

# Lakewood Hospital

*...a proposal for redevelopment and transformation*

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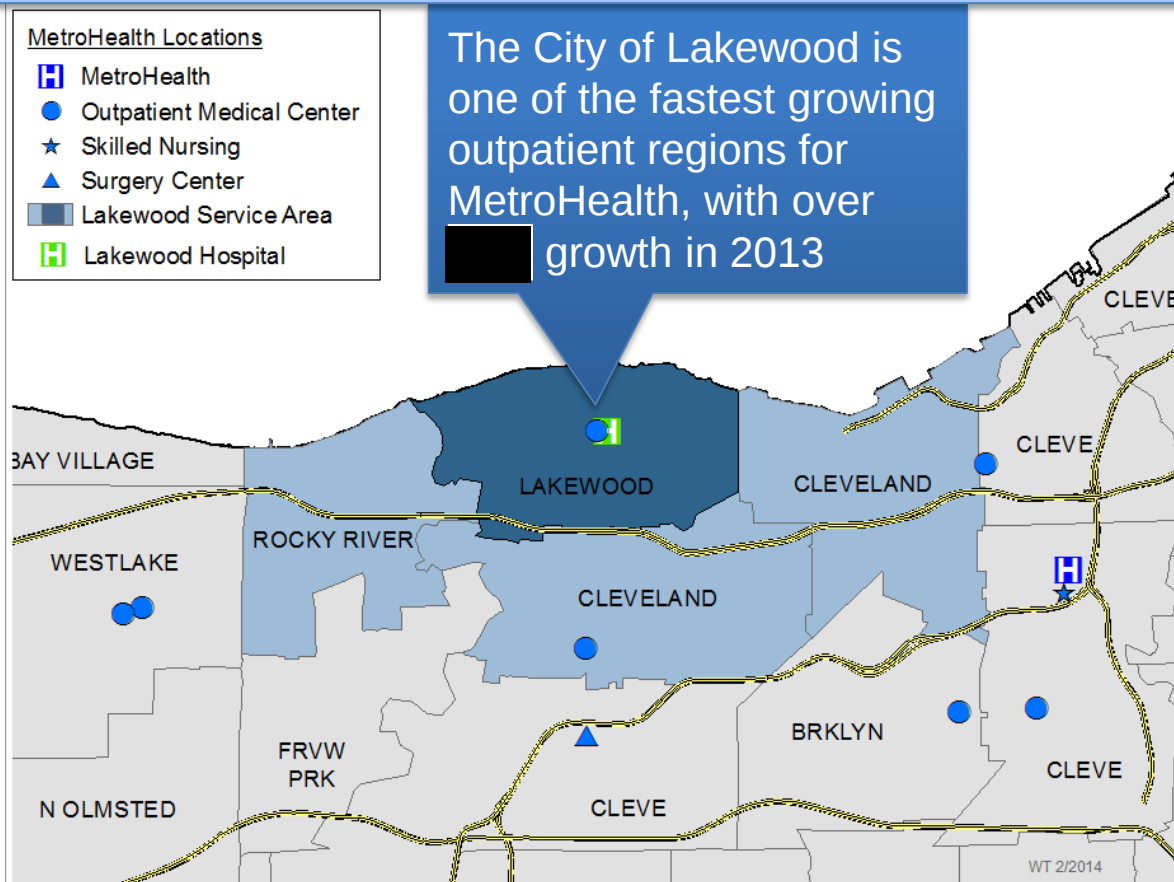
# Proposal Summary

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- MetroHealth would commit to maintaining Lakewood as a full service, low-acuity inpatient hospital
  - Full ownership of select assets and ~40% of land would be transferred and become part of the County, MetroHealth System
  - Remaining land would be available to City of Lakewood
- MetroHealth and Premier Physicians would [REDACTED]  
[REDACTED] transform Lakewood Hospital into a fully open-model and thriving facility
- The MetroHealth System would commit significant capital resources to ensuring the physical infrastructure is made efficient and viable
- Job and tax base from the hospital would be maintained as employees were transitioned to MetroHealth
- Orderly transition would be ensured due to the extent Premier clinical leadership is embedded into LH today and operational similarities between CCF and MetroHealth (e.g. Epic)

# Our community is your community...

Over the past five years, one out of five (1:5) City of Lakewood residents who required hospitalization were admitted to MetroHealth

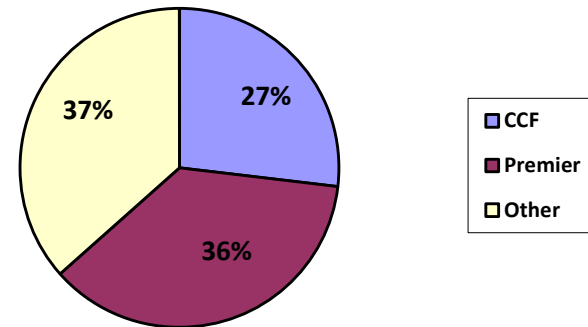


# Keeping our community's care in the community

Forecasted Source of Inpatient Volume



2013 Inpatient Origin

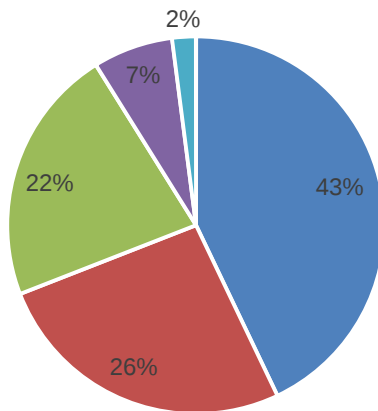


Within the Lakewood Hospital service area, MetroHealth realized over [REDACTED] visits that could be consolidated into Lakewood Hospital ambulatory sites as compared to the current 35,000 CCF ambulatory visits (2013 data)

Additionally, nearly [REDACTED] ER encounters could shift from MetroHealth's ER to Lakewood Hospital's ER - Premier physicians currently provide the majority of the Emergency Room call coverage (medicine, surgery and vascular) at Lakewood Hospital.

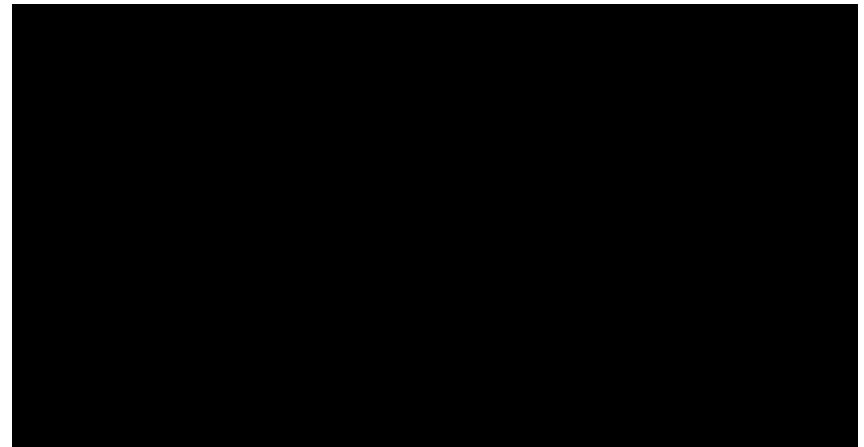
# Our Patients, Your Citizens

Lakewood Market



■ Medicare ■ Commercial ■ Medicaid ■ Self Pay ■ Other

MH & Premier



■ Medicare ■ Commercial ■ Medicaid ■ Self Pay ■ Other

The blended payer mix for inpatient stays closely resembles the payer mix for market admissions from the City of Lakewood

# Keeping Lakewood employed, reducing healthcare costs and expanding hospital services

## Jobs:

*Preserve 900 jobs and associated tax revenue for the City*

## Community Savings:

Offer access to MetroHealth Select to City of Lakewood employees

## Hospital:

Redirect Metro programming and patient volume to Hospital

Partner with Premier Physicians - the largest independent multi-specialty practice that currently represents ■ of the volume

# Creating the hospital of the future

## Capital:

Over the next 10 years, MetroHealth is prepared to invest up to **\$100,000,000** in capital improvements and medical technology\*

\*Formal commitments would be made subsequent to physical and plant due diligence and shifting investment dollars from MetroHealth Transformation to Lakewood Hospital

# MetroHealth Transformation

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- Today MetroHealth main campus is licensed for 731 beds, with staffing for [REDACTED] and run a [REDACTED] utilization rate
- Lakewood Hospital has 263 registered beds and runs at a projected 40% utilization rate
- Future MetroHealth Facility Plan would estimate a combined West 25<sup>th</sup> and Lakewood bed need of [REDACTED] beds between the 2 inpatient sites

# Lakewood Hospital Projected Economic Impact to City

| Projections                                    | Direct         | Indirect      | Total          |
|------------------------------------------------|----------------|---------------|----------------|
| <b>Lakewood Hospital Employees<sup>1</sup></b> | 900            | 103           | 1,003          |
| <b>Lakewood Hospital Payroll<sup>1 2</sup></b> | \$31.2 million | \$2.0 million | \$33.2 million |
| <b>Est. Income Taxes<sup>3</sup></b>           | \$468,000      | \$30,000      | \$498,000      |

| Employees and Wages living within Lakewood |     |                          |                |
|--------------------------------------------|-----|--------------------------|----------------|
| <b>Employees<sup>1</sup></b>               | 185 | <b>Wages<sup>1</sup></b> | \$5.84 million |
| <b>Premier Employees</b>                   | 54  | <b>Wages</b>             | \$214K         |

## Assumptions

<sup>1</sup>Applied ratios from 2007 study to 900 employee base

<sup>2</sup>Applied a 2% annual inflation to average salary

<sup>3</sup>Applied 1.5% income tax

# Comparing Current Options

## Family Health Center

|                               |             |
|-------------------------------|-------------|
| Total Employees               | 150         |
| Total Salaries <sup>1</sup>   | \$7,420,000 |
| Total income tax <sup>2</sup> | \$111,000   |

### **Supplementary Effects**

- Community sense of abandonment in both a healthcare and business development sense; Lakewood hospital is currently the largest employer in the City
- Loss of additional jobs and economic impact throughout the community as the largest employer is no longer buying local goods and services
- Loss of centers of excellence surrounding Neurosciences, Orthopedics, Diabetes and Geriatrics attracting patients to Lakewood for care

## Maintaining an Inpatient Hospital

|                               |               |
|-------------------------------|---------------|
| Total Employees               | 900           |
| Total Salaries <sup>1</sup>   | \$ 44,521,000 |
| Total income tax <sup>2</sup> | \$ 668,000    |

### **Benefits**

- Retention of low acuity inpatient, primary and preventative services
- Continued support to the overall Lakewood economy
- Continued centers of excellence surrounding Neurosciences, Orthopedics, Diabetes and Geriatrics
- Additional education and community outreach efforts

Assumptions:

1. [REDACTED]

<sup>2</sup> 1.5% income tax rate

# MetroHealth Addresses Lakewood's Needs Assessment

| Key Findings                                                                                                                                                                                                                                                    | The MH advantage                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Need for access to primary and preventive services                                                                                                                                                                                                              | ██████ primary care visits traveled to a MH location for primary care; a MH Lakewood facility would relocate the care back to their community                                                                                                                                                                                                          |
| Improved and expanded mental health services                                                                                                                                                                                                                    | We currently see over ██████ visits from residents living in the Lakewood community for mental health, the MH proposal would bring our care closer to the patients                                                                                                                                                                                     |
| The Lakewood Hospital community PQ15 is substantially higher than Ohio for chronic obstructive pulmonary disease (COPD), adult asthma, congestive heart failure and long-term diabetes complications                                                            | MetroHealth is ranked nationally by US News and World Report for Diabetes and Endocrinology care as well as high performing in many other areas including Pulmonary and Cardiology care                                                                                                                                                                |
| Community stakeholders perceive that the high cost of healthcare limits residents' accessibility to primary and specialty medical services                                                                                                                      | <ul style="list-style-type: none"> <li>MH's cost of care will bring improved value and accessibility to the community</li> <li>The MH proposal provides a convenient healthcare location for Lakewood city employees. With 416 full-time and 100 part-time employees, the MH Select health plan could offer significant savings to the city</li> </ul> |
| "Community stakeholders perceive the Lakewood Hospital community as having a weak economy, limited economic development, decreasing resources, and that a recent rise in unemployed residents has caused a decrease in available jobs that offer a living wage" | MH would retain jobs and support the current economy                                                                                                                                                                                                                                                                                                   |
| Need for improved emergency services                                                                                                                                                                                                                            | MetroHealth is recognized as a community leader in emergency services                                                                                                                                                                                                                                                                                  |
| Highlights a need for improved transportation and maintenance of basic community services                                                                                                                                                                       | Additional economic losses will only exacerbate the transportation cuts                                                                                                                                                                                                                                                                                |

# Creating an economic windfall for the City of Lakewood

For example: Over the next 10years...

**\$6,680,000** tax revenue

**\$12,500,000** savings associated with MetroHealth Select

**\$100,000,000** capital improvements and medical technology

**\$119,180,000**

In addition to maintaining more than **900** local jobs, the MetroHealth / Premier proposal provides nearly **\$120,000,000** in additional capital investment and annual savings for the City of Lakewood.

# Key Benefits from Lakewood Hospital Transformation

- MetroHealth and Premier would shift appropriate inpatient volume and increase Hospital utilization, more effectively manage cost in a reduced building footprint
- Evolve and redevelop a portion of the campus into a state-of-the-art multi-use community economic hub
  - 40% of land would be required, leaving 60% available for redevelopment
- Expert disease management and wellness/population health
  - MetroHealth has demonstrated the ability to effectively manage populations (MetroHealth CarePlus program produced a [REDACTED] savings for 28K patients during 2013)
- Access to MetroHealth Select for all City employees