

**HEALTH COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
Resolution No. 24-05**

HEALTH COMMISSION FINDINGS THAT THE UCSF HEALTH (UCSFH) ACQUISITION OF THE ASSETS AND OPERATIONS OF DIGNITY HEALTH ST. MARY'S MEDICAL CENTER, SAINT FRANCIS MEMORIAL HOSPITAL, AND THEIR ASSOCIATED OUTPATIENT CLINICS WILL NOT HAVE A DETRIMENTAL IMPACT ON HEALTH CARE SERVICES IN THE COMMUNITY.

WHEREAS, In the City and County of San Francisco, Dignity Health operates two hospitals, St. Mary's Medical Center and Saint Francis Memorial Hospital, a medical group, hospital associated outpatient clinics, and urgent care clinics operated through a joint venture between Dignity Health and GoHealth; and

WHEREAS, St. Mary's Medical Center is located across the street from Golden Gate Park, and is home to one of three emergency departments serving the west side of San Francisco; and

WHEREAS, Saint Francis Memorial Hospital is the closest hospital to downtown San Francisco and is a critical resource to the surrounding communities including the Tenderloin, Nob Hill, Civic Center, and Russian Hill; and

WHEREAS, Both Saint Francis and St. Mary's hospitals provide important services for residents of San Francisco and the greater Bay Area, including:

- Adolescent inpatient psychiatric services at the McAuley Institute located at St. Mary's
- The McAuley Counseling Enriched Education Program, an intensive educational and therapeutic program run in conjunction with San Francisco Unified School District and the Department of Public Health Behavioral Health Services
- The Sister Mary Philippa Health Center, which provides adult primary care, social services, and HIV care
- The Women's Health Center at St. Mary's Medical Center
- The Bothin Burn Center at Saint Francis, the only burn center in San Francisco
- An inpatient psychiatric unit at Saint Francis
- The Gender Institute at Saint Francis
- The Saint Francis Orthopedic and Sports Medicine Institute
- The Center for Pain Management at Saint Francis
- Emergency Departments at both St. Mary's and Saint Francis hospitals; and

WHEREAS, Dignity Health has been a partner of the Department in providing services to the healthcare safety net population; and

WHEREAS, There are also critical services co-located on St. Mary's hospital campus, including: a 54-bed Mental Health Rehabilitation Center, San Francisco Healing Center, operated by Crestwood Behavioral Health; and Kentfield Hospital San Francisco, which is a 60-bed post-acute care hospital that addresses the extended hospitalization needs of patients with complex medical issues who no longer require general acute care hospital services; and

WHEREAS, St. Mary's and Saint Francis serve distinct populations at their hospitals; and

WHEREAS, Greater than 75% of inpatient discharges and greater than 70% of emergency encounters for both St. Mary's and Saint Francis in 2023 were patients with public insurance (Medi-Cal or Medicare), with coverage under Healthy SF, or who are uninsured; and

WHEREAS, From 2019 through 2023, St. Mary's has seen a 24% decrease in inpatient discharges, and Saint Francis has seen a 22% decrease in inpatient discharges; and

WHEREAS, In 2022, St. Mary's and Saint Francis' general acute care bed occupancy rates were 26.8% and 22%, respectively, while the average occupancy rate across all San Francisco hospitals was 60.4%; and

WHEREAS, UCSF Health (UCSFH) is a part of the University of California, San Francisco, and operates three hospitals in San Francisco, the UCSF Helen Diller Medical Center at Parnassus Heights, UCSF Medical Center at Mount Zion, and UCSF Medical Center at Mission Bay; and

WHEREAS, UCSFH facilities in San Francisco also include UCSF Benioff Children's Hospital and Clinics (part of the Medical Center at Mission Bay), Langley Porter Psychiatric Hospital and Clinics at Mount Zion, UCSF Benioff Children's Physicians Clinics, and the UCSF Faculty Practice Clinics; and

WHEREAS, On November 28, 2023, in compliance with the Community Health Care Planning Ordinance (Proposition Q), Dignity Health notified the Health Commission that UCSFH (or an affiliated entity) will acquire the assets and operations of St. Mary's, Saint Francis, and their associated outpatient clinics; and

WHEREAS, UCSFH intends that St. Mary's and Saint Francis will continue to operate as full-service community hospitals, preserving access to the critical programs each hospital provides; and

WHEREAS, UCSFH will replace Dignity Health as the sole member of what will become known as "UCSF Health Community Hospitals", a private non-profit corporation that will own the two hospitals and which will become part of the UCSF Health Affiliates Network; and

WHEREAS, UCSF Health Community Hospitals will employ staff, maintain payor contracts, and be licensed separately from UCSF Medical Center; and

WHEREAS, UCSFH has stated that bringing St. Mary's, Saint Francis, and their associated outpatient clinics into UCSFH expands its ability to provide care for the San Francisco community, and that many of the services provided at these hospitals are complementary to, and different from, those provided at UCSF academic medical centers; and

WHEREAS, UCSFH has made the following statements regarding its plans to mitigate patient and staff impacts as a result of the acquisition:

- St. Mary's and Saint Francis hospitals will be licensed separately from UCSF Medical Center;
- UCSFH will report on data for St. Mary's and Saint Francis hospitals together as the UCSFH Community Hospitals;
- UCSFH has committed to maintaining both Saint Francis and St. Mary's hospitals as full-service community hospitals and has committed to maintaining the services that both hospitals provide to the San Francisco community;

- UCSFH has committed to maintaining the capacity and services provided at each hospital's associated outpatient clinics;
- UCSFH has committed to retaining the employees of both Saint Francis and St. Mary's, it does not anticipate any staffing reductions, and the organization plans to evaluate staffing and any potential increases in staffing as necessary in the future alongside integration efforts;
- UCSFH has stated that St. Mary's and Saint Francis hospitals will retain their open medical staffs, ensuring local doctors can continue to practice at each location;
- UCSFH has committed to maintaining essential behavioral health and emergency services for San Francisco, including inpatient adolescent mental health services at McAuley, the McAuley Counseling Enriched Education Program, inpatient adult mental health services at Saint Francis, and the emergency departments at both Saint Francis and St. Mary's;
- UCSFH has stated that it will continue to honor all insurance arrangements, including Medi-Cal, for medical and behavioral services, that are presently available at Saint Francis and St. Mary's and that patients will continue to have access to all services and providers they have today;
- UCSFH Community Hospitals will ensure that following the closing of the proposed transaction, both Saint Francis and St. Mary's and their associated outpatient clinics will: (1) continue to participate in the Medi-Cal program as participating facilities; (2) honor existing Medi-Cal managed care and other contracts that cover the provision of services to Medi-Cal beneficiaries; and (3) maintain inpatient psychiatric and other behavioral health services for Medi-Cal beneficiaries such as the McAuley Counseling Enriched Education Program;
- UCSFH has stated it will continue to honor the shared commitment to improving the health of vulnerable populations, regardless of their ability to pay;

WHEREAS, Once the transaction is complete, UCSFH has stated that it will embark on a multi-year integration process, prioritizing patients and their care experience, as well as the team members who deliver care and keep the facilities running; and

WHEREAS, Evidence shows that healthcare acquisitions and hospital consolidation impact healthcare costs, quality and access; and

WHEREAS, The impact of the UCSFH acquisition of Dignity Health hospitals and associated clinics in San Francisco on healthcare costs, quality, and access is unknown at this time; and

WHEREAS, UCSFH has stated its short-term plans to improve both Saint Francis and St. Mary's emergency departments, as well as increase staffing and resources to the hospitals so that they may see more patients in their neighborhoods; and

WHEREAS, In accordance with Proposition Q, the San Francisco Health Commission held public hearings on February 20, 2024 and March 5, 2024, regarding the proposed acquisitions listed above;

NOW, THEREFORE, BE IT RESOLVED, that St. Mary's Medical Center, Saint Francis Memorial Hospital, and their associated outpatient clinics provide critical health care services in San Francisco; and

FURTHER RESOLVED, that UCSFH has stated that current services provided at St. Mary's, Saint Francis, and the associated outpatient clinics are expected to continue as a part of the acquisition; and

FURTHER RESOLVED, that the Health Commission encourages UCSFH to maintain each hospitals' programs and services, and to continue the well-established partnership between DPH and St. Mary's and Saint Francis hospitals; and


FURTHER RESOLVED, the UCSFH acquisition of the assets and operations of Dignity Health St. Mary's Medical Center, Saint Francis Memorial Hospital, their associated outpatient clinics will not have a detrimental impact on the health care services in the community, contingent upon UCSFH:

- Maintaining agreements with all existing payors and organizations covering services at St. Mary's and Saint Francis hospitals, including medical and behavioral health inpatient and outpatient and clinics;
- Maintaining or expanding the critical medical and behavioral health services provided at each of the hospitals and clinics;
- Maintaining or increasing staffing to support operations of the hospitals and clinics;
- Maintaining both hospitals as full-service community hospitals;
- Retaining both hospitals' open medical staffs, ensuring local doctors can practice at each location and preserving critical longstanding patient-provider relationships;
- Maintaining a workforce of providers, including physicians and advanced practice clinicians, accepting all health plans currently contracted at St. Mary's and Saint Francis hospitals and clinics;
- Retaining or increasing the workforce at St. Mary's and Saint Francis hospitals and clinics;
- Honoring applicable collective bargaining agreements;
- Ensuring that there will be no Catholic-affiliated restrictions on medical services; and
- Investing \$75-100 million to address needed facilities maintenance and equipment improvement; and be it,

FURTHER RESOLVED, that the Health Commission strongly encourages UCSFH to follow through with its commitments to maintain services and staff, and provide the Health Commission with updates every six months to the Health Commission , through June 2027, regarding the acquisition and hospital integration process to include the following:

- Data and information about patient accessibility and utilization of medical and behavioral health services at UCSFH St. Mary's and Saint Francis Hospitals, including Medi-Cal, Medicare, uninsured, and Healthy SF patients;
- Data and information on the continuation of existing behavioral health services at St. Mary's and Saint Francis Hospitals;
- Data and information about the workforce at St. Mary's and Saint Francis hospitals, including payor organizations accepted by providers, including physicians and advanced practice clinicians;
- Governance structure and ownership details for UCSFH St. Mary's and Saint Francis Hospitals;
- Progress on seismic improvements, and associated costs, to UCSFH St. Mary's and Saint Francis hospital buildings;
- Information and commitments required by the California Attorney General regarding the sale.

I hereby certify that the San Francisco Health Commission at its meeting of March 5, 2024, adopted the foregoing resolution.



Mark Morewitz
Executive Secretary to the Health Commission