

ADMINISTRATION

September 10, 2004



Mr. Chris Tokas  
Supervising Structural Engineer  
SB 1953 Seismic Retrofit Program  
Facilities Development Division  
Office of Statewide Health Planning and Development  
1600 Ninth Street, Room 420  
Sacramento, CA 95814

Subj: Palomar Medical Center      Facility # 123457  
Escondido, CA

Re: Application for 5 Year Extension based on Diminished Capacity  
Palomar Pomerado Health  
San Diego, CA

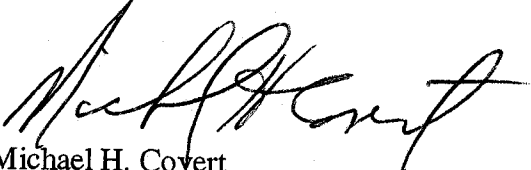
Dear Mr. Tokas,

Palomar Pomerado Health is submitting this request for an extension to comply with Section 1.5.1 Item 2 of Title 24, Part I, Chapter 6. Specifically we seek to extend the deadline from January 1, 2008 to January 1, 2013 for Palomar Medical Center in Escondido, California. The application was prepared in accordance with the Guidelines of Code Application Notice No. 1-1.5.2 dated March 2, 2002.

The information in this request demonstrates that there would be diminished Healthcare capacity of significant proportions if Palomar Medical Center is not granted an extension. The report also demonstrates the need for the additional time while new facilities are built that will meet the growing community healthcare needs and satisfy SB 1953 compliance requirements both by 2013 and beyond 2030.

Thank you for consideration of this request. Please let me know if you need any additional information.

Sincerely,



Michael H. Covert  
President and CEO

**OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

FACILITIES DEVELOPMENT DIVISION

1600 9<sup>th</sup> Street, Room 420 - Sacramento, California 95814

Phone (916) 654-3362 FAX (916) 654-2973

www.oshpd.state.ca.us/fdd



**Application for 2008 Extension / Delay in Compliance**

<b>A</b>	<b>Name of Facility:</b> Palomar Medical Center			<b>OFFICE USE ONLY</b>	
	<b>Street Address:</b> 555 East Valley Parkway			OSHPD #:	
	<b>City:</b> Escondido	<b>County:</b> San Diego	<b>Zip:</b> 92025	Facility I.D. #:	
	<b>Administrator:</b> Michael H. Covert			<b>Phone:</b> (858) 675-5107	
	<b>Mailing Address:</b> 15255 Innovation Dr.			<input type="checkbox"/> H&S Code 130060 (b), (SB 1801) <input type="checkbox"/> H&S 130063 (SB 2006) <input type="checkbox"/> H&S 130060 (a) Health Capacity Diminished <input type="checkbox"/> Other	
	<b>City:</b> San Diego	<b>State:</b> CA	<b>Zip:</b> 92128		
	<b>Legal Owner:</b> Palomar Pomerado Health			<b>Phone:</b> (858) 675-5100	
	<b>Mailing Address:</b> 15255 Innovation Dr.				
	<b>City:</b> San Diego	<b>State:</b> CA	<b>Zip:</b> 92128		
	<b>B Application Submitted by:</b>			<b>OSHPD RECEIPT STAMP</b>	
<b>Name:</b> Michael H. Covert			RECEIVED OCT 4 2004 Office of Statewide Health Planning and Development Facilities Development Division		
<b>Signature:</b> <i>[Handwritten Signature]</i>					
<b>Title:</b> President & CEO					
<b>Address:</b> 15255 Innovation Dr.					
<b>City:</b> San Diego	<b>State:</b> CA	<b>Zip:</b> 92128			
<b>Phone #:</b> (858) 675-5107	<b>FAX #:</b> (858) 675-5103				
<b>Who is to be known as:</b> <input checked="" type="checkbox"/> Legal Owner/Administrator <input type="checkbox"/> Agent for the Legal Owner/Administrator (Authorization must be attached)					
<b>C Fee Submittal:</b>					
Filing Fee.....			<b>\$250.00</b>		
<b>Method of Payment:</b>					
<input type="checkbox"/> Send Invoice to: <input type="checkbox"/> Administrator <input type="checkbox"/> Legal Owner <input type="checkbox"/> Agent for Legal Owner/Administrator <input checked="" type="checkbox"/> Check - Made payable to OSHPD <input type="checkbox"/> Visa <input type="checkbox"/> Master Card <input type="checkbox"/> American Express <input type="checkbox"/> Discover/Novus					
<b>Account Number:</b>	<input type="text"/>		<b>Expiration Date:</b>	<input type="text"/>	
<b>Billing Address:</b>			<b>Phone:</b>		
<b>City:</b>	<b>State:</b>	<b>Zip Code:</b>			
<b>Card Holder's Name:</b>			<b>Signature:</b>		

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**Application for Extension / Delay in Compliance**

<b>D</b>	Name of Facility (from front page): Palomar Medical Center	OSHPD #
<b>E</b>	Basis for Delay Request: <input type="checkbox"/> H & S Code 130060 (b) (SB 1801) <input type="checkbox"/> H & S Code 130063 (SB 2006) <input checked="" type="checkbox"/> H & S 130060 (a) Health Capacity Diminished <input type="checkbox"/> Other	
<b>F</b>	Enclosed with this application are the following documents: <input checked="" type="checkbox"/> Extension Request	
	<input type="checkbox"/> Seismic evaluation report (8 1/2" X 11").....(Required for H & S Code 130060 (b) SB 1801 - Self Certified SPC-1) Date Sent: _____ <input type="checkbox"/> Plans: _____ <input type="checkbox"/> Plans: _____ <input type="checkbox"/> Plans: _____	
	<input type="checkbox"/> Geotechnical/Geohazards Report.....(Required for H & S Code 130060 (b) SB 1801 & H & S Code 130063 SB 2006) Date Sent : _____	
	<input type="checkbox"/> Compliance Plan (8 1/2" X 11").....(Required for H & S Code 130060 (b) SB 1801 - Self Certified SPC-1) Date Sent: _____ <input type="checkbox"/> Plans: _____	
	<input type="checkbox"/> Other: _____ <input type="checkbox"/> Other: _____	
<b>G</b>	Seismic Evaluation Report and/or Compliance Plan prepared by the following: <span style="float:right">Check discipline in general responsible charge of the project <input checked="" type="checkbox"/></span>	
	<b>Architect - Firm:</b> Palomar Pomerado Health	
	Individual Responsible: Michael Shanahan	Reg. #: C-22140
	Alternate:	Reg. #:
	Address: 15255 Innovation Dr.	Phone #: (858) 675-5593
	City: San Diego State: CA Zip: 92128	FAX #: (858) 675-5575
	<b>Structural Engineer - Firm:</b> URS Corporation	
	Individual Responsible: Allan Porush	Reg. #: S1631
	Alternate: William Gates	Reg. #: S1650
	Address: 915 Wilshire Blvd. Suite 700	Phone #: (213) 996-2382
	City: Los Angeles State: CA Zip: 90017-3437	FAX #: (213) 996-2375
	<b>Geotechnical / Geohazards Report - Firm:</b>	
	Geotechnical Engineer - Soils:	Reg. #:
	Engineering Geologist:	Reg. #:
	Address:	Phone #:
	City: State: Zip:	FAX #:

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## EXECUTIVE SUMMARY

Palomar Pomerado Health (PPH) submits the following Application for a Five Year Time Extension to the SB 1953 2008 deadline based on a claim of diminished health care capacity.

PPH operates two major hospitals in the largest Healthcare District in California (see Exhibit 1) and provides 55% of all medical services to a rapidly growing population now estimated at half a million. PPH has recently completed a Facilities Master Plan that shows the hospitals, now operating at full capacity, must be expanded from a total of 431-beds to 736-bed capacity by 2015, a 70% expansion, to meet the growing healthcare demands of the communities in the District. To further complicate the urgent growth demands on healthcare services, the SB 1953 Seismic Evaluation of the hospitals has found that the buildings of both hospitals campuses are noncompliant and require retrofit by 2008 to remain in operation and compliant with the state mandated seismic regulations.

To meet the growing healthcare demands of the district and SB 1953 compliance in the next three years is an impossible assignment. However, in eight years it is feasible as shown in the revised Compliance Plan dated August 2004. This revised and updated Compliance Plan has been submitted along with this Application for a Five Year Time Extension.

### **Benefits of the Extension**

With the five year extension, PPH will be able to provide the communities in its service area with newly constructed state-of-the-art hospital buildings to meet the growth demands for healthcare services in the future. PPH will also have time to bring the nonconforming and noncompliant SB 1953 buildings into compliance through retrofit and remodel to meet the needs of the future. This sequentially phased construction and seismic retrofit process will permit the implementation of SB 1953 requirements and reduce the long-term risk of earthquake loss by replacement with new hospital buildings rather than simply retrofit of older buildings. All of this can be accomplished without reducing the level of healthcare services. With the five year time extension, PPH will be able to provide a healthcare system designed to grow in quality and capacity in an environment of seismic safety and conformance with state requirements.

### **Impact of Denial of Request**

If the five year extension is denied, PPH is faced with shutting down both hospitals. The consequences would be catastrophic to the northern San Diego County communities that are dependent on the two hospitals, the District area within the red border shown in Exhibit 1.

Palomar Medical Center provides 40% of the healthcare services to the District and Pomerado Hospital provides 15%. Together they provide 55% of the total hospital services in their District (Exhibit 5). This is far more than any outside healthcare system provides in total. For example, Scripps Hospital System with its multiple hospitals provides only 14% to the service area within the District. The other hospitals servicing the District that are shown in Exhibit 5, are operating at or near capacity and have no room to accommodate the added load from closure of Palomar Medical Center as well as Pomerado Hospital. The other hospitals are also faced with the SB 1953 compliance requirements that further limit their flexibility to provide healthcare services at the same time they are performing seismic upgrades.

There are no County hospitals in San Diego County to provide healthcare services for the poor and indigent. Pomerado Hospital and Palomar Medical Center, as District hospitals, provide these services along with the private hospitals which carry the financial burden. It is this group of healthcare recipients, the poor and indigent, that will suffer the most with closure of the two hospitals. These are the uninsured with limited transportation.

Geographically there are no other hospitals within the PPH District to provide timely and convenient services to those living in the 800 square mile area. No emergency rooms or Trauma Centers would be available in this, the largest healthcare District in California.

### **Conclusion**

The five year extension request is a win-win situation for Palomar Pomerado Health and the communities it serves in the San Diego County. For OSHPD and the State, it is also a win-win situation in minimizing the potential for diminished healthcare services while implementing the state mandated SB 1953 seismic compliance standards. Thus, the community gets new expanded hospital facilities to meet the projected growth for medical services as well as achieving seismically safer buildings well before the target milestone of 2030.

## **References**

For further details on the SB 1953 Compliance Plan as well as the Facilities Master Plan for Palomar Medical Center, refer to "SB 1953 Compliance Plan", Palomar Medical Center, Escondido, California, prepared for Palomar Pomerado Health, San Diego, California, by URS Corporation, Anshen+Allen, Rudolph and Sletten, September 2004.

## INTRODUCTION

This application is for a five year time extension from the 2008 deadline to 2013. It is based on the diminished healthcare capacity that would negatively impact the community served by the Palomar Medical Center, if it were forced to shut down due to noncompliance with SB 1953 requirements. This request is based on the provisions of Article 1.5.2, Chapter 6, of the 1998 California Building Standards Administrative Code, Seismic Evaluation Procedures for Hospital Buildings. As will be shown by this application, the services provided by PPH through the Palomar Medical Center cannot be readily provided to this region by any other General Acute Care hospital in San Diego County.

### **Background**

Palomar Pomerado Health, a California Healthcare District (the District) provides healthcare service through two major hospitals to the residents (supporting tax payers) in the northern inland San Diego County communities covering an area of 800 square miles (see Exhibits 1 and 2). It is the largest public hospital District in California. San Diego County is the third most populous county in California and the sixth largest County in geographic area in the United States. It has a population of 2.8 Million and is projected to grow to 4 Million by the year 2020, Palomar Pomerado Health (PPH) provides services to close to half a million residents in its District which is projected to grow in population by 27% by the year 2020, see Exhibit 3.

Palomar Pomerado Health's two hospitals are the only hospitals in their service area, the District shown in red border in Exhibit 1. They provide 55% of the healthcare service to the District residents (Exhibit 5). No other healthcare system comes close to PPH in number of patients served in the District, see Exhibit 5.

The medical services provided by the Palomar Medical Center (PMC) and the Pomerado Hospital (POM) to their service area in 2002 are shown in Exhibit 6.

### **SB 1953 Evaluation and Compliance Status**

The following highlights the SB 1953 Seismic Evaluation and current compliance status of the two PPH hospitals as background to the Application.

Palomar Medical Center in Escondido, California, is a 324-bed tertiary Acute Care hospital that operates a 24 hour emergency department and the only trauma center in north-central San Diego County with close to 1 Million people dependent on it. The hospital services also include state-of-the-art cardiac, oncology, general medical /



surgical services, a patient and family centered Birth Center for labor, delivery and recovery care, pediatrics and a Level II neonatal intensive care unit. Palomar Medical Center is full accredited by the Joint Commission on the Accreditation of Healthcare Organizations.

Like so many health facility complexes, Palomar Medical Center has, over the past several decades, grown via a series of incremental expansions – yielding a hospital that is comprised of older and newer buildings. Based on the SB 1953 Evaluation, three of the main hospital buildings housing 75% of the bed space and 67% of the building occupancy space are nonconforming pre-1973 construction that require major structural upgrades to satisfy SPC-2 requirements by 2008. All ten of the hospital buildings at PMC were found to be nonstructurally noncompliant and have been brought into NPC-2 compliance. Five of the major hospital buildings do not satisfy NPC-3 requirements. The three that will be kept as hospital buildings will have to be retrofit upgraded to meet the 2008 milestone.

The second hospital in the PPH Healthcare District is Pomerado Hospital in Poway, California, a 107-bed facility that provides 24-hour Emergency Department services, outpatient surgery center service, general medical/surgical services and a patient and family Birth Center which also includes a Level II neonatal intensive care unit. The eight hospital buildings of the complex shown in Figure A-1 of Appendix A were constructed post-1973 and are structurally conforming under OSHPD's SB 1953 regulations. Nonstructurally the buildings were evaluated as noncompliant and rated NPC-1 as noted in Table A-1 of Appendix A. All were brought into NPC-2 compliance through retrofit construction and await OSHPD's letter of classification upgrading them to NPC-2. Four of the major hospital buildings housing Acute Care services require upgrade to NPC-3 through retrofit construction by 2008.

Both of these District hospitals are operating at maximum capacity - Palomar Medical Center at 86% and Pomerado Hospital at 93%. There is no space to off-load patients or to work around during the SB 1953 retrofit construction in these hospitals and there are no other hospitals in the District, the service area.

## **Facilities Master Plan**

PPH has completed a Facilities Master Plan for the District hospitals that addresses many factors that included the SB 1953 compliance requirements, the functionality of the aging buildings, and the growing population in the northern San Diego County along with the demographic shift in the ages of the citizens from 45 to 65 and 65 years and older (see Exhibit 4).

The Facilities Master Plan found that rather than seismically upgrading the outdated hospital buildings and their nonfunctional configurations at Palomar Medical Center to satisfy SB 1953 requirements, it would be more expedient in terms of time and taxpayer dollars to invest in a new medical center in the same community on a site that provides for growth and future expansion as the community health service needs require. The existing Palomar Medical Center would be downsized from its 324-bed capacity to 72-beds and converted into a specialty hospital. The nonconforming bed tower (Building #1 – McLeod Tower) would be delicensed and converted to nonhospital functions. The other two nonconforming buildings will be retrofit to SPC-2 standards (Building #3 – Adams Wing) or demolished (Building #2 – McLeod Tower East Expansion).

As shown on the master plan schedule in Appendix B, construction of the new medical center followed by the conversion and SB 1953 retrofit process would take place in two phases over the next eight years and be completed by January 1, 2013.

The new Palomar Medical Center campus containing 453-beds of tertiary care facilities will provide full emergency and interventional services to the District. When completed and ready for occupancy in 2010, the new PMC will take on the full patient load from the existing Palomar Medical Center while it is shut down, retrofit to SB 1953 compliance and downsized to a 72-bed specialty hospital.

A similar program has been developed in the Facilities Master Plan for the Pomerado Hospital that will be expanded from its 107-bed capacity to 211-beds with the addition of a new 5-story bed tower. The hospital diagnostic and treatment facilities and Emergency Department will be expanded into a new hospital building and an outpatient service pavilion constructed.

All of this new construction will be completed by 2010 to provide space for hospital services in the existing buildings to be relocated to the new hospital buildings while SB 1953 seismic retrofit is completed to NPC-3 and NPC-4 classification levels. Remodel of the existing hospital will also take place during this time when areas are vacant for retrofit.

Thus, both hospitals will be brought into SB 1953 2008 milestone compliance by 2013. **This sequentially phased construction and seismic retrofit process will permit the implementation of SB 1953 requirements and reduce the long-term risk of earthquake loss by replacement with new hospital buildings rather than simply retrofit of older buildings.**

### **Time Extension**

The key objective of this application is the five year time extension to the SB 1953 2008 deadline. The Facilities Master Plan developed for PPH is contingent on the extension in time to 2013.

The time extension is requested in order for PPH to:

- Obtain community approval of the hospital expansion project and funding.
- Complete the planning, design, approval and construction cycle for the new hospital buildings prior to retrofit of the existing hospital (see Master Plan Schedule in Appendix B).
- Perform the phased construction of the new buildings and retrofit of the existing buildings.
- Insure SB 1953 compliance without loss of service capacity and accessibility in the existing Palomar Medical Center.

### **SB 1953 Compliance History**

It is also important to note that PPH has proceeded in good faith to comply with all the SB 1953 requirements including:

- Seismic Evaluation Report, filed December 2000
- Seismic Ground Motion Hazard Analysis, dated July 27, 1999
- Compliance Plan, filed December 2001
- NPC-2 seismic bracing of all emergency systems, completed January 2002
- NPC-2 upgrade status approved by OSHPD
- Facilities Master Plan prepared to satisfy SB 1953 compliance requirements, September 2004
- Updated SB 1953 Compliance Plan revised per OSHPD's letter of November 2003, filed September 2004

## COMPLIANCE EXTENSION REQUEST

This request has been formatted to follow the eight points of guidance provided by OSHPD's CAN 1-1.5.2. *Excerpts from the Code Application Notice (CAN) are noted in italics at the start of each section.*

### 1. Identification of Buildings

*CAN Guidance: Identification of the buildings for which the time extension is requested.*

All of the Acute Care hospital buildings shown in Figure A-1 and listed in Table A-1 of Appendix A are noncompliant under SB 1953 and require either structural and/or nonstructural upgrade to comply with SB 1953 2008 milestone. All of these buildings due to their close proximity and interrelated functions are included in this application for time extension.

The three nonconforming, pre-1973 buildings that are classified under SB 1953 as SPC-1 will be brought into compliance through retrofit structural strengthening to SPC-2 standards (i.e. Adams Wing – Building 3), delicensing and conversion into non-Acute Care Service (i.e. McLeod Tower – Building 1) or demolition (i.e. McLeod Tower – East Extension). The three buildings that are nonstructurally noncompliant with 2008 milestone requirements will be retrofit upgraded to NPC-3. These are the following Acute Care hospital buildings: Adams Wing, Building 3; West Wing, Building 4; and South Wing, Building 5.

### 2. Duration of Time Extension

*CAN Guidance: Indicate the duration of the time extension requested for each building.*

This request is for a five year extension to the 2008 compliance deadline, extending it to 2013. This time extension applies to all hospital buildings at Palomar Medical Center, shown in Figure A-1 of Appendix A.

### 3. Identification of Impacted Services

*CAN Guidance: Identify the Acute Care services that are currently being provided in the hospital buildings for which the delay is requested and the provision of the numbers of patients served by each Acute Care service.*

The Acute Care services located in each of the buildings of the hospital are listed in Table 1 on Page 12 and in Table A-1 of Appendix A. All of these services in the hospital will be impacted by the SB 1953 retrofit requirements due to the inter-relationship of the

**TABLE 1**

**ACUTE CARE SERVICES PROVIDED BY PALOMAR MEDICAL CENTER**

<b>ID</b>	<b>Building</b>	<b>Constructed</b>	<b>Services</b>	<b>Number of Beds</b>
1	McLeod Tower	1967	Administrative Services * Conference Facilities Acute Care Units * Diagnostic Imaging * NICU Rehabilitation Unit	224 Beds
2	McLeod Tower East Extension	1967	Central Sterile * Central Plant Doctor's Dining	N/A
3	Adams Wing	1957	Materials Handling * Service Dock Housekeeping * Dietary (Main Kitchen) * Observation Unit Post-Partum Unit Bronchoscopy Pulmonary Function Engineering Morgue *	23 Beds
4	West Wing	1989	Emergency Department Administration Pharmacy * Clinical Laboratory * Peri-Operative Services * Cath Lab Critical Care Units Intermediate Care Units Lobby Admitting	51 Beds
4A	Parking Garage	1986	Parking	N/A
5	South Wing	1988	Radiation Therapy Rehabilitation Services Women's Services (L&D)	26 Beds
6	Co-gen Plant	1986	Utility Services	N/A
			<b>Total Hospital Beds</b>	<b>324</b>

<b>Non-Acute Care – Non-SB 1953</b>			
	Palomar Continuing Care Center		Skilled Nursing Facility 96 Beds
<b>Total Acute Care + SNF Beds</b>			<b>420 Beds</b>

\*Basic services – Title 24, California Building Code

service areas and the bed patient facilities. The three older buildings that predate 1973 are nonconforming with SB 1953 and require structural retrofit by 2008. The buildings house 75% (247-beds) of the 324-bed hospital total and occupy 190,000 square feet (nearly 67%) of the total hospital building area of 282,000 square feet. They also house the entire department areas for Diagnostic Imaging, Food Service, Materials Handling and Central Sterile as well as the Critical Care unit, emergency operations, post partum-beds, administrative functions and a portion of the Central Utility plant as shown in Table 1. Thus, the three older buildings; the McLeod Tower (1967), Building 1; the McLeod Tower East Extension (1967), Building 2; and the Adams Wing (1957), Building 3 represent buildings that may not be kept in hospital service beyond 2008 without implementing structural retrofit to an SPC-2 level and nonstructural retrofit to an NPC-3 level. Due to land-locked conditions, the retrofit of these buildings requires major dislocation of hospital operations. This has been explored and found not to be a viable solution.

#### 4. Identification of Diminished Services

*CAN Guidance: Identification of Diminished Services if denied.*

To meet the 2008 milestone, the three nonconforming buildings: McLeod Tower, Building 1; McLeod Tower East Extension, Building 2; and Adams Wing, Building 3; would have to be closed at 2008. The Palomar Medical Center cannot function as a hospital without the 247-beds (75% of the total capacity) in the buildings that must be closed down. There is insufficient time to design, license, and construct the retrofit while the buildings are fully occupied and operating at 86% of capacity. Based on the Facilities Master Plan, the new Palomar Medical Center will not be available for patients until 2010 (see Schedules, Appendix B). Thus, the community will lose the entire hospital of 324-beds in Escondido, California.

Palomar Medical Center serves more than 256,000 residents (see Exhibit 3) in the northern portion of the PPH District, the area shown in Exhibit 1. It provides the only Trauma Center to north central San Diego County with more than one million residents dependent on it for services under critical, life-threatening conditions. The nearest Trauma Center is 27 miles away at Sharp Memorial Hospital in San Diego (see Exhibit 1). For patients on the eastern portion of San Diego County, Sharp Memorial Hospital would represent more than a 60 mile trip.

Pomerado Hospital serves more than 210,000 residents in the southern portion of the PPH District. It is currently operating at 93% capacity and faces the same shut down if the five year time extension to SB 1953 2008 deadline is denied. There is no space in the 107 bed Pomerado Hospital to off load patients during the SB 1953 retrofit of Palomar Medical Center prior to 2010.

There are no other hospitals in the District to service the patients (see Exhibit 1). Exhibit 5 indicates that hospitals outside the PPH service area provide less than 45% of the patient care to the District and none of the multi-hospital systems provide more than 14%. All of these hospitals are under the same pressures to meet SB 1953 compliance by 2008 and the growing population healthcare demands of the County.

Exhibit 6 indicates the relative number of patients in the PPH service area that received specific types of healthcare from Palomar Medical Center in 2002. Together with Pomerado Hospital, PPH provided 55% of the community Acute Care services in the District (see Exhibits 1 and 2 for Hospital Service Area). More than 75% of the PPH hospital patient load comes from this service area.

The impact of closing Palomar Medical Center would have a serious ripple effect on the healthcare to the community. The Palomar Continuing Care Center, a Skilled Nursing Facility with 96-beds that is run by PPH in Escondido, would also be forced to shut down. It draws its patients from Palomar Medical Center.

Finally, the 1875 hospital professionals and staff at Palomar Medical Center would be without work, placing greater economic pressures on the community of Escondido and the County.

## 5. Impact of Compliance with 2008 Requirements

*CAN Guidance: Provide data and description of the effect of complying with 2008 requirements will have on the patient capacity of Acute Care services within the service area (with an approved extension).*

Recognizing the potential impact of compliance with SB 1953 2008 requirements, PPH developed a Facilities Master Plan for the entire District to not only assess the impact of compliance with SB 1953, but also to assess the rapid growth in demand for medical services in the north portion of San Diego County. The study found that the current 431-bed capacity of the two existing hospitals would need to be increased by 70% to 736-beds in order to satisfy the needs of the community by 2015. The Palomar Medical Center would have to grow from 324-beds today to 479-beds by the year 2010 and to 525-beds by the year 2015. As an example, the required capacity for the Emergency Department with 27 treatment positions today would grow by 55% to 42 treatment positions by 2015. This growth in demand on hospital capacity of the existing Palomar Medical Center would outstrip its 14-acre site. The Facilities Master Plan concluded that a second Palomar Medical Center campus needed to be developed in Escondido to not only provide for the growth but also to provide an opportunity to stage the SB 1953 retrofit of the existing nonconforming buildings at PMC.

The detailed evaluation of the site buildings for compliance with SB 1953 revealed that more than half of the building space would not be usable beyond the year 2030, simply for structural seismic safety reasons. This meant major disruption would have to take place at the site, not only to upgrade the buildings to SPC-2 for 2008, but also to remove or delicense the buildings by 2030. Recognizing this significant impact on the site and the need for the community to have a specialty services hospital in its center, the master planners developed a plan for a major new state-of-the-art hospital within the city limits on a site capable of initially handling 453-beds in a series of buildings enclosing 800,000 gross square feet. This tertiary care facility with its full emergency and interventional care services would serve as PPH's flagship medical/surgical Acute Care facility. It would be home for the regional Trauma Center and the Women's and Children's Services for the northern sector of the District. The plan was to design, construct and occupy the new Palomar Medical Center campus by 2010, (see Schedules, Appendix B). This would provide space for vacating the existing Palomar Medical Center while the SB 1953 retrofit program is performed, bringing the hospital into compliance with SB 1953 by the beginning of 2013. In the retrofit process, the Adams Wing would be upgraded structurally to an SPC-2. The nonconforming McLeod Tower would be delicensed and



the nonconforming McLeod Tower East Extension would be demolished. All of the remaining conforming hospital buildings with Acute Care functions would be brought into NPC-3 compliance. Instead of providing 324-beds, the hospital would be downsized to 72-beds. These would be used primarily for adult psych, geriatric psych and acute rehabilitation purposes. The hospital would continue to provide outpatient oncology and surgical services as well as urgent care and other outpatient clinics.

The Facilities Master Plan as developed would satisfy the long term community needs with adequate capacity for growth on the new Palomar Medical Center campus as well as future growth at the existing Palomar Medical Center campus beyond the year 2030.

The key element of this Master Plan is contingent on a 5 year extension in the SB 1953 requirement to 2013 milestone date instead of 2008. The study showed that following the Master Plan and phasing the construction on the two hospital campuses was not only faster, but more economical, and furthermore it would reduce the seismic risk and earthquake exposure associated with using outdated hospital buildings retrofit for use only until 2030.

In summary, compliance with the 2008 milestone requirements under a deadline extension to 2013 will provide the residents of the PPH healthcare District with:

1. A new Medical Center designed to function in the 21<sup>st</sup> Century as an efficient hospital with room to expand.
2. All hospital buildings on the existing Palomar Medical Center campus will be brought into SB 1953 compliance as SPC-2/NPC-3 as a minimum, with minimal loss in healthcare services to the community and the District during the retrofit construction process.
3. The phased construction on the two Palomar Medical Center campuses will provide the public with the most economical solution to future growth needs and SB 1953 upgrade requirements.
4. The level of seismic safety for most of the PPH hospital complex will be brought into compliance with SB 1953 2030 milestone objectives 17 to 20 years earlier than mandated by the State.

Thus, the five year extension will provide both compliance with SB 1953 2008 milestone objectives, as well as improved quality and quantity of medical services to the community for a lower price.

## **6. Impact by Payer Category**

*CAN Guidance: Identify each Payer category by percent of population served within the hospital's service area and how they will be impacted if the time extension request is denied.*

Palomar Pomerado Health's services area is the District shown in Exhibits 1 and 2. This area is more than 800 square miles, and has a population of more than 500,000. As shown in Exhibits 5 and 6, PPH provides 55% of the healthcare to this services area. No other hospital group comes close.

Exhibits 7 and 8 summarize the market share of PPH services by total number of patients and in percentages of total market share by payer for the year 2002. It is obvious that MediCal and Medicare are major payers covering those that are least able to pay for coverage. Palomar Medical Center treats 56% of the indigent patients in the District, 65% of the MediCal patients and 43% of the Medicare patients (Exhibit 7). In 2004, Palomar Medical Center provided approximately \$18 Million in services to indigent and uninsured patients.

There are no publicly funded County Hospitals in San Diego County where indigent patients can find healthcare services. This group will suffer the most from diminished healthcare if the Palomar Medical Center is shut down in 2008.

## **7. Impact by Insurance Coverage & Fee for Service**

*CAN Guidance: Identify each type of insurance coverage, and fee for service, by percent of the population served within the hospital's primary service area and how they will be impacted if the time extension request is denied.*

Exhibit 7 and 8 identify the various types of insurance coverage and fee for service in percentage of patients cared for in 2002 in the Palomar Pomerado Health service area.

The insurance and medical fees for service would be completely lost with the closure of Palomar Medical Center. This would have a serious economic impact on the region with the loss of more than 1,875 jobs of hospital employees.

## 8. Map of Hospital's Service Area

*CAN Guidance: Provide a map of the hospital's service area that includes: zip codes of population served and other general acute care hospitals.*

Exhibit 9 provides the zip codes in the PPH service area and District. More than 75% of the patients at each of the two PPH hospitals reside inside the district boundaries. As shown by Exhibit 9, as well as Exhibits 1 and 2, there are no hospitals within the PPH service area, other than the two PPH hospitals; Palomar Medical Center in Escondido and Pomerado Hospital in Poway. Exhibit 1 indicates the significant distance to the other hospitals outside the District and the total lack of any hospitals to the east.

## CONCLUSION

Palomar Pomerado Health requests a five year extension from the SB 1953 2008 deadline to 2013 for all of the hospital buildings in the Palomar Medical Center as shown in Figure A-1 and listed in Table A-1 of Appendix A. This request is based on a claim of diminished healthcare capacity if the request is denied.

The time extension is requested in order to allow PPH to:

- Gain Board of Directors and Community approval to construct the new 453-bed the Palomar Medical Center and downsize and retrofit the existing the Palomar Medical Center in compliance with SB 1953.
- Raise funds for the major hospital construction planned.
- Plan, design, license and construct both a new Palomar Medical Center as well as the SB 1953 retrofit of the existing Palomar Medical Center.
- Phase construction using the new Palomar Medical Center to house the major medical services of the northern portion of the District while the nonconforming buildings at existing Palomar Medical Center are retrofit. This phasing of construction reduces the overall retrofit cost, but does require more time than parallel retrofit construction.

The impact of denial of this request would result in total loss of healthcare services from Palomar Medical Center when closed down in 2008 for noncompliance with SB 1953.

- More than 256,000 people in the District and beyond are dependent on the hospital. There are no other hospitals in the immediate region to service this large patient base.
- More than 1 Million people are dependent on the PMC Trauma Center located in PMC. Most of northern San Diego County would be without this critical service.
- With the closure of PMC, other satellite services will also close such as the Palomar Continuing Care Center in Escondido that is dependent on PMC for patients needing skilled nursing care.
- With closure of PMC, more than 1,875 skilled medical support staff will be out of work.
- Escondido and its surrounding communities will suffer significant economic loss with the closure of PMC. They provide support services to the hospital for its daily operations.
- Finally, the poor and indigent that are dependent on PMC for healthcare have no County healthcare program to fall back on; no nearby Medical Center, within

reasonable travel distance to turn to; and no alternate hospitals with capacity to service the added demand.

Consequently, denial of the five year extension request and resulting closure of the Palomar Medical Center would be devastating to the healthcare needs of northern San Diego County. This would be more than an issue of diminished healthcare service. It would represent a catastrophic loss of healthcare.

**For all of these reasons, PPH respectfully applies for a five year extension to the 2008 deadline requirements of SB 1953. This request is based on diminished healthcare capacity for the Palomar Medical Center in Escondido, California.**

**EXHIBITS**

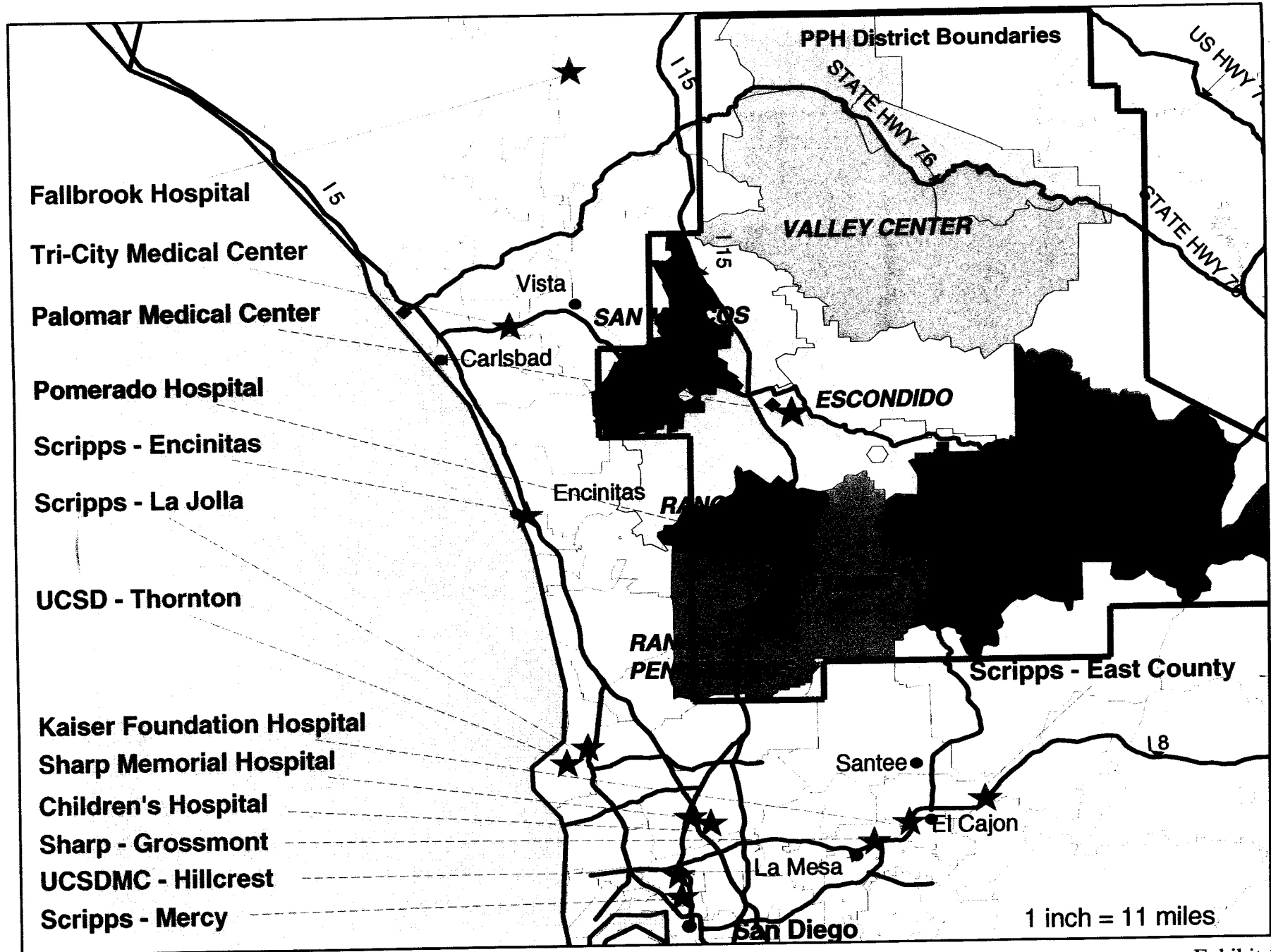
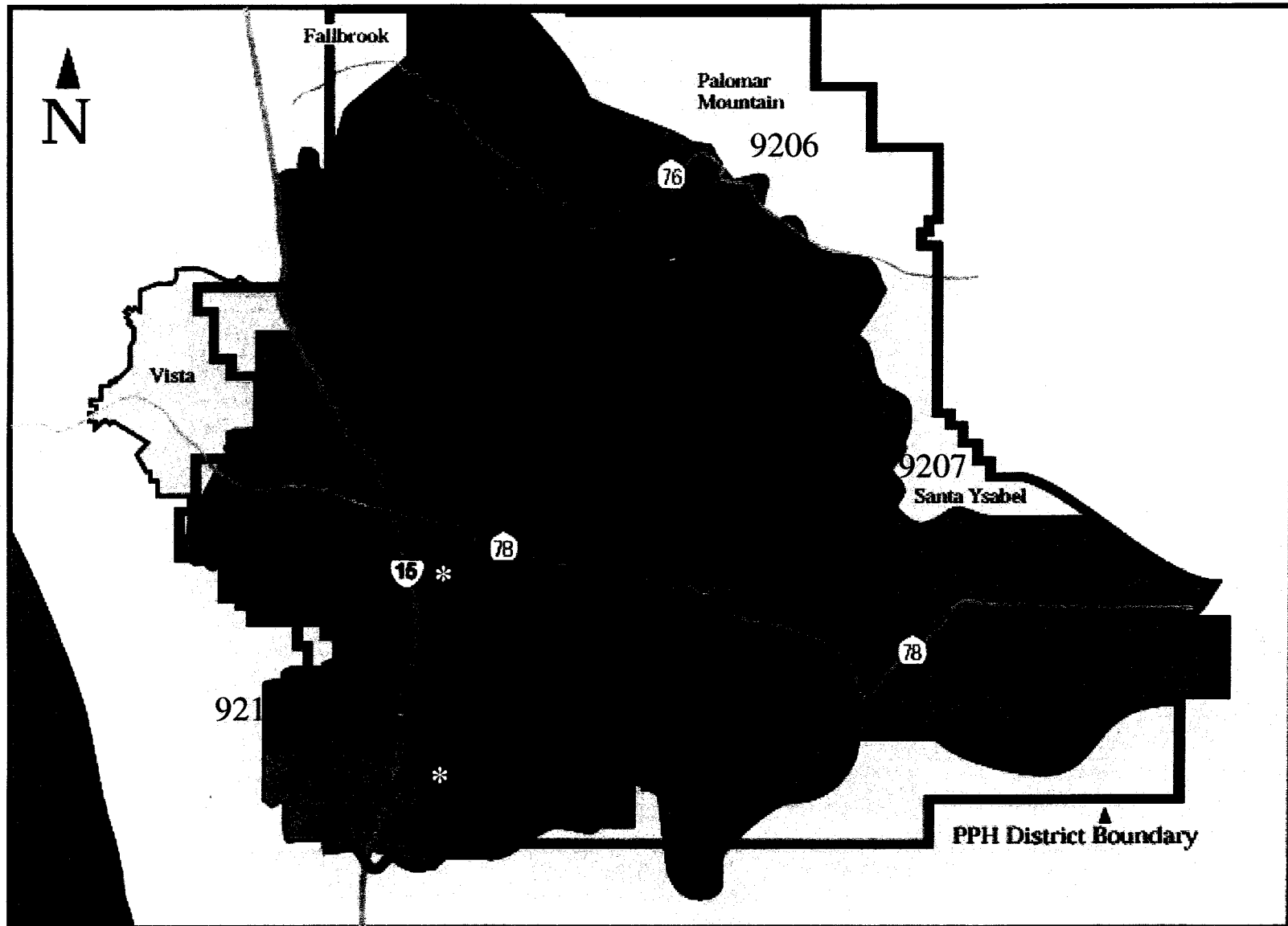


Exhibit 1  
 Pomerado Hospital, Poway, California – San Diego County  
 Palomar Pomerado Health District Map

# PALOMAR POMERADO HEALTH DISTRICT



PMC-Palomar Medical Center  
POM-Pomerado Hospital

80% of PPH patients come from within the district.  
There are no other general acute care hospitals within our service area.



**PPH HEALTHCARE DISTRICT POPULATION BY CITY**

<b>2003-2020 Population by City</b>			
	<b>2003 Total</b>	<b>2020</b>	<b>2003-2020</b>
<b>City Name</b>	<b>Population</b>	<b>Population</b>	<b>% Change</b>
Escondido	166,528	210,206	26.2%
Pala	1,682	2,427	44.3%
Pauma Valley	2,262	3,187	40.9%
San Marcos	66,445	82,597	24.3%
Santa Ysabel	1,346	1,706	26.8%
Valley Center	18,115	20,405	12.6%
<b>North Subtotal</b>	<b>256,378</b>	<b>320,528</b>	<b>25.0%</b>
Julian	3,762	4,551	21.0%
Poway	50,497	60,051	18.9%
Ramona	35,396	45,471	28.5%
Rancho Bernardo	66,488	90,606	36.3%
Rancho Penasquitos	54,334	71,618	31.8%
<b>South Subtotal</b>	<b>210,477</b>	<b>272,296</b>	<b>29.4%</b>
<b>Grand Total</b>	<b>466,855</b>	<b>592,824</b>	<b>27.0%</b>

Exhibit 3

## AGE GROUPS

### Estimated Population Increase by Age

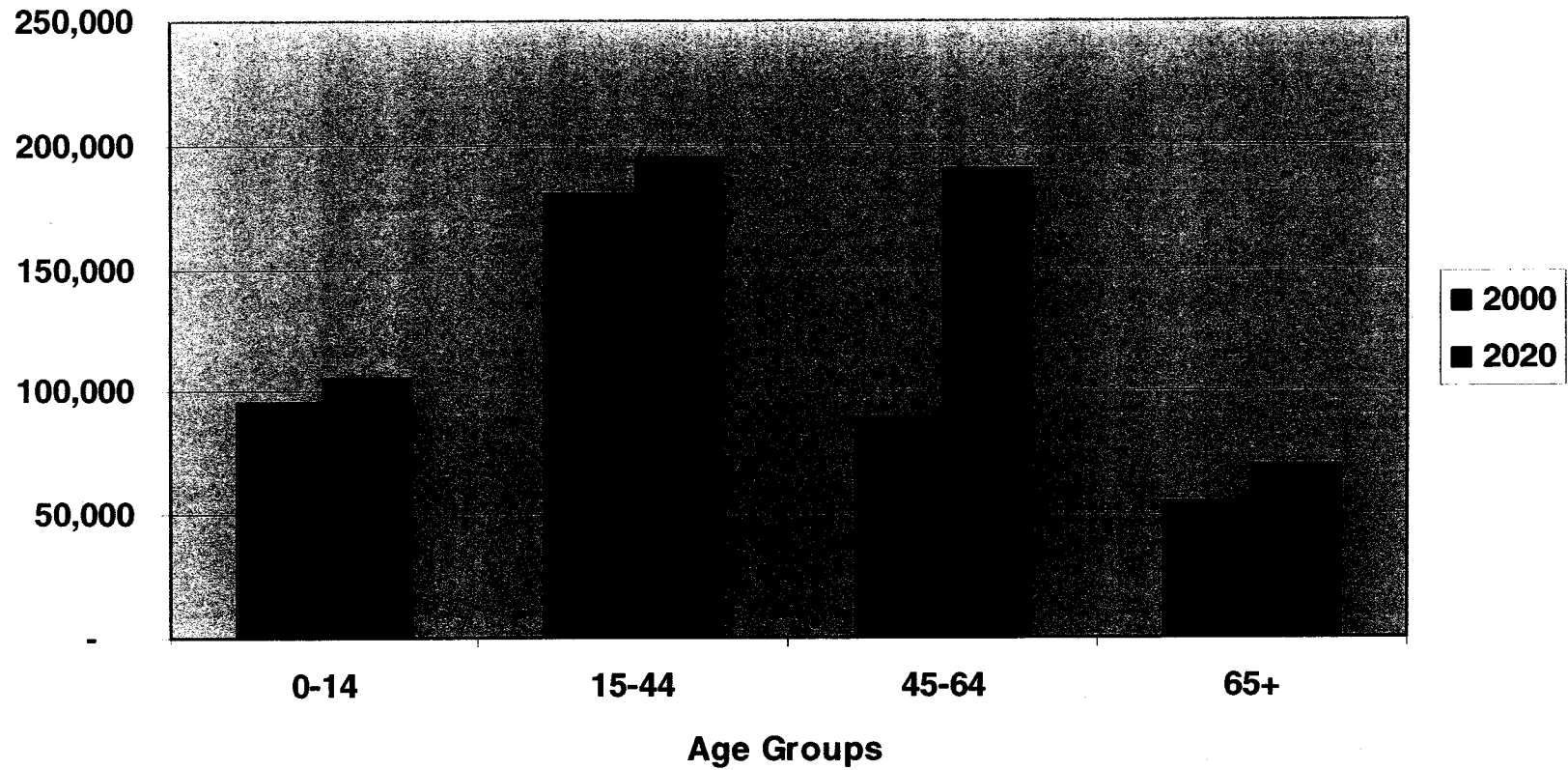
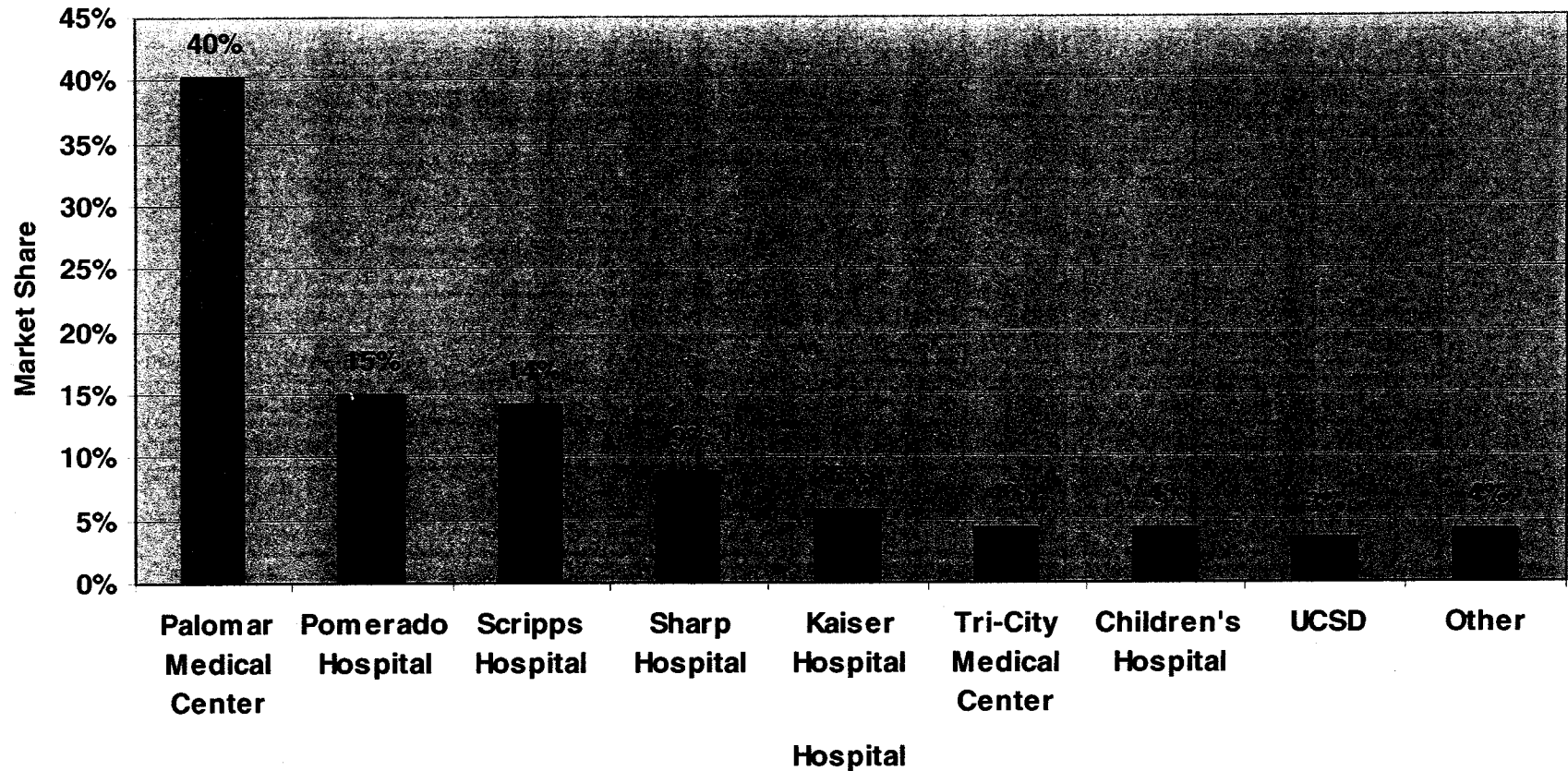


Exhibit 4

PPH SERVICE AREA MARKET SHARE BY HOSPITAL – 2002

PPH Service Area Market Share by Hospital - 2002



- PMC captured 40% and POM 15% market share of the PPH service area for a total PPH market share of 55%
- Scripps Hospital system was the closest competitor with 14% of the market share in the PPH service area

**MARKET SHARE BY PRODUCT LINE - 2002**

<b>2002 Market Share by Product Line</b>							
<b>2002 - DRG Product Line</b>	<b>Patients</b>	<b>PPG</b>	<b>Market Share</b>	<b>PPM</b>	<b>Market Share</b>	<b>PPH</b>	<b>Market Share</b>
Alcohol & Drug Abuse	382	76	19.9%	8	2.1%	84	22.0%
Cardio\Vasc\Thor Surgery	2,020	786	38.9%	61	3.0%	847	41.9%
Cardiovascular Diseases	3,767	1,615	42.9%	765	20.3%	2,380	63.2%
ENT	340	76	22.4%	43	12.6%	119	35.0%
General Medicine	5,319	2,099	39.5%	921	17.3%	3,020	56.8%
General Surgery	3,776	1,309	34.7%	510	13.5%	1,819	48.2%
Gynecology	1,046	317	30.3%	168	16.1%	485	46.4%
Neonatology	1,671	554	33.2%	154	9.2%	708	42.4%
Nephrology/Urology	1,409	570	40.5%	233	16.5%	803	57.0%
Neuro Sciences	2,175	960	44.1%	351	16.1%	1,311	60.3%
Normal Newborns	4,896	2,506	51.2%	833	17.0%	3,339	68.2%
Obstetrics Del	6,161	2,931	47.6%	964	15.6%	3,895	63.2%
Obstetrics ND	487	202	41.5%	34	7.0%	236	48.5%
Oncology	1,233	336	27.3%	197	16.0%	533	43.2%
Ophthalmology	58	7	12.1%	11	19.0%	18	31.0%
Orthopedics	4,191	1,380	32.9%	728	17.4%	2,108	50.3%
Psychiatry	2,076	578	27.8%	138	6.6%	716	34.5%
Pulmonary Medical	2,759	1,305	47.3%	498	18.1%	1,803	65.3%
Rehabilitation	354	183	51.7%	1	0.3%	184	52.0%
<b>Total</b>	<b>44,120</b>	<b>17,790</b>	<b>40.3%</b>	<b>6,618</b>	<b>15.0%</b>	<b>24,408</b>	<b>55.3%</b>

Exhibit 6

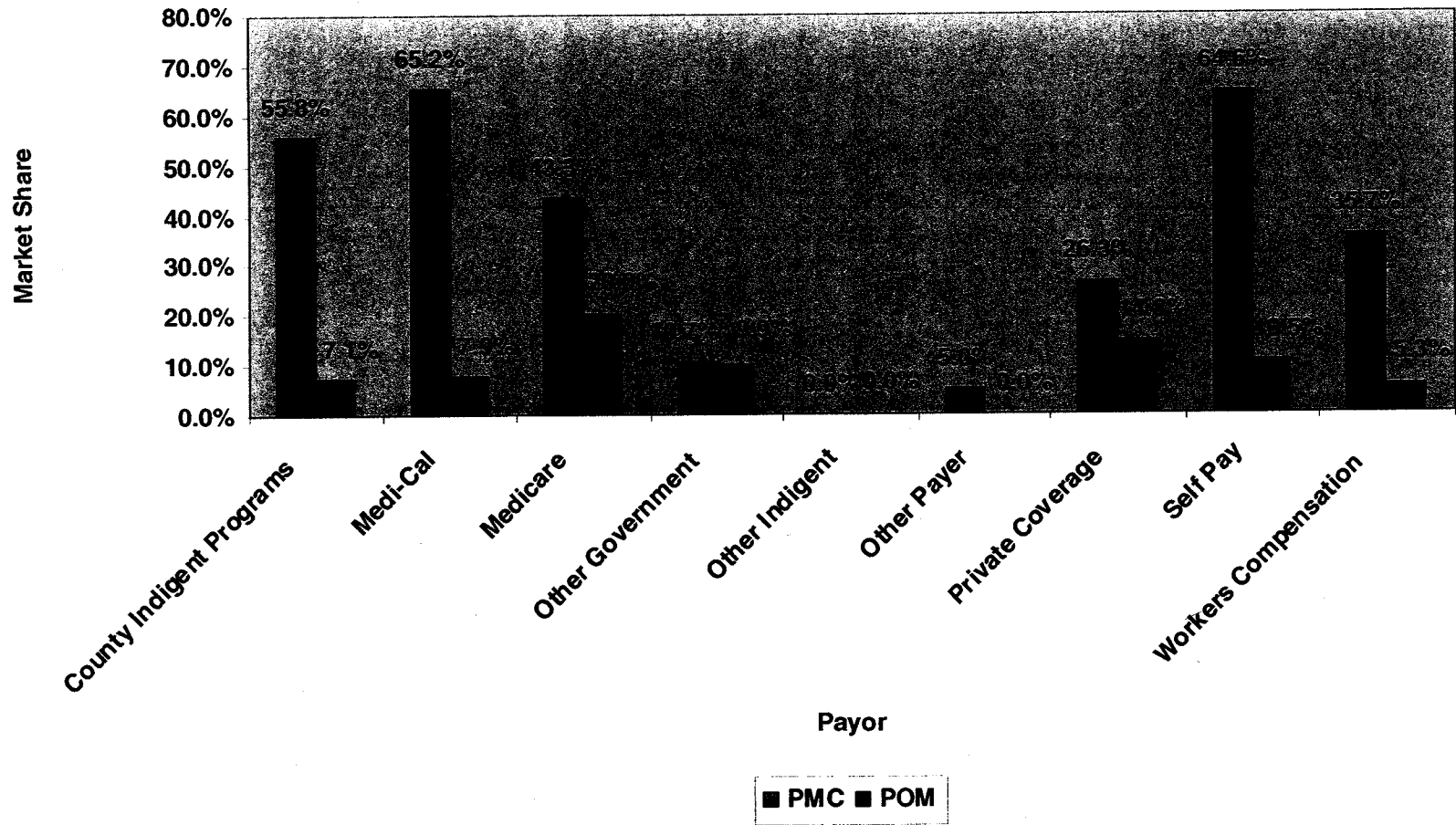
**MARKET SHARE BY PAYOR 2002**

	<b>Market Share by Payor 2002</b>			
		<b>EMC</b>	<b>POW</b>	<b>PPU</b>
<b>Payor</b>	<b>Total Patients</b>	<b>Market Share</b>	<b>Market Share</b>	<b>Market Share</b>
County Indigent Programs	520	55.8%	7.1%	62.9%
Medi-Cal	7,760	65.2%	7.9%	73.1%
Medicare	15,042	43.3%	20.0%	63.3%
Other Government	365	10.7%	9.9%	20.5%
Other Indigent	47	0.0%	0.0%	0.0%
Other Payer	20	5.0%	0.0%	5.0%
Private Coverage	18,682	26.3%	14.8%	41.1%
Self Pay	1,253	64.6%	10.5%	75.1%
Workers Compensation	431	35.7%	5.3%	41.1%
<b>Total</b>	<b>44,120</b>	<b>40.3%</b>	<b>15.0%</b>	<b>55.3%</b>

Exhibit 7

**PPH MARKET SHARE BY PAYOR -2002**

**PPH Market Share by Payor - 2002**

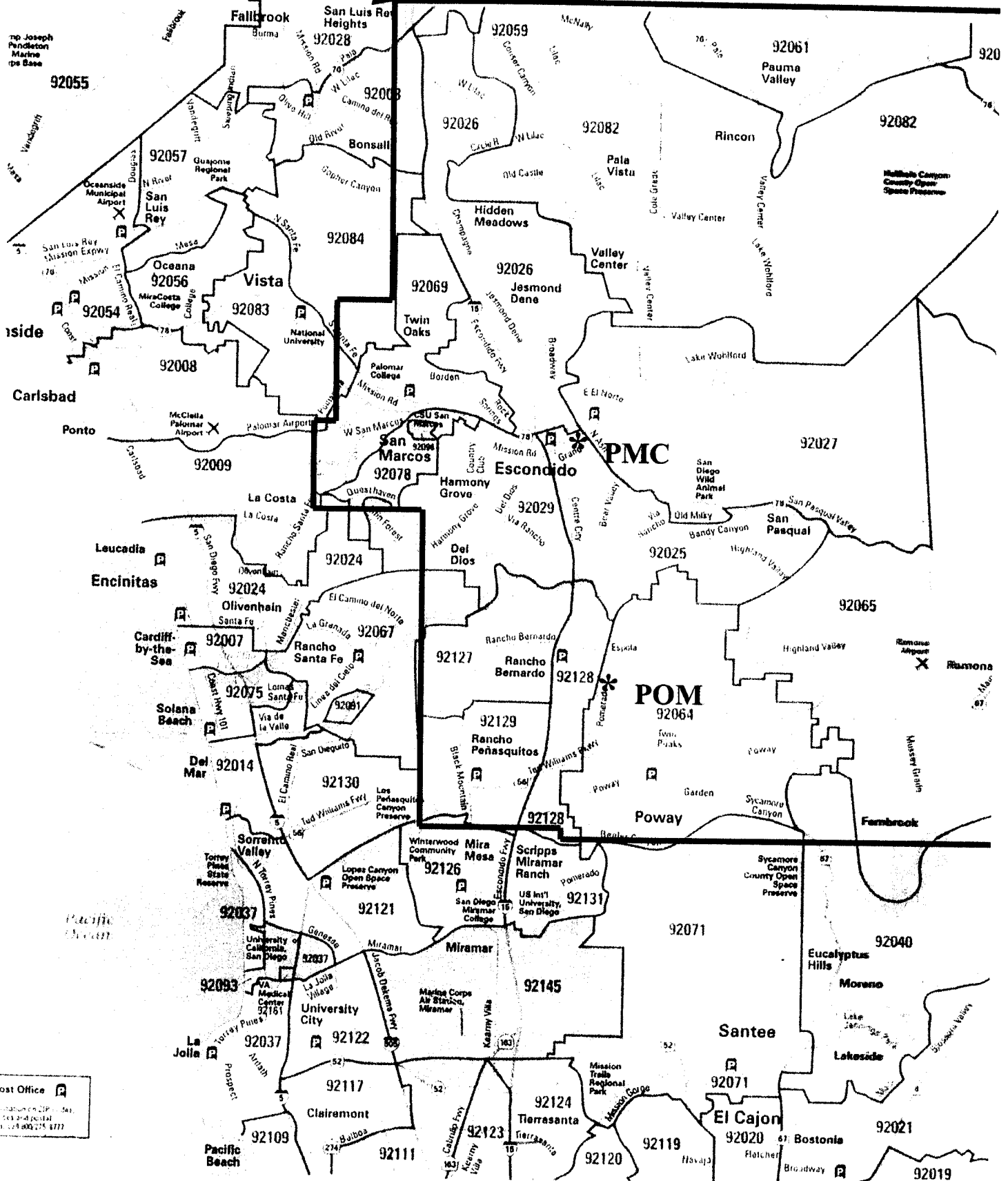


**Exhibit 8**

- PMC has the highest market share among underinsured patients including 65.2% of Medi-Cal patients, 64.6% of patients without health insurance, and 55.8% of CMS patients.
- POM's highest market share is among Medicare patients, 20%, and private coverage, 14.8%.

# Palomar Pomerado Health District / Service Area

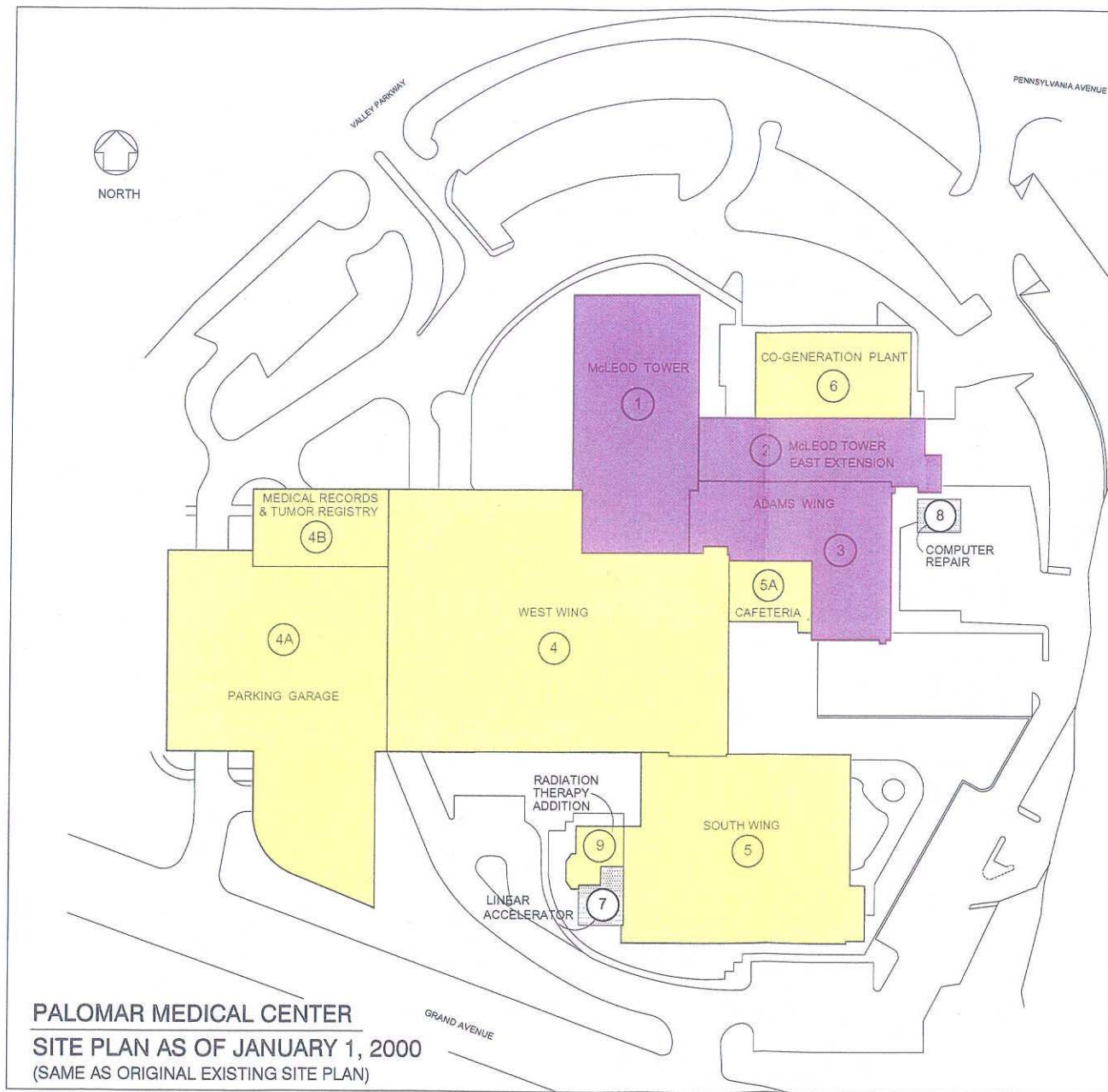
## Exhibit 9 Zipcode Map Palomar Pomerado Health District



\* There are no other general acute care hospitals within our service area.

**APPENDIX A**  
**EXISTING SITE AND HOSPITAL BUILDING**  
**PLANS**





**BUILDING STATUS**

	IN COMPLIANCE WITH THE REQUIREMENTS BEYOND YEAR 2030
	IN COMPLIANCE WITH THE REQUIREMENTS BEYOND YEAR 2013 (UNTIL 2030)
	REQUIRES NON STRUCTURAL RETROFIT ONLY
	REQUIRES STRUCTURAL AND NONSTRUCTURAL RETROFIT
	DEMOLISHED BUILDING
	DELICENSED BUILDING
	BUILDING DOES NOT FALL UNDER SB 1953 REVIEW

Building No.	Building Name/ Designation	OSHPD(or Local Building) Permit Number and Date	SPC	NPC
1	McLeod Tower	N/A (1967)**	1	1
2	McLeod Tower East Extension	N/A (1967)**	1	1
3	Adams Wing	N/A (1957)**	1	1
4	West Wing	HL859989 (10-9-86)	4	1
4A	Parking Garage With Helistop	HL820037 (5-8-84)	4	1
4B	Medical Records and Tumor Registry	HL859989 (10-9-86)	4	1
5	South Wing	HL879974 (10-24-88)	4	1
5A	Cafeteria	HL879973 (8-31-88)	4	1
6	Co-Generation Plant	HL830010 (12-30-85)	4	1
7*	Linear Accelerator	N/A	--	--
8*	Computer Repair	N/A	--	--
9	Radiation Therapy Addition	HS970201 (6-9-98)	5	1

\* NOT AN ACUTE CARE BUILDING  
 \*\* (DATE) INDICATES DATE CONSTRUCTED

**FIGURE A-1**

**PALOMAR MEDICAL CENTER**  
**SITE PLAN AS OF JANUARY 1, 2000**  
 (SAME AS ORIGINAL EXISTING SITE PLAN)

**TABLE A-1  
EXISTING BUILDINGS MATRIX OF CONSTRUCTION INFORMATION**

ABDC ID	Building Name/Designation	Building Functions/Hospital Services	OSHPD or Local Building Permit Number/Date	Governing Building Code	Construction Completion Date (Unless noted)	Building Type (Per Section 223)	SFG	NPS
1	McLeod Tower	Acute Rehab beds, Medical/Surgical beds, Oncology Beds, Cardiac Telemetry beds, Orthopedic/Surgery beds, Pediatric beds, NICU, Psychiatric beds, Imaging, Ultra Sound, X-ray, CT scanning, Nuclear Medicine, Angiography, Lobby, Meeting rooms, Business office, Education, Cytology	N/A	UBC	1967	9 Concrete shearwall	1	1
2	McLeod Tower East Extension	Central Plant Operations, Central Sterile	N/A	UBC	1967	9 Concrete shearwall	1	1
3	Adams Wing	Mother baby annex, Out-patient services, Administrative offices, Pulmonary lab, Echo cardiology lab, Sleep lab, ICU, Dietary (main kitchen), EVS, Facilities engineering, Receiving, Morgue, Sterile processing	N/A	UBC	1957	9 Concrete shearwall	1	1
4	West Wing	Intermediate care, Intensive care, Coronary care, Emergency department, Administration, pharmacy, laboratory, Cath lab, OR suites, Endoscopy, Admitting, Quality management, Med staff, Med records, Parking, Lobby	HL 859989 10/9/86	CBC	1988	9 Concrete shearwall	4	1
4A	Parking Garage with Helistop	Parking	HL 820037 5/8/84	CBC	1986	9 Concrete shearwall	4	1
4B	Medical Records and Tumor Registry	Medical records	HL 859989 10/9/86	CBC	1988	8 Concrete moment frame, and 9 Concrete shear wall	4	1
5	South Wing	Cardiac Rehab, Physical therapy, Occupational therapy, Speech therapy, Corporate Health, Radiation therapy, Women's services (L&D)	HL 879974 10/24/88	CBC	1989	9 Concrete shearwall	4	1
5A	Cafeteria	Food service	HL 879973 8/31/88	CBC	1989	8 Concrete moment frame	4	1
6	Co-Generation Plant	Hospital utility services	HL 830010 12/30/85	CBC	1986	9 Concrete shearwall	4	1
7	Linear Accelerator	Outpatient radiation therapy	Non-SB 1953 Building (2)	-	-	-	-	-
8	Computer Repair	Equipment maintenance	Non-SB 1953 Building (2)	-	-	-	-	-
9	Radiation Therapy Addition	Radiation therapy	HS 970201 6/9/98	CBC	1998	9 Concrete shearwall	5	1

(1) Revised Table entries based on OSHPD's plan check comments of 12/07/01 on the Evaluation Reports.

(2) Not an Acute Care Building

**APPENDIX B**

**REVISED SB 1953 COMPLIANCE SCHEDULE**



