%	100.0%			100.0%	100.0%		



San Mateo Medical Center
Income Statement
May 31, 2015

	MONTH				YEAR TO DATE				
	Actual	Budget	Variance	Stoplight	Actual	Budget	Variance	Stoplight	
	A	B	C	D	E	F	G	H	
1 Income/Loss (GAAP)	493,593	0	493,593		3,351,779	0	3,351,779		
2 HPSM Medi-Cal Members Assigned to SMMC	37,646	32,282	5,364	17%	356,534	355,102	1,432	0%	
3 HPSM Newly Eligible Medi-Cal Members Assigned to SMMC	18,741	14,000	4,741	34%	176,948	154,000	22,948	15%	
4 Patient Days	2,850	2,814	36	1%	30,373	30,409	(36)	0%	
5 ED Visits	3,772	4,360	(588)	-13%	42,105	47,121	(5,016)	-11%	
6 ED Admissions %	6.2%	-	-		6.4%	-	-		
7 Surgery Cases	240	239	1	0%	2,629	2,717	(88)	-3%	
8 Clinic Visits	19,410	19,760	(350)	-2%	223,346	202,537	20,809	10%	
9 Ancillary Procedures	63,072	59,569	3,503	6%	691,487	675,263	16,224	2%	
10 Acute Administrative Days as % of Patient Days	10.1%	9.0%	-1.1%	-12%	9.0%	9.0%	0.0%	0%	
11 Psych Administrative Days as % of Patient Days (Days that do not qualify for inpatient status)	76.3%	58.0%	-18.3%	-32%	69.2%	58.0%	-11.2%	-19%	
Pillar Goals									
12 Patient Revenue per Adjusted Patient Day	581	664	(83)	-13%	686	676	10	1%	
13 Operating Expenses per Adjusted Patient Day	1,967	1,965	(2)	0%	1,961	2,000	39	2%	
14 Full Time Equivalent (FTE)	1,044	1,085	41	4%	1,018	1,085	67	6%	

San Mateo Medical Center
Income Statement
May 31, 2015

	MONTH				YEAR TO DATE				
	Actual	Budget	Variance	Stoplight	Actual	Budget	Variance	Stoplight	
	A	B	C	D	E	F	G	H	
21	Inpatient Gross Revenue	8,063,470	8,302,734	(239,264)	-3%	87,562,032	91,330,073	(3,768,041)	-4%
22	Outpatient Gross Revenue	23,759,473	25,740,448	(1,980,975)	-8%	262,601,728	283,144,932	(20,543,204)	-7%
23	Total Gross Revenue	31,822,943	34,043,182	(2,220,239)	-7%	350,163,759	374,475,005	(24,311,246)	-6%
24	Patient Net Revenue	6,530,352	7,662,140	(1,131,789)	-15%	83,282,228	84,283,545	(1,001,317)	-1%
25	Net Patient Revenue as % of Gross Revenue	20.5%	22.5%	-2.0%	-9%	23.8%	22.5%	1.3%	6%
26	Capitation Revenue	7,167,491	6,479,461	688,030	11%	65,229,766	71,274,076	(6,044,310)	-8%
27	Supplemental Patient Program Revenue	1,380,970	1,614,399	(233,429)	-14%	16,526,831	17,758,394	(1,231,564)	-7%
	(Additional payments for patients)								
28	Total Patient Net and Program Revenue	15,078,813	15,756,001	(677,189)	-4%	165,038,825	173,316,016	(8,277,190)	-5%
29	Other Operating Revenue	1,200,413	1,200,055	358	0%	13,950,033	13,200,606	749,427	6%
	(Additional payment not related to patients)								
30	Total Operating Revenue	16,279,226	16,956,056	(676,831)	-4%	178,988,858	186,516,621	(7,527,764)	-4%

San Mateo Medical Center
Income Statement
May 31, 2015

	MONTH				YEAR TO DATE			
	Actual	Budget	Variance	Stoplight	Actual	Budget	Variance	Stoplight
	A	B	C	D	E	F	G	H
Operating Expenses								
31 Salaries & Benefits	12,166,378	12,762,794	596,416	5%	136,762,780	140,390,733	3,627,953	3%
32 Drugs	652,386	879,447	227,061	26%	6,533,906	9,673,915	3,140,009	32%
33 Supplies	833,335	1,031,914	198,579	19%	9,388,209	11,351,049	1,962,840	17%
34 Contract Provider Services	3,010,587	2,752,852	(257,736)	-9%	29,889,667	30,281,368	391,701	1%
35 Other fees and purchased services	3,671,626	3,412,372	(259,253)	-8%	36,017,535	37,536,097	1,518,563	4%
36 Other general expenses	574,590	599,716	25,126	4%	6,217,570	6,596,871	379,301	6%
37 Rental Expense	164,024	183,335	19,311	11%	1,804,255	2,016,688	212,433	11%
38 Lease Expense	812,029	812,030	1	0%	8,932,333	8,932,334	1	0%
39 Depreciation	241,114	240,914	(200)	0%	2,652,258	2,650,053	(2,205)	0%
40 Total Operating Expenses	22,126,069	22,675,374	549,304	2%	238,198,513	249,429,109	11,230,596	5%
41 Operating Income/Loss	(5,846,843)	(5,719,317)	(127,526)	-2%	(59,209,655)	(62,912,488)	3,702,833	6%
42 Non-Operating Revenue/Expense	34,216	463,628	(429,412)	-93%	5,799,395	5,099,912	699,484	14%
43 Contribution from County General Fund	6,306,220	5,255,689	1,050,531	20%	56,762,039	57,812,576	(1,050,537)	-2%
44 Total Income/Loss (GAAP) (Change in Net Assets)	493,593	0	493,593		3,351,779	0	3,351,779	



Now that we've adopted our new mission, vision, values, and our new pillar goals and with the start of a new fiscal year, we thought it was time to refresh the look of our Hospital Board report. Many thanks to our SMMC communications team, Karen Pugh and Kate Johnson, for this new look. We hope it makes reading our monthly report more inviting and enjoyable!

JUNE 2015

LEAP UPDATES & EXCELLENT CARE

- **Annual Long Term Care Survey completed:** On June 15, 2015 the Department of Public Health Licensing and Certification arrived at Burlingame Long Term Care (BLTC) and SMMC for our annual long term care survey. There were 6 surveyors at BLTC and 1 surveyor at SMMC. This comprehensive survey lasted six days with a preliminary report issued June 23. Our preliminary results were largely positive for both locations, with only one possible patient harm finding on 1A. A team is working to address the possible finding before the final report arrives. Overall, we are pleased with the results of the survey. I very much appreciate the hard work of and partnership between Malu Cruz, NP, our 1A manager, Dr. Haresh Ruparel, MD, Medical Director of Long Term Care and the leadership team at Burlingame Long Term Care: Marcus Weenig, Nora De Leon-Flores, and Rhonda Alvarez.
- **LEAP Updates:**
Highlighted Accomplishments:
 - Completed first Leadership System spread effort to 4 new areas: Intensive Care Unit, Infusion Center, Fair Oaks Health Center – Dental and Fair Oaks Health Center – OB-Gyn.
 - Completed the planning process for the strategy deployment cycle commencing on July 1st.
 - Completed Phase II of the 5S workshop for the Laboratory, a 2-day event focused on improving patient and staff satisfaction.

Strategic Deployment Planning Process: The Executive Management Team (EMT) and the LEAP Institute collaborated to develop monthly plans for each of the six strategic initiatives: Financial Stewardship, Patient Experience, Staff Experience, Flow and Transitions, Patient Centered Medical Home (PCMH), and Quality Outcomes. The work of the Strategic Initiatives is meant to direct our efforts to achieve our Pillar Goals for 2015-16. Highlights are:

- Executing catch-ball with EMT and subsequent revision and completion of improvement charters for all initiatives.
- Identifying overlapping activities/intersections between initiatives.
- Prototyping a 3-tier visual management system for effective tracking of initiative metrics and progress.
- Assessing demand for improvement activities within all strategic initiatives with a focus on the first quarter of FY 15/16 to identify, resource, and schedule improvement events.

- **University of California, San Francisco Site Visit:** As UCSF readies to implement a Lean Leadership System, a number of its improvement leaders visited SMMC on June 9, in order to learn from our experience in implementing the LEAP Leadership System. One of the participants shared this feedback after the visit: *“It was really inspiring to see the daily management in action at SMMC, and to see all the gains you have made with the stat reports, daily huddles, and meeting-free zones. The energy we felt from the frontline staff at the daily huddle was palpable! Thank you for sharing your journey with us. We are so incredibly impressed with your leadership and the LEAP Institute, and cannot wait to hear about and celebrate your future successes.”*

PATIENT CENTERED CARE & STAFF ENGAGEMENT

- **SMMC is now offering Express Care:** SMMC is now offering Express Care for established adult patients. Express Care at SMMC is adult primary medical care for non-emergency, minor illnesses. Express Care is by appointment only and is offered at Fair Oaks Health Center Mon – Fri 8am – 4pm and at the Innovative Care Center M-F 1:15pm – 4:30pm. Our plan is to expand Express Care to more hours and more locations in an effort to provide our patients with care how, where and when they need it.
- **New furniture for our inpatient rooms is here:** On June 16th, SMMC completed its project to replace over 100 new beds for our patient care areas: ICU, 1A and 2AB. Some of the beds had wooden frames and were at least 25 years old. The new beds have Smart-Bed technology, which will interface with the new nurse call system being installed in July and will have many capabilities, such as a scale integrated into the bed. The beds will provide a safer and more comfortable environment for our patients. All patient rooms have also received new over the bed tables and new seating for our visitors. This much needed project will have a big impact on many of our pillar goals: patient at the center, excellent care, and staff engagement.
- **Inpatient food service transformation:** Our Food & Nutrition Services department implemented a host/hostess system this month, whereby our inpatients are visited throughout the day by a host/hostess. This bilingual patient-centered employee spends time each morning with patients to determine what each patient would like to eat, collaborating to determine a special menu that complies with the physician-prescribed diet order. The host/hostess then prepares some of the specialty items, such as salads and sandwiches, and helps to deliver the ordered items to the patients. The intent of this program is to engage our patients in their own customized care, develop a positive relationship between patient and caregiver, collect ongoing feedback on menu items for continual improvement, and provide optimal satisfaction and healing. Congratulations to Ava Carter and the Food and Nutrition team for implementing this new program!
- **Dr. Kunnappilly featured in national Medicaid video:** America’s Essential Hospitals, the national organization representing safety net hospitals, recently produced a video commemorating Medicaid’s 50th anniversary. Dr. Kunnappilly was one of a select number of Essential Hospital

leaders featured in this video, which will be used to promote Medicaid's successes in improving health and have a nation-wide distribution.

- **Patient/family stories of gratitude:**
 - **From our Obstetrics and gynecology clinic San Mateo:** *“One word: AMAZING! I would definitely come back to get service from her. She was very knowledgeable and kind and patient with my kids. She had answers to questions I didn't ask yet. Super good at her job and you can tell she enjoys what she does!”*
 - **From the Emergency Department:**
 - *“...Excellent care, starting from the entrance, from the security official to the nurses, doctors and secretaries. Congratulations!”*
 - *“...The compassion and actions of doctors were comforting and amazing.”*
 - *“...Pleased to recommend you all highly to everybody. It was an excellent care with human quality.”*
- **Blog Post:** “Refreshed and Ready for the Next Five Years” (<http://smmcblog.wordpress.com>)

RIGHT CARE, TIME, PLACE

- **Little Library makes a big impact:** San Mateo County Library's Big Lift Little Libraries are popping up all over the County – including SMMC's pediatric clinic. Little Libraries are a “take a book, return a book” way for SMMC staff to share books and a love a reading with our young patients. A Little Library is simply a box of books where anyone can borrow a book (or two) and bring back another to share. The program is part of an effort to increase countywide reading proficiency of 3rd grade students from 58% to 80% by 2020. SMMC supports the program because young children exposed to books early in life do better in school. Literate kids become literate adults who are more likely to practice preventative healthcare such as staying up to date on immunizations, exercising and making healthy lifestyle choices. Children are encouraged to bring a book with them to their appointment. They can “donate” their book and choose a new book they haven't yet read. The Little Library is monitored and cleaned regularly by staff.

FINANCIAL STEWARDSHIP

- **Supreme Court King v Burwell ruling protects the Affordable Care Act gains:** On Thursday, June 25th, the Supreme Court issued a 6-3 decision upholding the legality of federal subsidies in health benefit exchanges in 34 states that do not operate their own health exchanges. Though this decision did not directly pertain to California, this ruling protects the substantial increases in coverage through Medicaid and private insurance that have occurred nationwide and in California for millions of low and middle income individuals.
- **State Budget adopted on time:** On June 24, Governor Brown signed a \$167.6 billion state budget that includes funding to expand Medi-Cal to undocumented children and other undocumented immigrants. Overall, the budget allots nearly \$32 billion for health care programs, including

approximately \$17 billion for an expected 3.7 million individuals newly eligible for Medi-Cal as a result of the ACA. The SMMC budget reflects a similar increase of HPSM Medi-Cal members, from 19,000 in January 2014 to 31,000 in May 2015. Both the extension of coverage to undocumented immigrant children under age 19 and for undocumented immigrants affected by the President's executive action will likely have a positive impact on SMMC's Medi-Cal revenues. The Governor also called a special session to address alternative financing of Medi-Cal in order to prevent over \$1 billion in program cuts next year.



SAN MATEO COUNTY HEALTH SYSTEM

To: SMMC Board Members
From: Jean S. Fraser, Chief
Subject: Health System Monthly Snapshot – June 2015

Indicator	Number	Change from last month	Change from last year
ACE Enrollees	18,681	0%	-8.3%
SMMC Emergency Department Visits	3,773	-9.0%	-5.0%
New Clients Awaiting Primary Care Appointment	419	30.9%	-41.0%

Protect us

Make sure we're vaccinated against rabies



New campaigns encourage people to vaccinate their kids and pets

We just launched two new campaigns designed to increase awareness about the benefits of vaccination—for every member of the family. The first campaign is aimed at encouraging pet owners to vaccinate their furry friends against rabies. The drought is drawing many wild animals closer to homes, putting pets and their owners at greater rabies risk. The campaign features billboard, SamTrans, Caltrain, TV and movie theater advertising, as well as digital and direct public outreach, working closely with many cities in the County. The second campaign targets new parents and demonstrates the community benefits of vaccination, especially for the thousands of San Mateo County residents who are too young or too sick to be vaccinated. The campaign features advertising and outreach to parents' groups, parenting blogs and websites, child care centers, and hospitals. Be on the lookout!

Healthy Fare at the Fair taking a bite out of fried food sales

Healthy Fare at the Fair returned to this year's County Fair. This year's program featured 26 food options at 12 concession stands, including options like pizza salad, veggie burritos, and a healthier version of the fair's famed cinnamon rolls. Last year, the number of healthy options available increased 20% over previous years, and an average of 5% of all entrees sold were healthy, which makes a big difference given that 125,000 people attend the fair every year. We're expecting even stronger results this year.



Solar panel project creating healthier, greener commutes

Health System employees are taking the ongoing solar panel installation—and closure of the West parking lot—in stride. Many employees are walking, biking, taking public transit and taking advantage of a shuttle to the alternate parking lot at Hillsdale Mall. Our hope is that this project will show people how easy it is to choose active commutes and create lasting behavior change.



San Mateo Medical Center
A County System of Healthcare

TAB 3

**MEDIA
ARTICLES**

County enacts Laura's Law: Legislation authorizes courts to order treatment for individuals with mental illness

June 17, 2015, 05:00 AM Daily *Journal Staff Report*

The San Mateo County Board of Supervisors enacted a law Tuesday that authorizes the courts to order outpatient treatment for individuals with mental illness.

The unanimous vote to enact Laura's Law "is an additional tool we can use to help people with serious mental illness live with dignity and purpose," Health System Chief Jean Fraser wrote in a statement.

Laura's Law is state legislation approved in 2002 that requires counties to OK its implementation.

It will fill the gap between placing an individual under a conservatorship and those who are not receiving treatment at all, Supervisor Adrienne Tissier said.

Implementing the law will cost \$1.3 million in 2015-16 and will jump to \$2.4 million in the next year.

Laura's Law allows for court-ordered assisted outpatient treatment. To qualify for the program, individuals must have a serious mental illness plus a recent history of psychiatric hospitalizations, jailings or acts, threats or attempts of serious violent behavior toward themselves or others.

Supervisor Don Horsley, the former sheriff who moved adoption of Tuesday's resolution, said he viewed firsthand the positive outcomes of a program in which minor offenders were released from jail and ordered into treatment.

"So, I know that when we have the ability to tell a mentally ill person that they must accept treatment or they will be ordered by a judge, most will voluntarily accept treatment. All the research then indicates that there will be a decrease in ER admissions, arrests and jail, suicides and acting out," Horsley wrote in a statement.

Laura's Law permits courts to order treatment for those 18 years or older with a serious mental illness, are unable to survive safely in the community without supervision and meet at least one of the following criteria:

- Been hospitalized two or more times in the last 36 months due to mental illness;
- Demonstrated violent behavior toward themselves or others in the last 48 months;
- Has been offered treatment on a voluntary basis and refused it; or
- Is deteriorating.

The county will also offer treatment slots to individuals who meet Laura's Law criteria and voluntarily accept services. At full implementation, Behavioral Health and Recovery Services estimates at least 100 adults living with mental illness in the county could benefit whether the services are court ordered or voluntarily accepted.

Laura's Law is named after Laura Wilcox, a Nevada County mental health worker murdered by a psychiatric patient. Since its state passage, several counties have adopted the law including Orange, San Francisco, Yolo, Los Angeles and Contra Costa.

California's largest nursing home owner under fire from government regulators

By Marjie Lundstrom and Phillip Reese
mlundstrom@sacbee.com

At 7:30 a.m. on Nov. 7, an unseasonably warm Friday in Los Angeles, Courtney Cargill signed herself out of a suburban nursing home and took off on foot.

The facility, on the western edge of South Pasadena's business district, is just steps way from the L.A. Metro Gold Line and an eclectic stretch of brick storefronts with hunter-green awnings and colorful outdoor cafe tables.

Cargill scribbled her initials on the sign-out sheet at South Pasadena Convalescent Hospital and declared her destination: "Library etc."

Instead, Cargill – a 57-year-old resident known by nursing home staff to be suicidal and delusional – walked unsupervised to a nearby service station and bought a plastic jug and gallon of gas, state documents show. A tall, muscular woman with short brown hair, she walked a quarter-mile to a second service station where, at 8:05 a.m., a surveillance camera recorded her heading to the back, stripping off her clothes, dousing her body with gasoline and lighting herself on fire.

She calmly walked away, patting her head, then strolled down the sidewalk and into a neighbor's driveway. Cargill died at a Los Angeles hospital less than 24 hours later, with second- and third-degree burns over 90 percent of her body.

Courtney Cargill's suicide proved to be the final straw for government regulators, who decertified South Pasadena Convalescent in January and yanked its Medicare and Medi-Cal funding.

The move marks one in a series of harsh regulatory actions officials have taken in recent months against a California-based nursing home chain that has quickly become the state's largest, with facilities stretching from San Diego to Roseville to Eureka.

At the top of the chain: Shlomo Rechnitz, a 43-year-old Los Angeles entrepreneur and philanthropist.

Since 2006, Rechnitz and his primary company, Brius Healthcare Services, have acquired 81 nursing homes up and down the state, many of them through bankruptcy court. His chain has grown so quickly that he now controls about 1 in every 14 nursing home beds in California, giving him an outsized influence on quality of care in the state.

In the past year, multiple alarms have been raised about this relative newcomer to the industry and the care provided in some of his homes. His facilities have become the target of police scrutiny, lawsuits, stiff regulatory fines and state and federal investigations that have uncovered numerous alleged violations.

"What we're seeing at the Brius locations is quite concerning," said Molly Davies, administrator of Los Angeles' long-term care ombudsman program, which investigates nursing home complaints. "We have seen patterns of poor care, patterns of substandard care in some of these facilities."

Ratings at Rechnitz nursing homes

The federal government assigns each nursing home ratings based on inspections, staffing and quality of care measures. Ratings at homes that Shlomo Rechnitz has owned for at least one year:

Five stars is the highest rating

Rating	Number of homes
Decertified	3 
1 Star	10 
2 Star	19 
3 Star	9 
4 Star	6 
5 Star	8 
Not available	2 

Source: Centers for Medicare & Medicaid Services

Davies said her staff has witnessed a “flagrant disregard for human life” in some Brius-owned facilities.

Between October and January, three of Rechnitz’s facilities, including South Pasadena, were decertified by the federal government, an economic kiss of death that is extremely rare. The punishment strips a nursing home of its crucial Medicare funding until it can demonstrate improvement, or is closed or sold.

Since 2010, the federal Centers for Medicare and Medicaid Services has decertified only six out of more than 1,200 nursing homes in California.

Besides South Pasadena Convalescent Hospital, the federal government also decertified his Gridley Healthcare & Wellness Centre in Butte County and Wish-I-Ah Healthcare & Wellness Centre in rural Fresno County.

A Sacramento Bee investigation published in November found that regulators were not routinely monitoring overall performance or looking for patterns of care in California’s largest nursing home chains. With Brius, though, that appears to be changing. In February, an attorney for the California Department of Public Health said in legal documents that the state was rejecting Rechnitz’s attempt to acquire a Chico nursing home because of his compliance history and “the number and severity of violations” in his other facilities.

Rechnitz’s troubles were compounded this spring, when the South Pasadena facility was hit with 24 state citations and \$195,500 in fines from the Department of Public Health. Cargill’s suicide, for instance, resulted in a \$20,000 fine and a Class A citation for the facility’s failure to supervise a patient with a history of schizophrenia, anxiety disorder and involuntary psychiatric holds.

Rechnitz agrees that his nursing home operation has been under siege, but he offers an alternative viewpoint. He says problems with regulators began after his management company became embroiled in a legal dispute with the state over delinquent paperwork, and the relationship soured.

“The things that happened are very shocking to me,” said Rechnitz, referring to his newly contentious relationship with regulators.

“All of a sudden, we show up to court one day and there is an emergency motion that refers to us as a quote-unquote serial violator of laws. It questions if we would pass the good character requirement ... It basically makes us look like the Charles Manson of the nursing home business.”

The state denies it has singled Rechnitz out or has any ulterior motives.

Whatever the underlying cause, there is no question that California’s biggest nursing home operator is facing scrutiny and costly sanctions, according to hundreds of pages of government documents reviewed by The Bee.

The legal dispute Rechnitz referenced began last August, when the California attorney general unsuccessfully attempted to halt his purchase of 19 facilities in federal bankruptcy court, accusing the owner of being a “serial violator of rules within the skilled nursing industry.”

The state acted again a month later, refusing to grant Rechnitz the license in Chico. The denial was unusual. The California Department of Public Health has rejected only four change-of-ownership applications since 2009, including Chico, according to a department spokesman. Rechnitz is appealing.

Elder care advocate Michael Connors, whose office is two blocks from South Pasadena Convalescent Hospital, said the flurry of activity surrounding Rechnitz’s homes is “unprecedented.”

“We’ve never seen anything ... like it,” said Connors, of California Advocates for Nursing Home Reform.

Connors said the organization can’t speak to the quality of care in all of Rechnitz’s nursing homes. “But we certainly

know that enough of these facilities have had severe problems to question why that operator is being allowed to continue doing business in California,” he said.

In a lengthy sit-down interview with The Bee in March, Rechnitz said he is stunned by the government’s treatment of him and his facilities, and portrayed many of the actions as unjustified. He described himself as a conscientious business owner and philanthropist who has gone from being the “go-to person” for the California Department of Public Health – whose officials regularly sought his assistance, he said – to an operator now under attack from these same officials.

“We’ve always been kind of the golden child of the state, where they’ve constantly called us in and asked us to take over (troubled) facilities, which we did,” Rechnitz said during a three-hour interview in his Los Angeles home.

Rechnitz explained that his business model is to rescue failing facilities and turn them around. Of his 81 nursing homes, he said, 59 were considered “distressed” when he acquired them, meaning that they were insolvent or on the verge of decertification or closure for poor performance.

Officials in San Mateo County, for instance, credit Rechnitz with preserving nearly 300 needed beds and dozens of jobs when he took over management of the Burlingame Long Term Care facility in 2012. Formerly operated by the county, the facility had been headed for closure because of financial problems and concerns about the building’s age and safety.

“I don’t have any nursing experience myself, but I kind of know the ins and outs of a nursing home today,” Rechnitz said.

“I can usually look at a nursing home, a distressed facility, and tell pretty quickly what the prior management was doing wrong and assess if it’s something that we believe that we can rehabilitate. And that’s pretty much been our model,” he said.

Troubled homes close

The road to Rechnitz’s trio of decertifications began in Gridley, a town of 6,584 about 60 miles north of Sacramento.

On March 24, 2014, a team from the Department of Public Health visited the Gridley Healthcare & Wellness Centre for a routine recertification survey that stretched into six days.

The 82-bed facility, one of 13 nursing homes in Butte County, sits off Highway 99 behind a hospital complex with buildings trimmed in Army green. On one recent afternoon, litter spilled into the nursing home parking area, which backs up against a weedy vacant lot.

Rechnitz bought the facility in 2010 from EmpRes Healthcare Management (then called Evergreen), a Vancouver, Wash.-based chain that has one of the poorest performance records among California’s 25 largest chains, according to The Bee’s investigation last year.

Under Brius, the Gridley facility initially appeared to improve as Rechnitz’s company raised the home from three stars to four stars in the federal government’s five-star rating system for nursing homes. By the end of 2013, though, the Gridley facility was backsliding in the ratings and had fallen to two stars, then, finally, to one star by mid-2014.

The findings from the March/April 2014 survey weren’t good.

The 100-page report detailed numerous deficiencies and identified two instances in which residents had been in “immediate jeopardy.” The first involved a patient who suffered severe dehydration and died in December 2013 after staff failed to notify his physician for four days that he was feverish, barely eating or drinking, with fluctuating vital signs, according to the inspection survey.

In the second instance, a 64-year-old patient with chest pain and a history of heart problems complained it took nine hours for staff to get him an ambulance, even though he told them his pain was “12½ on a scale of one to 10.”

The state also investigated a complaint that a certified nursing assistant last year had taken photos of residents who were “inappropriately exposed and/or appeared to be deceased” and shared them on social media. Two nursing aides also posted videos of themselves dancing in a “sexually provocative manner” in front of at least one resident who seemed to be sleeping or unconscious, according to state documents. The state ultimately issued two citations and fined the facility \$4,000.

Federal inspectors made their own visit to Gridley in September to investigate a complaint, which resulted in two more calls of immediate jeopardy. The facility was notified in late September that it would lose its Medicare and Medi-Cal funding, effective Oct. 2.

Rechnitz said he believes that regulators were unfair by decertifying the facility before granting him a follow-up visit, which he described as customary.

“I was in shock. I’ve never been decertified before,” Rechnitz said. “Again, we tried calling, and only the lawyers will talk to us. All my friends, quote-unquote, weren’t friends any more.”

A follow-up survey resulted in another serious deficiency, Rechnitz said, and the state was notified last week that the home would close. Rechnitz said he resisted closing for the sake of the families, but that keeping the facility open without government funding was costing him about \$500,000 a month.

“At the end of the day, these patients are the responsibility of the state of California,” he said. “I think I carried them for a long enough period of time.”

Last year’s action in Gridley was followed in November by the rapid shutdown of Wish-I-Ah Healthcare & Wellness Centre near Auberry, a town of 2,369 in the foothills northeast of Fresno. It was the first time since 2008 that the Department of Public Health had issued a suspension order against a facility.

Perched on a scenic hill outside Auberry, the sprawling white complex was constructed in 1928 as a tuberculosis sanatorium by Fresno County, then closed in 1955 and later reopened privately as a nursing and rest home.

Rechnitz bought Wish-I-Ah from a local family in 2009. By then, the facility had been a major employer in the rural area for more than half a century.

“There’s not really anywhere else to work around here,” said shopkeeper Tami Alec, who runs a new and used merchandise store in town.

But troubles were mounting behind its doors.

In October, a state complaint investigation resulted in an 81-page report chronicling numerous health hazards at the aging facility. Surveyors cited bathrooms with standing water and toilets brimming with fecal matter. A poorly maintained sewage treatment system downhill from the home resulted in workers having to manually dispose of feces in garbage bags. Inspectors also detailed a gastrointestinal illness that swept through the facility in September and October, sickening numerous residents and staff.

One 75-year-old Wish-I-Ah resident, who contracted salmonella during the outbreak while recuperating from a mastectomy, died in late September following a wound infection. Inspectors found that Wish-I-Ah staff lacked the training to properly change her dressing, and she was admitted to an acute care hospital with sepsis, a life-threatening blood infection, state documents show. Doctors discovered that a foam sponge used in the dressing had been left

behind by staff and was growing into her skin; she died within a week.

“It got really bad to go there this past year, it just smelled so bad,” said Val Stringer, 71, an Auberry resident who visited Wish-I-Ah for 34 years as part of a ministry, singing and praying with residents each Friday.

She recalled how the living quarters were cold in the winter and sweltering in summer months, with flies “all over” the facility, buzzing around food and residents.

After the state suspended the facility’s license in November, Rechnitz voluntarily closed the nursing home, rather than make the additional repairs and upgrades required by regulators that he said would have cost more than \$3.5 million. He said he already had made many improvements but that inspectors invariably would say, “ ‘But then there’s this problem, but then there’s that problem.’ ”

Wish-I-Ah permanently shut its doors late last year, and 78 residents were relocated throughout the state. Nearly two-thirds were transferred to other Brius facilities. For instance, about 25 residents were transplanted to Brius homes in Humboldt County, some 450 miles away along the windswept North Coast.

“It’s not every day that licensing shuts a building down,” said Joe Rodrigues, the state’s long-term care ombudsman in the Department of Aging. “Nobody likes to see that happen, because it’s so disruptive to residents.

“But the conditions in those buildings were just too far gone. I don’t think they could have kept that place open.”

‘Her eyes seemed ghostlike’

As Wish-I-Ah was closing, state officials were deep into their investigation of South Pasadena Convalescent Hospital, a 156-bed facility situated not far from the start of the annual Rose Parade.

Since Rechnitz purchased the nursing home in 2006, it has become a lightning rod of public controversy in South Pasadena, a quaint tree-lined enclave northeast of downtown Los Angeles.

The facility failed four consecutive inspections in a five-month period last year, beginning with a May survey, during which a 67-year-old female resident collapsed in the presence of inspectors. The nurse and nursing assistant responding to a Code Blue did not know how to properly administer CPR, according to state documents, and the woman died. Ten staff members did not respond correctly when asked later by inspectors about CPR guidelines.

Unlike other nursing homes, though, this facility’s internal problems had begun intersecting with the surrounding community, according to local officials.

South Pasadena Police Chief Art Miller, who served with the Los Angeles Police Department for 35 years, said his small force has been plagued by criminal complaints inside and outside the facility.

“This is a wonderful little town,” said Miller. “And that place is just a cesspool in the middle of a community.”

Miller blamed the issues on what he said was a shift in the facility’s mix of residents, from frail and elderly patients to an increasing number of younger people who are mobile, unsupervised and causing trouble.

For his officers, the changing patient population has resulted in an overwhelming level of service calls – an average of 60 per month – related to residents, he said. Some patients have wandered into businesses or neighborhoods, shoplifting or dealing drugs, while other residents have victimized each other, he said.

To put matters in context, Miller said, a more traditional nursing home around the corner from Rechnitz’s facility logged

160 calls for service in an eight-year period, with many reports related to typical concerns, such as death investigations and missing persons. By comparison, South Pasadena Convalescent had 1,129 service calls during that same period, Miller said, with crime reports taken for sexual assaults, robberies, batteries and thefts.

In one instance, state records show, police were called to the facility in October to investigate a fight between patients. When health investigators followed up four months later, they found that a 53-year-old male patient had been overheard threatening another resident that, "If you keep it up, I'm going to put a bullet in you," state records show.

The state, which fined the facility \$1,000 in connection with the incident, determined that the second patient was afraid because the other resident was "known to carry a handgun in his electric wheelchair." During the follow-up investigation, the first patient "became hostile and attempted to run the evaluator over with his wheelchair," according to the Class B citation issued in April.

In another case, state records show, a 51-year-old resident admitted to smoking methamphetamine in a facility bathroom.

Miller said officers have been conducting regular "walk-throughs" at the nursing home, especially after the department discovered in 2013 that someone had recircuited the 911 system on the facility's portable pay phone. For a full year, he said, patients who dialed 911 were having their calls diverted to the nurses' station, not to a police dispatcher.

"It's horrible," the chief said, "and it's completely illegal."

Rechnitz said he was aware of the community's concerns and has made changes to address them. But he also said he believes that some of the friction stems from the facility's willingness to serve patients who suffer from mental illness.

Rechnitz said the nursing home was one of five in his chain that accepted skilled nursing patients who also are diagnosed with mental illness. In his March interview, he estimated that about 45 patients at South Pasadena, or close to 30 percent of the facility's maximum population, came with a co-diagnosis.

These residents, he said, are often thought of as the NIMBY patients: "not in my backyard."

"The state wants nothing to do with these people, the county wants nothing to do with these people, the hospitals want nothing to do with these people," said Rechnitz.

"There's no place for these patients to go except one place: Skid Row," he said. "That is what the state of California has designated as their mental health program."

He acknowledged this is a difficult population to manage but added that mentally ill people also get sick and need skilled nursing care. A statement from his legal team noted that the South Pasadena facility is not locked and residents have the right, as determined by their doctors, to come and go.

Even so, Rechnitz said he decided the facility would no longer accept patients with secondary mental health diagnoses and would cater to non-ambulatory residents only.

During the March interview, Rechnitz was optimistic the facility would be recertified. He had engaged in a makeover, changing the name to Mission Grove Healthcare & Wellness Centre. He painted the building, put in new landscaping, gussied up the lobby and added valet parking. Rechnitz said he replaced many of the senior staff, including the facility's administrator.

Late last week, though, with only 25 patients left, he told The Bee he is looking to give up his ownership stake.

"I just look at the facility as a black mark," he said. "I just figured, I don't need this."

Rechnitz and his legal team said they could not discuss Cargill's suicide due to patient privacy but that they felt for the

family.

Cargill's older sister, Casey, visited South Pasadena in January to retrace her sister's final steps.

Courtney Cargill had been an accomplished court reporter for years until mental illness descended and she drifted on and off the streets, according to her sister. She described Courtney as headstrong, and said the family became unable to care for her many needs. She was placed by a public guardian in November 2013 at South Pasadena Convalescent. Documents obtained by the family show that the facility knew her to be suspicious, anxious, irritable, delusional and suicidal.

Even so, she apparently had few restrictions on her movements in her final days. The facility sign-out sheet shows she left the nursing home 11 times the week before her death, stating that she was headed to the park or to Rite Aid or to the public library four blocks away.

On the morning of her suicide, it was a neighborhood resident and his wife who discovered the critically injured woman hiding alongside their house. Marco Arrieta, 46, and his wife arrived home about 8:30 a.m., noticing emergency vehicles at the service station next door. Workers had just put out a mysterious fire.

The couple heard a faint moaning coming from the trash cans in their secluded side yard, Arrieta told The Bee. A naked figure emerged, walking toward them. "Please help me," the woman said.

Her flesh was peeling, her hair was burned. "Her eyes seemed ghostlike," Arrieta recalled.

His wife screamed, and emergency workers across the fence rushed over. It was only when a police officer wrapped her in blankets that she screamed in pain, according to the state's report.

Courtney Cargill died at Los Angeles County-USC Medical Center 19 hours later.

Curiously, the nursing home sign-out sheet shows that Cargill returned to the facility the morning of her suicide at 9:30 a.m.

A clear-cut business model

In a competitive industry, Rechnitz is clear about his business model: Buy troubled facilities and turn them around.

By his accounting, he has done that with 59 of his 81 facilities – more than 70 percent – acquiring them from other owners during desperate times, with an eye toward improving quality and financial stability.

Along the way, he has crafted a multilayered corporate network of limited liability companies that is so complex that even state regulators and elder-care advocates have had trouble connecting him to his facilities.

A towering, 6-foot-8 businessman, Rechnitz has risen rapidly in the industry, vaulting from co-owner of a family medical supply business named TwinMed to head of the state's largest nursing home chain in scarcely 10 years.

He started out in 1998 selling latex gloves and adult diapers alongside his twin brother, Steve, but branched out on his own to buy his first nursing home in Gardena in 2006. His empire expanded further with his acquisition last year of 19 Country Villa facilities in federal bankruptcy court.

Rechnitz is well-known in Los Angeles philanthropic circles. His charity work led to a 2012 interview by Larry King, who called him "one of the world's greatest young philanthropists," and he has been honored alongside actor Sidney Poitier and California Attorney General Kamala Harris.

According to media stories and his own account, he and his wife, Tamar, have given away millions to a variety of causes, from cancer research to religious institutions to a 31-year-old Texas mother, who had her labor induced early so her dying husband could meet his newborn daughter.

“I consider myself a nondenominational giver,” he said.

Financially, his nursing home enterprise appears to be a success. State figures show that the homes he owned for all of 2013 earned about \$62 million in profits. That is five times more than those same homes earned in 2006, before Rechnitz owned the vast majority of them. Their operating margin was about 11 percent, higher than the average 3 percent operating margin at for-profit nursing homes statewide, according to The Bee’s analysis of state data.

Quality of care at his homes has been inconsistent, The Bee found.

Among the 57 homes he owned for all of 2014, inspectors found 33 serious deficiencies that year, problems causing actual harm or immediate jeopardy to patients. That is about five serious deficiencies per 1,000 nursing home beds, more than double the average for California nursing homes owned by other chains or individuals.

As of this month, the federal Centers for Medicare and Medicaid Services had assigned one- or two-star ratings – the lowest quality categories – to about 54 percent of those homes, not including the three that were decertified for poor quality. By comparison, about 25 percent of California homes overseen by other owners were rated as one- or two-star facilities.

State law requires 3.2 nurse staffing hours per patient day at nursing homes. The Department of Public Health has cited Rechnitz’s homes 14 times since 2012 for failing to meet that requirement and issued those homes about \$200,000 in fines.

The Bee found that many of Rechnitz’s facilities did, indeed, have serious problems before he acquired them. For instance, none came with a coveted five-star rating from the federal government when he bought it; as of this month, eight of the 57 facilities he owned for all of last year had garnered five stars.

In sizing up the quality of his facilities, Rechnitz disputed some of The Bee’s findings, saying they are based on faulty data from the Department of Public Health. He also contends that the findings unfairly ding him for the failings of previous owners, and for having comparatively high occupancy rates at his homes.

The operating margin comparison also is misleading, his team wrote, citing numerous explanations. Among them: Rechnitz facilities are charged a lower fee for administrative services than the industry average. His facilities have a high number of Medicare patients, who bring in higher reimbursements. And, since Rechnitz is the state’s largest operator, they said, he has “stronger leverage in negotiating pricing with vendors.”

The team shared a heavily redacted copy of Rechnitz’s contract with his management company, Rockport Healthcare Services, which handles his facilities’ administrative needs. The contract requires Rockport to do its best to provide “the highest and best standard of patient care,” or face penalties.

Rechnitz said his penchant for acquiring struggling facilities accounts for some of The Bee’s findings that his homes perform below statewide averages in several key categories. There is risk associated with taking over distressed facilities, he said.

The owner’s team of advisers recently compiled a lengthy list of distressed facilities the company has purchased to illustrate the challenges. For instance, when he bought Verdugo Valley Skilled Nursing & Wellness Centre in 2008, the facility had deferred maintenance of nearly \$1.5 million, “making the living conditions unfit for residents,” the report stated.

Two other Los Angeles area facilities, Centinela Skilled Nursing and Wellness Centers (East and West), were acquired when medical/hazardous waste had not been picked up for six months and was “flowing into the facility.” Both nursing homes in Inglewood were so low on necessities the day Rechnitz took over that 1 1/2 truckloads of medical supplies had to be delivered to each facility, the report said.

Some successful turnarounds happen in months; others take years, his advisers said.

One of the facilities Rechnitz singled out as a success story is Fullerton Healthcare & Wellness Centre, which he recently renamed The Pavilion at Sunny Hills. The massive 228-bed facility was bought in December 2013 from EmpRes Healthcare Management LLC, the same company that previously owned the Gridley facility.

When Rechnitz took over the Fullerton facility, it was in deep trouble – only one of California’s roughly 1,200 nursing homes had more serious violations in 2013. Under EmpRes’ control, a survey in October 2013 resulted in 52 health-related deficiencies, eight of them so serious that residents were harmed or deemed in immediate jeopardy.

When inspectors visited the facility for a survey again in December 2014, after Rechnitz had taken over, they found 17 health violations, none of them serious.

“It was a horrible facility,” said Rechnitz. “That thing was going to be shut down. We met with the health department and (they) said, ‘Shlomo, go in and do what you can do. Try to fix it.’ And we went in and, in fact, we did fix it.”

In San Mateo County, top health officials said they are “very pleased” with Rechnitz’s management of a 281-bed nursing home that appeared destined for closure in 2012. Then operated by the county, Burlingame Long Term Care was falling apart physically and financially when the Board of Supervisors struck a deal with Rechnitz in July 2012 to manage the facility for three years. Last year, the board extended the agreement through September 2020.

In a 2014 memo to county supervisors, Jean Fraser, chief of the San Mateo County Health System, said the deal preserved both jobs and beds – and saved the county some \$4 million a year.

“(T)he quality of care as rated by external auditors is better than when we directly managed Burlingame ...” wrote Fraser, urging the board to extend Brius’ contract.

The relationship sours

The relationship between Shlomo Rechnitz and state public health officials in Sacramento is considerably chillier.

On April 6, a top official with the Department of Public Health responded to an email from a Brius attorney complaining that the state was unfairly targeting Rechnitz and his facilities. Jean Iacino, a department deputy director, assured attorney Mark A. Johnson that “CDPH has not singled out Mr. Rechnitz ...”

She agreed that Rechnitz’s facilities had experienced an uptick in regulatory actions over the last year. “The remedy,” she wrote, “lies in improving the quality of care in those facilities and addressing the management issues, if any, that may be contributing to the compliance issues.”

The department declined to make anyone available to The Bee to discuss Rechnitz. However, the state did provide detailed answers via email to numerous questions.

In his March sit-down interview with The Bee, Rechnitz repeatedly used the word “shocked” and “shocking” to describe his deteriorating relationship with the state and festering regulatory problems.

In 2011, for instance, the state had appointed his company to be a “temporary manager.” The role gave Brius special status to step in, at the state’s request, and manage facilities facing serious quality-of-care or financial issues that could imperil patients. Rechnitz recalled that top state licensing officials would “constantly” call him and ask for his help with failing facilities.

“I kind of became their go-to person and would take over these facilities,” he said.

The state describes it differently, saying the department officially called upon him only once. In an email response to The Bee, a CDPH spokesman said: “The vast majority of any calls regarding ‘troubled facilities’ have all been initiated by Mr. Rechnitz and not the department.”

Either way, documents indicate that Rechnitz once had an inside track with the state.

In August 2011, the Department of Public Health recommended that Rechnitz be appointed receiver for a failing Santa Barbara facility, saying that he was a “highly qualified individual and has an excellent background and reputation,” according to the petition filed by the attorney general’s office.

By August 2014, though, the tenor had shifted, and the state was now calling him a “serial violator” in bankruptcy court as he was attempting to finalize the Country Villa purchase.

Rechnitz said he found the state’s language to be “incredibly inflammatory.”

The emergency motion, filed on behalf of the Department of Public Health and Department of Health Care Services, cited the Gridley problems. And it accused Rechnitz and his company, Brius, of refusing to file cost reports, delaying the state’s ability to audit the chain and set Medi-Cal reimbursement rates. The state also asked for a cost report from Rockport, Rechnitz’s management company, which refused to turn it over, according to documents.

Rockport is paid a percentage of Brius facilities’ revenue to handle administrative needs such as payroll and human resources, as well as compliance with regulations. Rechnitz said the company argued it was not legally required to file such a report and resisted for proprietary reasons – a decision over which Rechnitz said he had no control.

The reports eventually were filed, according to the state, and the departments did not continue to protest the bankruptcy sale.

From Rechnitz’s vantage point, though, things went downhill from there: the rejection of his ownership application in Chico; the decertifications; the 24 citations and massive fines in South Pasadena.

Rechnitz said it began to seem like inspectors were looking to write him up. He pointed to the state’s October 2014 visit to the Pasadena facility in which a surveyor took note of a cockroach crawling along a juice cup on a resident’s bedside dresser. The bug netted the facility a deficiency.

“Have you ever seen a cockroach in your house?” he asked.

The decertifications have been costly for the business owner. Besides the Gridley tab, he said in March he was spending \$750,000 a month to keep South Pasadena operating.

For many residents and their families – from Gridley to Auberry to South Pasadena – the controversies over patient care at Rechnitz’s facilities have been life-altering.

Sherry Torres of Loveland, Colo., regularly flew in to visit her disabled mother at Wish-I-Ah. Her mother, brain-injured in her 30s, had been at the Auberry facility for 17 years. Late last year, Torres said, a nurse called to alert her that the 67-year-old woman would be moved to Eureka, 450 miles away and with no large airport nearby.

“I threw a fit,” said Torres. She eventually had her mom transferred to a non-Brius facility in Ventura County, where she is adapting.

The move, however, was a “big mess,” Torres recalled. By the time her mom reached Ojai, virtually all of her belongings – including her collection of movie videos and nearly all of her clothing – had been lost, said Torres.

“I was so upset, but I just said, ‘Whatever,’ and bought her new stuff,” said Torres. “Who are you going to call? You

can't call Wish-I-Ah and say, 'Excuse me, you owe me for all those years.'”

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