Maricopa County Special Health Care District
Board of Directors Bond Advisory Committee Meeting
Maricopa Medical Center
Auditoriums 1 and 2
November 12, 2013
2:30 p.m.

Voting Members Present:	Bill Post, Chairman Lattie Coor, Ph.D., Vice Chairman Kote Chundu, M.D. Frank Fairbanks – *arrived at 3:24 p.m.* Merwin Grant Doug Hirano Diane McCarthy Terence McMahon, Ex-officio, Director, District 5 Rick Naimark Brian Spicker
Absent:	Tony Astorga Paul Charlton Nita Francis Joey Ridenour Ted Williams
Others/Guest Presenters:	Jared Averbuch, Kurt Salmon Larry Sterle, Kurt Salmon Michael Eaton, Navvis & Healthways Don Andrews, Navvis & Healthways Steve Purves, MIHS, President & CEO
Recorded by:	Melanie Talbot, MIHS, Executive Director of Board Operations

Call to Order

Chairman Post called the meeting to order at 2:38 p.m.

Roll Call

Ms. Talbot called roll. Following roll call, it was noted that eight of the fourteen voting members of the Maricopa County Special Health Care District Bond Advisory Committee were present, which represents a quorum. Mr. Fairbanks arrived after roll call.

Call to the Public

Chairman Post called for public comment.

Mr. Bil Bruno, a citizen and taxpayer from Chandler, Arizona, addressed the Committee about three points.

First, he expressed concern that the Committee had an executive session listed on its agenda. He believed the Committee should be transparent and its discussions open to the public.

Call to the Public (cont.):

He pointed out that the Bond Advisory Committee's charter required the Committee to conduct all meetings open to the public.

His second point was that a local newspaper stated that the Committee had made preliminary recommendations. However, after searching through the Bond Advisory Committee minutes, he did not find where the Committee had made such recommendations.

His final point was that the charter required the Committee to conduct hearings to review bond projects, present bond proposals, and seek input from the community. He felt time was running short to seek community input since the Committee's recommendations were due within the next 45 days.

Mr. David Busse from Phoenix, Arizona offered his assistance to the Committee in the event there was a requirement to consider options other than the bond issue or raising capital. He and associates are involved in business development and acquiring real estate.

General Session Presentation, Discussion and Action:

1. Update on Bond Advisory Committee's Project Process, Deliverables and Timeline

Mr. Averbuch updated the Committee on the planning process and timeline. The Committee will discuss facility options, order-of-magnitude capital implications and projections, and the overall financial implications of the strategies and capital investments.

2. Discuss the Basis for Planning; the Purpose of Facility Development

Mr. Sterle commented on the importance of looking at facility development in regard to the strategic plan. Maricopa Integrated Health System (MIHS) has obsolescence within the existing facilities. There are challenges with how MIHS can operate in the future using facilities that were built to operate in the health care environment of the past.

He reviewed four MIHS strategies and how each tied into facility planning. MIHS wants to train the next generation healthcare providers, and not just physicians. The future in healthcare will de-emphasize acute care, and increase outpatient care and a team based environment. There is a need to be able to train providers to work in collaborative ways around the patient, both on the inpatient side and the outpatient side.

MIHS wants to provide high quality care. In the current environment, the intensive care units (ICU) are bays with curtains; this does not provide for dignity or respect of the patient. Providing high quality care is important and can be changed by changing the facilities.

With health care reform, the need for acute care beds will decrease while the need for access to lower cost services will increase. There is also high demand for behavioral health needs.

MIHS must be cost effective. The current facilities make it difficult for staff to operate efficiently and to have the supplies and the materials needed at hand. With regard to behavioral health, MIHS has services distributed in three locations, which causes a lot of ambulance transfers. Being able to pull services together in a consolidated facility will provide more effective, direct, immediate care, and reduce the number of transfers and costs.

Mr. Eaton stated that the consultants and staff looked at three things: functionality, salability, and sustainability. MIHS must deliver care, show what it does uniquely and uniquely well, that taken away, it would need to be replaced, and in many cases, done so at higher costs. The strategies and facility investments have to be sustainable over time. MIHS will have to meet the emerging needs of the community, as well as be able to obtain a more balanced payor mix.

General Session Presentation, Discussion and Action (cont.):

2. Discuss the Basis for Planning; the Purpose of Facility Development (cont.):

How can MIHS generate the funding needed, through its operations, to sustain the mission, in terms of teaching, research, caring for the underserved and providing access to care?

As MIHS meets the emerging needs in the community, there is an opportunity to serve more people which will generate more revenue and help fund the mission. MIHS will need to retain and continue to serve its patients including those with no payor source.

All of the strategies will require different types of facilities and possibly some facilities at different locations. MIHS has to have a competitive set of facilities located in places where emerging needs are unmet. The facilities need to be efficient so that care is delivered at the best possible cost.

3. Discuss and Review Options Development:
   - Options Overview Process
   - Acute Care Hospital Options
   - Behavioral Health Options
   - Order-of-Magnitude Capital Costs

Mr. Sterle emphasized that there is a range of facilities by type - inpatient, outpatient, behavioral health - in the strategy, and that there needs to be a good solid balance between investments in those areas.

Kurt Salmon used volumes, patient days, exam rooms, and growth rates information to develop high-level facility options and future needs. He reviewed projected patient days and bed demand by volume scenario and service line. While the need for number of acute care beds will decrease slightly, the number of behavioral health beds will increase by 30 percent.

Mr. Sterle reviewed the Family Health Centers (FHCs) and the Comprehensive Health Center (CHC) volume projections. The scenarios reviewed were based on community need assumptions, and with the shift in care to the outpatient setting.

There are currently 11 FHCs located throughout Maricopa County and one CHC located at the main campus. MIHS wants to be able to provide access to care and an array of services out from the center of the community. One way to accomplish this goal would be to have an additional CHC in the Northwest valley and one in the Southeast valley. These CHCs would offer similar support and specialty services currently available at the main campus CHC. MIHS's patients would not have to travel as far to receive these services. The current Glendale and Maryvale FHCs would be consolidated to create this new Northwest CHC. The Chandler and Mesa FHCs would be consolidated to become the new Southeast CHC. These new CHCs would have approximately 50 exam rooms apiece, or about one-third the size of the current CHC.

Volumes at the current CHC are expected to grow, however, that creates an issues since there are space constraints.

Ms. McCarthy questioned if the FHCs being considered for consolidation were due to close proximity. She noted that each currently have high volumes.

Mr. Andrews commented that it was due to the fact that they were in close proximity but it would also allow current patients to be offered other services besides primary care. The new sites could also expand MIHS's patient population.

Mr. McMahon asked why the same logic was not applied to the Seventh Avenue and South Central FHCs.

General Session Presentation, Discussion and Action (cont.):

3. Discuss and Review Options Development (cont.):
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Mr. Andrews stated that when those sites were reviewed, they were found to have had unique patient populations. Plus there was a special connection between the staff, providers and the patients served.

Mr. Andrews explained that MIHS's goal is to try to cover Maricopa County the best it can with the new CHC sites. Many factors were taken into consideration about where the sites should be located, what services should be offered, how big the sites should be etc. There needs to be a balance of all those factors.

Mr. Sterle emphasized the while each FHC was similar in size, they were all unique and have unique issues. MIHS cannot make cookie-cutter sites and expect that one size will fit all. The centers need to adapt to the needs of the population they serve.

Mr. Sterle reviewed the overall planning goals. For inpatient services, the three main goals were to: replace the main hospital as suggested by the facility assessment and strategic plan; consolidate all three behavioral health service sites for improved efficiency; and right-size clinical care services to achieve contemporary care and training environment.

On the outpatient side, the three main goals are: right-size and/or relocate the existing FHCs to achieve strategic patient service goals and efficient operating models; expand the CHC capacity on the main campus to enable continued shifting to outpatient services; and develop new CHCs to include exam/diagnostic, treatment and therapy services appropriate to a free-standing ambulatory setting.

Another planning goal is related to MIHS's training programs; which is to enhance academic and education capabilities and support spaces.

When creating the overall planning goals, development guidelines were used. Each option must be build-able, phase-able and functional when complete. The number of make-ready projects required need to be minimized. As many as possible existing buildings need to be retained and/or repurposed. Each building should have adequate parking that is close to a highly visible front entrance. Various types of traffic circulation should be separated, meaning public, emergency, physicians, employee, and service parking.

Mr. Sterle used the Desert Vista site as an example on how various options were considered and/or ruled out. The possibility of expanding the current site was ruled out because the site is not build-able or phase-able. It would be difficult to renovate the building while it is occupied. Plus, the property size was limited and sufficient parking would have required a parking deck.

Mr. Sterle reviewed three separate options that fit the planning criteria for acute care services and three separate options for behavioral heath services. The options included building a new hospital on the current campus and using the current hospital as a behavioral health facility, building a new behavioral health hospital on the main campus, or building a new hospital on a greenfield site, relocating all of behavioral health services to this same new site.

A stacking diagram was reviewed for a potentially new acute care hospital. Option one for the new acute care hospital would be to use the current hospital space for parking, build a new hospital on the east side of the campus and add floors to the existing CHC. The attributes to this option would be: a readily build-able site with minimal impact on patient parking; the hospital, CHC and support services would be right-sized; it incorporates the current plans for a new faculty office building; and there is good separation of traffic. The downsides to this option are: the hospital and CHC would be disconnected and on opposite ends of the campus; the helipad would need to be relocated which could get expensive; the power plant would need to be expanded; and there would need to be an interim parking solution.

General Session Presentation, Discussion and Action (cont.):

3. Discuss and Review Options Development (cont.):
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Option two for the new acute care hospital would be to use the current hospital space for parking, build a new hospital on the west side of the campus near the CHC and add floors to the existing CHC. This option shares many of the same attributes as option one and in addition, the hospital and CHC would be connected for staff efficiency and patient convenience. It also shares some of the same deficiencies as the first option.

Mr. Naimark asked if a current traffic study had been conducted for the current site located at 24th Street and Roosevelt; with the different options presented including relocating the parking and the location/orientation of the main hospital, he wants to ensure they are feasible, from a traffic volume perspective.

Mr. Sterle commented that traffic from a volume standpoint had not been reviewed, however, code requirements for parking volumes had been considered.

Mr. Naimark reiterated that he was not referring to a parking study but a traffic study. Where the buildings are located/relocated on the main campus could have a huge impact on traffic.

Mr. Sterle agreed that the options could have an impact on traffic, however, he emphasized that he was reviewing very high-level options with the Committee. The Committee was not being asked to pick or define the final option. These were simply possibilities.

The third option would be a greenfield site. A specific site has not been identified, other than it would be located within Maricopa County. A new greenfield site would allow an organized site without existing constraints; the main hospital, CHC and support services would be right-sized; and MIHS could continue to use the warehouse and 2619 buildings to support operations. A greenfield site would require the acquisition of an additional property; it would separate the current CHC and major support components from the new hospital; require to walk away from the current plans for a new faculty office building. In addition, it would require a new power plant and a longer transport of supplies and linens.

Behavioral health options were reviewed.

The first option would be to renovate the current main hospital to meet AIA guidelines to turn in into a behavior health facility; remove all asbestos; and replace all interior walls, ceilings, doors, plumbing, etc. Option two would be to build a new behavioral health hospital on the main campus, next to the new hospital located on the west side of the campus. The third option would be a greenfield site co-located with a new acute care hospital.

If option one is chosen, there would be 192 beds and would include non-medical behavioral health beds. The positive side to this option would be the use of an existing asset. It would consolidate all medical and non-medical behavioral health patients on the same campus as well as minimize the number of transfers. There is sufficient space to include urgent and outpatient programs. The negative side to this option is the care configuration will be deficient, despite a heavy investment in renovations. This is because some of the units will fall short of planning standards. It would also mean a major investment in a 40 plus year old building. The difference between this option and building a new behavioral health hospital is about $20 million based on approximately 250 beds. This is a poor solution in a 40-year-old building. Development of this cannot start until the new acute hospital is built and occupied. MIHS would be abandoning existing behavioral health assets.

General Session Presentation, Discussion and Action (cont.):

3. Discuss and Review Options Development (cont.):
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The second option - a new behavioral health hospital on the current campus – would work best if option two for the acute care hospital is used. This would mean a new hospital on the west side of the campus, right next to the CHC, the current hospital site used for parking, and a new behavioral health hospital on the east side of the campus.

This second option for behavioral health offers a readily build-able site and will consolidate all medical and non-medical behavioral health patients on the same campus, as well as minimize the number of transfers. The sale of the Desert Vista property could provide some of the funding for this new construction. Once again, MIHS would be abandoning existing behavioral health assets with this option.

The third option, a greenfield site, has similar attributes and deficiencies as a greenfield site for a new acute care hospital on a greenfield site.

Dr. Chundu asked how best to serve the community – by building a new behavioral health facility on the current campus or at a greenfield site. He also asked about self-sustainability of the hospital. Would it be best to build on the current campus or at a greenfield site?

Mr. Sterle stated that behavioral health services are currently spread throughout three different sites. The demand for services exceeds the supply. It almost suggests that location is going to be the driving factor when it comes to the behavioral health community.

Mr. Andrews said the issue with behavioral health is, as far as involuntary patients right now, it does not matter where it is located. When talking about voluntary patients, who will be served in the future, then a location might become important.

With regard to a new acute care hospital, staff and the consultants considered a teaching hospital; one that patients use in part because of the teaching aspect. When thinking about the underserved and the patients that MIHS does serve because of its mission, while the patients are located throughout the county, many patients continue to be in the core area where Maricopa Medical Center (MMC) is located.

As Kurt Salmon and Navvis built out the ambulatory network, it was determined that this was the best place to make an investment to broaden MIHS's access points. But it was not assumed that all the patients that would be using the ambulatory facilities would be driving inpatient volumes at MMC.

There is an underlying assumption, as part of the plan, that says as MIHS builds out the ambulatory network and serves more of the population, it will essential give up the inpatient referrals from some of the outlying FHCs to other inpatient acute facilities.

When looking at the potential to develop the current main campus - particularly with regard to academics and research - it will create other opportunities for redevelopment that MIHS can do in and around the investment on that campus.

Mr. Purves said that the mission should always drive the strategy. If both are consistent, then the facilities plan should be consistent with the strategy. If the mission was to grow market share, and to position MIHS just like any private organization would be, to be competitive, etc., then the Committee would need to be looking at which areas to be located in that has a population and demographic with an attractive payor mix. That would get MIHS a little outside of its primary mission. One advantage is that there is plenty of space on the current campus.

General Session Presentation, Discussion and Action (cont.):

3. Discuss and Review Options Development (cont.):
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Mr. Sterle said that because the scale is consistent and the approach to the investment is consistent, Kurt Salmon's recommendation would be that the Committee take all of the options and say any one of them could work. The Committee does not need to make a choice today.

Dr. Chundu said that what the Committee does need to think about is whether achieving that kind of investment is what MIHS is after, and if it fits with what it is trying to accomplish strategically and serving the community well. He is trying to understand how best the community can be served if it is going to give MIHS $1 billion. Is the current location the right location? Where is the population that MIHS serves?

The second issue is if MIHS is going to be a major educational partner, who are its partners? What is the co-location and is it the best location? The Committee needs to make sure that 20 years from now, it picked the right location.

The one thing Mr. Sterle suggested was to study the co-location of the acute care hospital and the behavioral health hospital, from a patient service standpoint and a staff functionality standpoint, it really works to MIHS's advantage. There are advantages when you think about the access to the freeways, and 24th Street is a main thoroughfare. The Light Rail is not that far away either.

Mr. McMahon asked if the Committee is supposed to recommend a concept with a general price tag, or if it will establish and recognize one of these options presented.

Mr. Sterle commented the latter. The Committee has not gotten enough detail about some of the things it needs to know more of before it makes a final choice.

4. Approve Bond Advisory Committee Meeting Minutes dated September 17, 2013

MOTION: Ms. McCarthy moved to approve the Bond Advisory Committee meeting minutes dated September 17, 2013. Vice Chairman Coor seconded. **Motion passed by voice vote.**

5. Wrap Up, Next Steps and Future Agenda Items

This item was not discussed.

MOTION: Mr. Fairbanks moved to recess general session and convene in executive session at 4:07 p.m. Vice Chairman Coor seconded. **Motion passed by voice vote.**

General Session, Presentation, Discussion and Action:

Chairman Post reconvened the general session at 4:21 p.m.

Adjourn

MOTION: Vice Chairman Coor moved to adjourn the November 12, 2013 Bond Advisory Committee meeting. Mr. Fairbanks seconded. **Motion passed by voice vote.**

Meeting adjourned at 4:18 p.m.

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Bill Post, Chair
Bond Advisory Committee