

ALBANY CALIFORNIA



CITY OF ALBANY
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September 27, 2017
The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

**RE: SB 687 (Skinner): Health facilities: emergency centers: Attorney General –
SIGNATURE REQUEST**

Dear Governor Brown:

On behalf of the City of Albany, I write in strong support of SB 687 (Skinner). SB 687 would close a loophole in existing law by extending the Attorney General's (AG) review and oversight of hospital transactions to include a nonprofit hospital's attempts to eliminate or reduce emergency medical services.

Under current law, the AG has oversight authority to review and consent for any sale or transfer of a health care facility owned or operated by a nonprofit corporation whose assets are held in public trust. This requirement covers health care facilities that are licensed to provide 24-hour care, such as hospitals and skilled nursing facilities. The AG's review includes input from affected communities via public meetings and, when necessary, expert analysis on potential impacts related to the transaction or transfer. The AG's decision often requires the continuation of existing levels of charity care, continued operation of emergency rooms and other essential services, and other actions necessary to avoid adverse effects on healthcare in the local community. However, when a nonprofit hospital seeks to reduce or even eliminate emergency care services, as long as the hospital remains under the same nonprofit corporate control, the AG's review is not triggered. This is despite the fact that emergency care services are among the most important services provided by a hospital to their community. The same hospital can later sell off those assets without the AG's review, once the buildings are no longer licensed as a health facility.

Between 1996 and 2009 the annual number of emergency department visits in the U.S. increased by 51% while the number of emergency departments decreased by 6%. In California the rate of emergency department closures was double that of the national average, while our state saw a 27% increase in total patient visits per emergency department. In fact, California has the lowest number of emergency departments per capita (6.7 per 1 million people) in the nation, and lacks adequate numbers of staffed inpatient beds (223.8 per 100,000 people). This lack of available emergency access has led to excessive wait times for emergency services which average 334 minutes (or 5.6 hours) from emergency department arrival to emergency department departure for admitted patients in California.

Emergency department closures result in overcrowding, longer waits, and diverted ambulances which, in turn, lead to delayed, lower quality patient care. A 2014 National Institutes of Health study of almost a million admissions to 187 California hospitals published in Health Affairs found a 5% higher mortality rate at hospitals near where an emergency room closed, with women and communities of color facing increased risk of death.

While the AG has never had the ability to force a struggling hospital to keep the doors open and the lights on, this bill responds to several recent proposed nonprofit hospital ER closures from profitable hospital systems in affluent communities where, rather than sell the property or close the health facility entirely, they have made a decision to hold on to the real estate after the ER closure, and have done so in a way that sidesteps the AG's review:

- Saddleback Memorial, a nonprofit hospital in San Clemente had a positive operating margins of over 9% in 2013 (compared with the statewide average of 2.64%) when it proposed closing the Saddleback campus and converting it to an urgent care center.
- Sutter, another profitable hospital system, is proposing to close its Alta Bates emergency facility, which will leave a 25-mile stretch from Vallejo to Oakland without a single emergency room.

Both of the above scenarios will result in greater consolidation and market-share for the parent hospital systems, while putting lives at risk in so-called "ER deserts." Existing law requires hospitals to notify the California Department of Public Health and local Emergency Management Services authorities regarding a planned closure, but the public has no ability to question or prevent the emergency services closure, to ensure if it is in the best interests of the community and consistent with the charitable purpose with which the facility's assets are held in the public trust. As amended on September 7th, the AG would also have the discretion to waiver review and intervention.

By extending the AG's review to emergency services reductions, local stakeholders will have the benefit of independent expert analysis, a more thorough, impartial review of the matters, and they will have the ability to hold the nonprofit accountable, especially in those cases where the hospital otherwise could sustain and operate the emergency room. It is for these reasons that the City of Albany is proud to support SB 687, and respectfully request your signature on this legislation when it is presented to you.

Sincerely,


Peggy McQuaid
Albany Mayor

Cc: Honorable Nancy Skinner, 9th Senate District senator.skinner@senate.ca.gov
Camille Wagner, Legislative Affairs Secretary
Donna Campbell, Deputy Legislative Affairs Secretary