

# *Frequently Asked Questions*

## **Q. Why do you need to rebuild Eden Medical Center?**

California's hospital seismic safety law, SB 1953, was passed in 1994 and requires every hospital building to comply with two deadlines. By Jan. 1, 2008 (or no later than Jan. 1, 2013 if an extension has been granted), every hospital building must meet specific construction standards established to keep these structures standing after a major earthquake. By Jan. 1, 2030, the law requires all hospitals to comply with standards intended to keep these buildings operational following a severe quake.

Under this law, Eden Medical Center (which was built in the early 1950s) does not meet the state seismic standards. If the hospital fails to meet the requirements by the deadline, it cannot continue to operate as an acute care hospital.

Eden Medical Center is not alone in meeting these deadlines. There are approximately 1,100 acute-care inpatient hospital buildings which are required to meet the mandates of SB 1953. The costs of meeting this unfunded mandate continue to skyrocket, now estimated at more than \$2 million per bed and increasing by as much as 20 percent annually.

Sutter Health will build a new \$300 million hospital on the Eden Medical Center campus and continue acute care services at San Leandro Hospital at least until June 2009 at an anticipated cost of more than \$30 million. The cost of for these projects will be funded solely by Sutter Health with no funding from public agencies or taxes.

## **Q. Where will the new hospital be built?**

The new hospital will be built on the northwest side of the Eden Medical Center campus in Castro Valley, adjacent to the existing hospital, subject to regulatory approval. The helipad currently occupying a portion of this site will be relocated to the top deck of the parking garage, and older medical office buildings removed to permit the new construction. The site will also be enhanced with new parking and improved access from Lake Chabot Road. Laurel Grove Hospital, originally built in 1964 and also non-compliant with the new seismic code, will eventually be torn down as part of this project. The inpatient acute rehab service at Laurel Grove will be relocated to the fourth floor of San Leandro Hospital, bringing additional services to the San Leandro community.

## **Q. Why will the new hospital be licensed for 130 beds? Is this enough for our community?**

The new hospital will be licensed for 130 private rooms, plus an additional 40-bed Universal Care unit that allows for greater flexibility in caring for shorter stays and patients in need of observation. In comparison, the current hospital is licensed for 176 beds. The vast majority of the beds are located in two- or four-bed wards, with very few private rooms. Our historical occupancy has been approximately 60% which would indicate a need for 105 beds if full. Conventional planning suggests building approximately 85% capacity which allows for higher occupancy periods. This building practice leads to a greater number of beds.

The new hospital will feature all private rooms, maximizing the comfort and privacy for each patient and greater efficiency. This configuration also allows more flexibility in accommodating patients and avoiding the current challenges of separating male and female patients, or caring for patients who now stay in a multi-bed room but may need to be isolated due to their condition.

**Q. Is the new hospital a certainty?**

The agreement among the parties has very specific milestones marking the progress of planning and development. Furthermore, a significant portion of the funds required to build the hospital will be placed in escrow following approval of all the parties and be designated exclusively for the rebuilding of Eden Hospital.

**Q. Were other alternatives considered?**

We have examined all possible alternatives, including alternative building concepts for this campus, relocating to another site within Castro Valley, relocating within the District but outside of Castro Valley, and retrofitting the hospital. In fact, our plans to rebuild were well underway only 3 years ago, when the cost of hospital construction escalated so dramatically, our plans became unaffordable. While retrofitting is a less expensive alternative, in the end we would still have a 1950s era building that would not meet the 2030 requirements and would face closure at that time. The current plans ensure that Eden Medical Center will be rebuilt in compliance with State deadlines. The parties have been working diligently to find a financially feasible solution for Eden Medical Center and this community, leading up to Sutter Health's major commitment to rebuild the hospital.

**Q. Does this need to be approved by voters of the District?**

No. This question was thoroughly studied and determined that the plan does not require approval from the electorate. In 1997, voters of the Eden Township Healthcare District approved the District's sale of Eden Medical Center to Sutter Health, which was validated by the Superior Court of Alameda County. In 1998, Eden Medical Center became an affiliate of Sutter Health, owned and operated as a private, not-for-profit hospital. Since that time, members of the District Board of Directors have had a dual role, governing the operations of the district (such as the grant program of the Community Health Fund) as well as participating in the governance of Eden Medical Center.

**Q. Why are you changing the governance structure?**

For more than 10 years, the Board and Administration of Eden Medical Center and Sutter Health have been working toward a goal to build a new hospital for the community. We have been able to reach this landmark agreement that brings a new, privately-funded hospital to our community, without the need for public funds or a public tax. With the construction of the new hospital, we will transition to Sutter Health's long-standing, proven governance model in which community representatives comprise the majority of the board. The board will have the responsibility of ensuring that the hospital meets community health care needs. This community-based model, which is increasingly rare among Northern California health care organizations, continues the tradition of local governance while preserving Sutter Health's management of its investment.

**Q. Will there still be local input with new board structure?**

Yes. The majority of the Eden Medical Center Board of Directors will be composed of community members, people who live or work in our communities. The new board will be nominated by the current members of the Eden Medical Center Board and approved by Sutter Health. Any member of our community is welcome to apply to serve on the Board.

**Q. Will the Eden Township Healthcare District dissolve?**

No. The District will remain a part of the governing body of the hospital until construction begins, estimated to be sometime late in 2009 or early 2010. Thereafter, it will continue to own San Leandro Hospital and focus on community health through its oversight of the Community Health Fund (CHF). Since 1998, the CHF has provided more than \$4.5 million in grants to a wide variety of non-profit and governmental agencies committed to improving the health of residents of the District. The District will continue to partner with and support these organizations, including Eden Medical Center and San Leandro Hospital, to achieve a common goal of a healthy community.

**Q. What happens to San Leandro Hospital after two years?**

While progress will be measured in one-year increments over the next two years, at the end of this period there are three distinct choices. Operations may continue as they are or with some modification of programs and services, the District may sell the asset to Sutter Health, or Sutter Health may terminate its lease for use of San Leandro Hospital and return it to the District. If the latter were to occur, the District can use it as it sees fit.

**Q. Where can I learn more about the agreement?**

The full Memorandum of Understanding, along with all attachments, is posted on the District Website at [www.ethd.org](http://www.ethd.org).