

The Future of Eden Medical Center  
October, 2007

## *Overview*

California's hospitals are on the front lines--operating around-the-clock emergency rooms and providing critical trauma care to all patients regardless of their ability to pay. But California's hospitals face an unprecedented state mandate to meet sweeping earthquake safety standards--an unfunded requirement so enormous that it dwarfs the ability of even the most financially sound hospitals to pay for it.

Eden Medical Center has been facing this challenging decision to determine how to meet the state seismic safety law, requiring the 53-year-old Castro Valley hospital to either retrofit or rebuild to meet the requirements, or close its doors as an acute care hospital at the end of 2012. Costs for construction of a new facility have doubled since planning began five years ago and currently weigh in at more than \$2 million per bed.

This pressing State deadline to retrofit or rebuild the hospital was one of the compelling factors for Eden Medical Center to affiliate with Sutter Health in 1998, following voter approval. This decision was the right choice for Eden. Since that time, Sutter Health has invested nearly \$100 million in our hospitals, enabling us to preserve vital community services and to invest in the latest in clinical and information technologies, to introduce innovative patient safety technology, and to plan for the future of our medical center.

For the past 10 years, the Board of Directors of Eden Medical Center, the Eden Township Healthcare District and Sutter Health have been working toward a financially feasible replacement plan that preserves access to hospital and emergency services for the community.

In October 2007, the Eden Township Healthcare District, Eden Medical Center and Sutter Health have negotiated a landmark agreement to rebuild Eden Medical Center and invest in the San Leandro Hospital Campus.

This information is provided to help you understand that agreement and the direction of Eden Medical Center and our San Leandro Hospital Campus. If you have further questions or concerns, please contact Cassandra Phelps with the Eden Township Healthcare District at (510) 305-6262 or by e-mail at [CassandraP@ethd.org](mailto:CassandraP@ethd.org).

The agreement has three essential elements:

## **1. Eden Medical Center – Eden Campus facility**

Sutter Health will fund the development and construction of a new 130-bed private room hospital, which will also have an additional 40-bed Universal Care unit, on the Eden Campus. This is the largest investment for a healthcare facility in central Alameda County, totaling \$300 million. Sutter Health's investment in the construction of the new hospital includes related improvements and the demolition of the old hospital once services are transferred to the new facility.

Sutter Health has committed to the continuation of essential health care services at Eden Medical Center, including the Emergency Department, Trauma Center, Neuroscience Center, maternity and other medical and surgical care.

This investment in the Eden community is part of a \$7 billion commitment by Sutter Health to replace, improve and construct new physician offices, outpatient clinics and acute care hospital facilities in big cities and small towns all over Northern California, from rural Amador County to downtown San Francisco.

## **2. Governance**

Upon the earlier of OSHPD approval of the facility plans or six months after the beginning of construction of the new hospital, a new community board will be appointed to govern Eden Medical Center. The Board will be appointed by Sutter Health, following the recommendations of the Eden Medical Center Board, and will be composed of a majority of private citizens and residents of the community served by the new hospital. The Eden Township Healthcare District will not serve on the new Board.

This governance structure that includes residents appointed from the communities we serve is consistent with the concept of local and regional governance at other Sutter Health facilities. One of the characteristics that differentiates Sutter Health from other health care systems is a fundamental belief that communities are in the best position to identify and meet the health care needs of patients. Toward that end, local or regional boards of directors whose members are predominantly unpaid volunteer members representing the communities served, govern all Sutter Health's hospitals and physician organizations.

Hospital governing boards within the Sutter Health network have critical responsibilities for their own local organizations, including overseeing quality of health care services, ensuring the hospital is operated for the benefit of the community, identifying local health care needs, developing operating and capital budgets and ensuring quality of care. These affiliate boards initiate and set operating policy for their local organizations.

### **3. Continuation of Acute Care Services at San Leandro Hospital**

Sutter Health will commit the continuation of general acute care and emergency services at San Leandro Hospital until June 2009. In the meantime, Sutter Health will commit to work with San Leandro Hospital physicians to enhance services and improve the financial performance of the hospital. The success of this plan relies on the support of the physicians, community leaders, and community members choosing to use San Leandro Hospital for their health care services. Eden Medical Center and Sutter Health will pursue the following:

- Continuation of the Physician Leadership Committee: This committee was developed in May 2007, comprising the management of Eden Medical Center and San Leandro Hospital, Sutter Health, the chief of staff and physicians from both campuses. The group has helped, and will continue to help, set the direction for the operations improvement plan. They will continue to meet during the improvement and evaluation period.
- Continuation of Acute Care Services: Eden Medical Center and Sutter Health will continue operations of acute care and emergency services during this improvement and evaluation stage. Sutter Health will monitor the financial feasibility of the provision of general acute services at SLH. This feasibility will be measured against a goal of achieving break-even in subsequent twelve (12) month periods in net operating income
- Sutter Health's financing and construction of an 18-20 acute rehabilitation unit on the currently vacant fourth floor of SLH, subject to approval of the medical staff. The acute rehab services at Laurel Grove Hospital in Castro Valley will move to this unit.
- Evaluation of hospitalist service at San Leandro Hospital
- Expansion of Radiology Services: this will include the installation of a new CT Scanner at this campus and the evaluation of adding mammography and ultrasound services based on patient and physician need.
- Evaluation of expanding the hours of operation of surgical services at San Leandro, based on physician and patient need.
- Improvement of ancillary services: in consultation with the physician committee, improve the delivery of ancillary services to better meet physician and patient needs.