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Office of the President

TO MEMBERS OF THE HEALTH SERVICES COMMITTEE:

ACTION ITEM

For Meeting of December 10, 2019

PROPOSED REQUEST FOR THE NEW HOSPITAL AT UCSF HELEN DILLER MEDICAL CENTER AT PARNASSUS HEIGHTS PROGRAM, SAN FRANCISCO CAMPUS

EXECUTIVE SUMMARY

UCSF has been actively engaged in a planning effort to re-envision and revitalize the Parnassus Heights campus site as a whole and to create a place that fosters collaboration among education, research, and patient care activities in ways that continue to promote excellence and advance human health. The planning process resulted in the development of the Comprehensive Parnassus Heights Plan (CPHP), which provides a long-term development framework for the revitalization of the Parnassus Heights physical environment, with the intention of strengthening the economic and cultural vitality of the campus and the entire neighborhood.

UCSF proposes the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights Program (Program) to address seismic deficiencies for acute inpatient care facilities, as required by State seismic law (SB 1953), and to address outdated clinical facilities that are undersized, clinically obsolete, expensive to maintain and repair, and cannot accommodate the growing complex patient population that UCSF serves. The Program comprises several projects, including seismic upgrade of the Moffitt Hospital building, select renovation of Moffitt and Long Hospital buildings, and construction of a new acute care hospital building to increase the existing hospital capacity from 475 patient beds to approximately 675 beds and to expand the current emergency, surgical, interventional radiology, and imaging services.

The Program is one of the near-term projects identified in CPHP intended to support UCSF research, build a new hospital, and benefit the community. UCSF received a $500 million commitment from the Helen Diller Foundation to support the planning, design, and construction of the new, world-class hospital building, ensuring that UCSF can continue to provide premier care to patients in the San Francisco Bay Area and beyond. The commitment allows UCSF to begin the extensive planning process for an architecturally outstanding, energy-efficient, seismically sound, and environmentally sustainable hospital building which is expected to open its doors to patients by 2030.

RECOMMENDATION

The President of the University recommends that the Health Services Committee authorize the San Francisco campus to request approval from the Finance and Capital Strategies Committee at a future date for (1) preliminary plans funding, budget, external financing, and design pursuant to the California Environmental Quality Act (CEQA) for the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights Program and (2) any amendment or modification to the foregoing.

No irrevocable commitment is being made through this authorization.

BACKGROUND

UCSF Health is internationally renowned for providing highly specialized and innovative care. Investing in UCSF Health's future is critical to sustaining its public mission of providing top-quality care to all patients and supporting research and education. By investing in its facilities, UCSF Health is investing in its providers, patients, and staff by creating more inviting, functional, and state-of-the-art buildings in which to provide care.

Currently, patients on the Parnassus Heights campus are cared for at two aging structures known as the Moffitt and Long Hospitals, as well as Medical Building 1 ("Ambulatory Care Center"). Moffitt Hospital was built in 1955 and thus, under State law SB 1953, it must be decommissioned for inpatient care or retrofitted by 2030 to conform to seismic code requirements.

UCSF's Long Range Development Plan, approved by the Regents in 2014, envisions the construction of the new hospital building on the site currently occupied by the Langley Porter Psychiatric Hospital and Clinics (LPPH&C), at the corner of Parnassus Avenue and Medical Center Way (see Attachment 1, which indicates the program site location).

The LPPH&C outpatient clinics will relocate to the Child, Teen and Family Center and Department of Psychiatry Building at 2130 Third Street in 2020-21. The LPPH&C inpatient and partial hospitalization programs will also relocate off-site (relocation site options are currently being evaluated). Options for seismically retrofitting the existing Moffitt Hospital are being evaluated, along with the building's future use and function. The existing Long Hospital building will remain in operation as an inpatient hospital. It is anticipated that Long Hospital will require renovations to accommodate the expanded program and connection to the new hospital building.

The New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights Program (commonly referred to as the New Hospital at Parnassus Heights) is further detailed in the Program Description Section.

In 2017-18, a Strategic Clinical Facilities planning process was undertaken to develop achievable and affordable facilities options that would be aligned with UCSF Health's long-term strategy, volume projections, business plans, and financial capabilities. The conclusion of this planning process is that a larger hospital than what had been envisioned in the LRDP is needed at Parnassus Heights.

Drivers of this conclusion include the need to carry out seismic improvements, the inadequacies of existing facilities, population growth, demographic changes, and growth in complexity of inpatient services.

- Moffitt Hospital was built in 1955 during a different era of medical practices and philosophies. UCSF physicians and staff are currently working in facilities that are outdated, inflexible, undersized, and functionally and clinically obsolete. Many patient rooms and bathrooms are shared; this does not meet patient expectations for privacy and dignity, and thus does not provide an optimal experience for patients and their families. State seismic law (SB 1953) requires Moffitt Hospital to be structurally retrofitted or decommissioned as an inpatient facility by 2030.

- Parnassus Heights is the center for the vast majority of adult clinical care at UCSF and the home to all five UCSF professional degree programs. It is essential that UCSF have a world-class medical center on this site to support the convergence of UCSF's clinical care, research, and education missions as it moves into the future. Investment in the future is critical to the survival and continued growth of UCSF Health. The healthcare landscape is incredibly competitive for providers, staff, and patients.

- The Bay Area population has grown steadily over the last ten years (one percent per year), with growth expected to continue at a similar pace over the next five years (see Attachment 3). The number of patients treated at the Parnassus Heights campus has increased sharply due to UCSF's increasing role as an important healthcare provider in San Francisco, the Bay Area, and northern and central California.

- Between 1976 and 2018, the average daily outpatient population at Parnassus Heights increased by almost 100 percent, while the inpatient population increased by 255 percent – a rate of patient growth that outpaced the rate of population growth in San Francisco and the Bay Area. The growth in the number of patients treated by UCSF since the 1970's is due to several factors, including overall population growth in San Francisco and the Bay Area; a decline in the number of acute care hospitals serving San Francisco, resulting in UCSF steadily increasing its percentage of the City's overall hospital discharges (from 22 percent in 2001 to 34 percent in 2017); UCSF's increasing role as a regional patient referral center; and the establishment of UCSF's highly regarded liver, kidney, and heart and lung transplant programs.

- Bay Area hospital discharges for many services like Neurosurgery and Vascular Surgery are expected to see significant increases as the population grows and the percentage of residents of Medicare age increases (see Attachment 4). Total demand for services UCSF is targeting is growing due to aging of the population and changes in technology and new treatments. For example, the focus on treating higher-acuity cases in key service lines will lead to an approximately 66 percent demand increase in Neurosciences, 49 percent demand increase in Heart and Vascular Services, and a 43 percent demand increase in Orthopedics.

- Demographic changes over the next ten years, including an increase in national Medicare enrollment, is expected to increase the acuity and length of stay of patients seen.

- As the percentage of less complex cases, with patients who can transition to outpatient status increases, the medical complexity of patients coming to the hospital is expected to increase, which will mean longer length of stay for each admission and greater bed need.

- Regional network partners and affiliates rely on UCSF to support their complex patients and the demand for patient transfers to UCSF continues to grow. In 2017, only 59 percent of medically necessary transfer requests to UCSF were accommodated. A large portion of the requested transfers did not come to UCSF because of a lack of capacity (see Attachment 5).

- UCSF's patient census is at record highs.

- UCSF must retain and recruit top-tier clinicians, staff, researchers, and students by creating an environment where teaching, research, and patient care intersect to deliver the highest level of care and innovation, integrating the patient experience with advancements in clinical quality.

- UCSF must maintain a competitive edge among other healthcare organizations with newer facilities and more capital.

PROGRAM OBJECTIVES

In 2018, guiding principles for the planning and design of the New Hospital at Parnassus Heights were developed.

- Reimagining patient care by creating an optimal healing environment that addresses social, psychological, spiritual, and behavioral components of health in one place.

- Designing and constructing buildings based on "whole-patient" needs – from leading-edge diagnostic tests and therapies to the privacy, natural spaces, clean air, and human connection essential to physical and emotional healing.

- Maximizing innovation, quality, productivity, flexibility, and collaboration to create value for cost through use of the current, best-in-class project delivery model for large healthcare programs.

- Building an appropriately sized hospital and surgical intervention platform to meet the needs of the growing Bay Area population and beyond.

In addition, investing in UCSF Health's future is critical to sustaining UCSF Health's vision to be the best provider of health care services, the best place to work, and the best environment for teaching and research.

Based on the 2018 visioning work, the planning and space programming for the New Hospital Program is being developed in the context of functional needs across the UCSF Helen Diller Medical Center at Parnassus Heights, including Long and Moffitt hospitals. The goal is to develop a holistic plan that enables the Parnassus Heights campus to remain a destination supporting UCSF's excellence in clinical care, life sciences research and education.

PROGRAM DESCRIPTION

The Program incorporates several projects to be carried out between 2019 and 2034. These projects include relocating the adult inpatient and associated outpatient programs, the demolition of the existing LPPH&C buildings, a new building of approximately 955,000 gross square feet (gsf), new Office of Statewide Health Planning and Development (OSHPD)-1 acute care space, new and/or expanded central utilities to serve the new building, seismic upgrade of Moffitt, and partial renovation of the Moffitt and Long hospital buildings to accommodate the connection and expanded programs. The scope of renovations will be determined during master planning. Initial programming elements will include:

NEW HOSPITAL BUILDING and EXISTING MOFFITT AND LONG HOSPITALS

- The planned increase in patient beds is from 475 to approximately 675.

- Surgical platform: 40 operating rooms and new pre-operating and post-anesthesia care unit support.

- Interventional platform: 15 state-of-the-art interventional rooms.

- Emergency department: 59 emergency department and 12 Clinical Decision Unit (CDU) bays.

- New and/or expanded kitchen, sterile processing, pharmacy, clinical laboratories and overall support space for increased diagnostic and treatment activity, and patient beds.

- Program space would also include hospital administrative offices, education and research offices, and team workrooms.

- Utility relocation and expansion.

- Development of 96-hour water, waste and power storage/supply to meet OSHPD NPC-5 by 2020.

LANGLEY PORTER PSYCHIATRIC HOSPITAL AND CLINICS

- Relocation of the adult inpatient and related outpatient programs.

- Interim and/or long-term solutions are being researched.

- Upon removal of outpatient and inpatient services, extensive hazardous material surveying and abatement, and demolition of the LPPH&C buildings (Langley Porter Psychiatric Institute (LPPI), LPPI Butler, LPPI OPC, LPPI Paint Shop).

MOFFITT HOSPITAL SEISMIC

- Seismic assessment, testing, and design associated with meeting SB 1953.

- Design and installation of new exit stairs.

- Whether or not Moffitt Hospital remains an acute care building, the seismic retrofit work will be completed to meet UC Seismic Policy.

The exact composition of the Program across the new and existing buildings is still being developed; however, the overall Program will be designed for the most cost-efficient approach for constructability and operation. The final composition of services will be defined during the detailed Program phase.

Program Site

The proposed Program site for the new hospital is the site currently occupied by the Langley Porter Psychiatric Hospital and Clinics (LPPH&C), at the corner of Parnassus Avenue and Medical Center Way.

Program Schedule

The Master Planning and Functional and Space Programming process for the new hospital program began in March 2019 and is anticipated to conclude in March 2020. Design is scheduled to begin in 2020. Demolition of the LPPH&C buildings is proposed to start in 2022 and subsequent construction is planned to begin in 2023, with the first patient expected to be seen in 2030. Renovations to the Moffitt and Long buildings would likely occur upon completion of the

new building.

It is anticipated that an item will be brought to the Finance and Capital Strategies Committee for approval of preliminary plans funding in March 2020. Approval of budget, external financing, and design following action pursuant to the California Environmental Quality Act will be sought at future meetings.

Program Delivery

UCSF intends to complete the New Hospital at Parnassus Heights Program using an Integrated Project Delivery (IPD) model. The specific details of UCSF's IPD implementation will be developed as the Program progresses. The design and construction planning will be performed on site with a collocated integrated team that includes UCSF, the architect, general contractor, and key trades working collaboratively in a "big room" environment to optimize Program quality within a cost target set by UCSF. The IPD process optimizes the use of Lean tools and process. In addition to minimizing risk, the IPD method provides the greatest control over design, quality, and the management of patient, staff, visitor, and community requests.

Financial Considerations

The Program is estimated to cost $3.8 billion, funded from philanthropy including an initial $500 million commitment from the Helen Diller Foundation, hospital equity, and debt financing. The Program cost and funding plan will be finalized at the time of budget approval.

Long Range Development Plan

Since the adoption of the San Francisco campus's current Long Range Development Plan in November 2014 (2014 LRDP), UCSF has been actively engaged in a planning effort to re-envision and revitalize the Parnassus Heights campus site as a whole, to create a place that fosters collaboration among education, research, and patient care activities in ways that continue to promote excellence and advance human health. UCSF's investment in Parnassus has not kept pace with its aging central plant or changes in programmatic need, resulting in infrastructure, buildings, and interior spaces that require significant renewal and investment.
The planning process resulted in the development of the Comprehensive Parnassus Heights Plan (CPHP), which provides a long-term development framework for the revitalization of the Parnassus Heights physical environment, with the intention of strengthening the economic and cultural vitality of the campus and the entire neighborhood.

The 2014 LRDP acknowledges the existing limit on the amount of non-residential built space at the Parnassus Heights campus of 3.55 million gsf, commonly referred to as the "space ceiling." The space ceiling policy was included in an action approved by the Regents in May 1976, in response to neighborhood concerns about development of the Parnassus Heights campus site. The 1976 action imposed limits on the Parnassus Heights campus site, including permanent campus boundaries, designation of the Mount Sutro Open Space Reserve as permanent open space, and limits on physical expansion in surrounding areas. The 1976 action was amended in November 2014 to modify the way space and population are monitored at the Parnassus Heights

campus site by excluding all housing within the Parnassus Heights campus site boundaries from the calculation in the space ceiling, and to tie the average daily population goal for the Parnassus Heights campus site to population projections contained in the 2014 LRDP Environmental Impact Report, as may be updated from time to time.

Based on the CPHP recommendations, the San Francisco campus is evaluating a potential increase of the space ceiling by approximately 1.5 million gsf for a total of 5.05 million gsf, to allow for the New Hospital at Parnassus Heights and to meet additional space needs on campus to fulfill the goals of the CPHP. (See Attachment 2: Comprehensive Parnassus Heights Plan – Proposed Near-Term Projects.) Pursuant to a new community process that is underway, UCSF will bring its proposed increase in the space ceiling to the Regents using a proposed LRDP Amendment and EIR for consideration at a future date.

ATTACHMENTS:
Attachment 1: Program Location Map
Attachment 2: Comprehensive Parnassus Heights Plan – Proposed Near-Term Projects
Attachment 3: Bay Area Population Trends
Attachment 4: High Acuity/Complex Case Growth
Attachment 5: Adult Transfer Center Requests

ATTACHMENT 1

Program Location Map



New Hospital planned for LPPI site

ATTACHMENT 2

Comprehensive Parnassus Heights Plan – Proposed Near-Term Projects

Near-term (2030) projects are intended to support the research priority, the new hospital, and benefit the community.

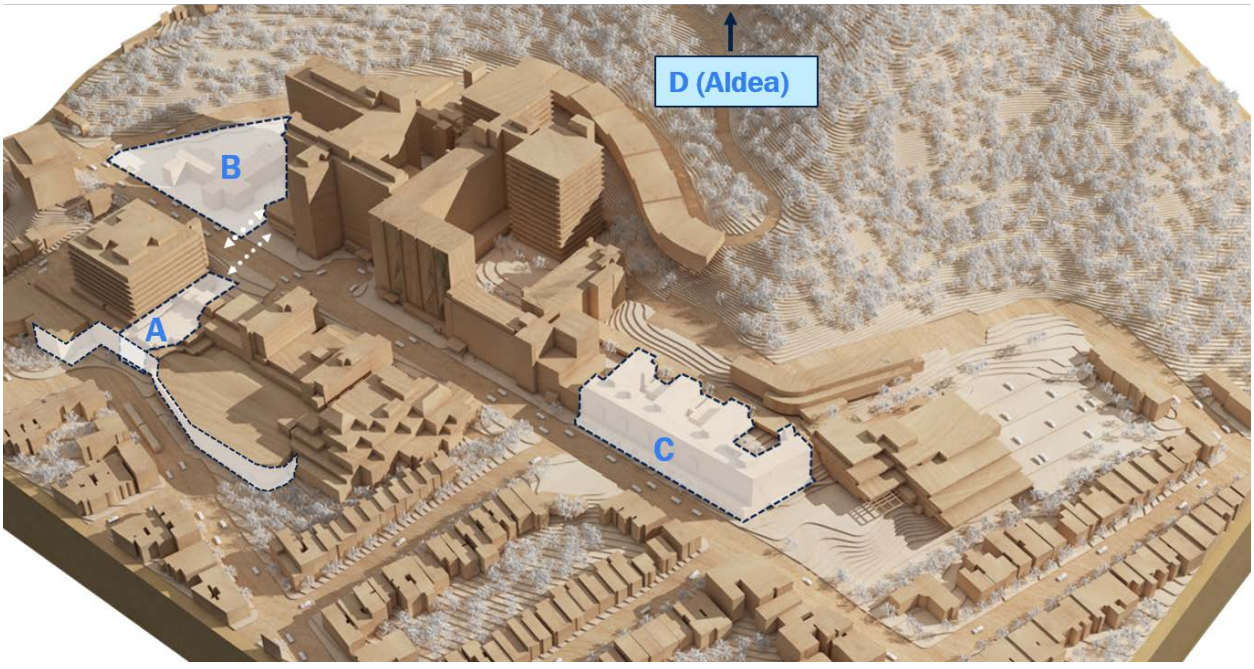
A. Irving Street Arrival Improvements: new garage facades on Irving Street, enhanced arrival experience, improved wayfinding

B. New Hospital, including consideration of bridge and/or tunnel over/under Parnassus Avenue

C. New Research and Academic Building to replace UC Hall

D. Aldea Housing Improvements to increase number of units

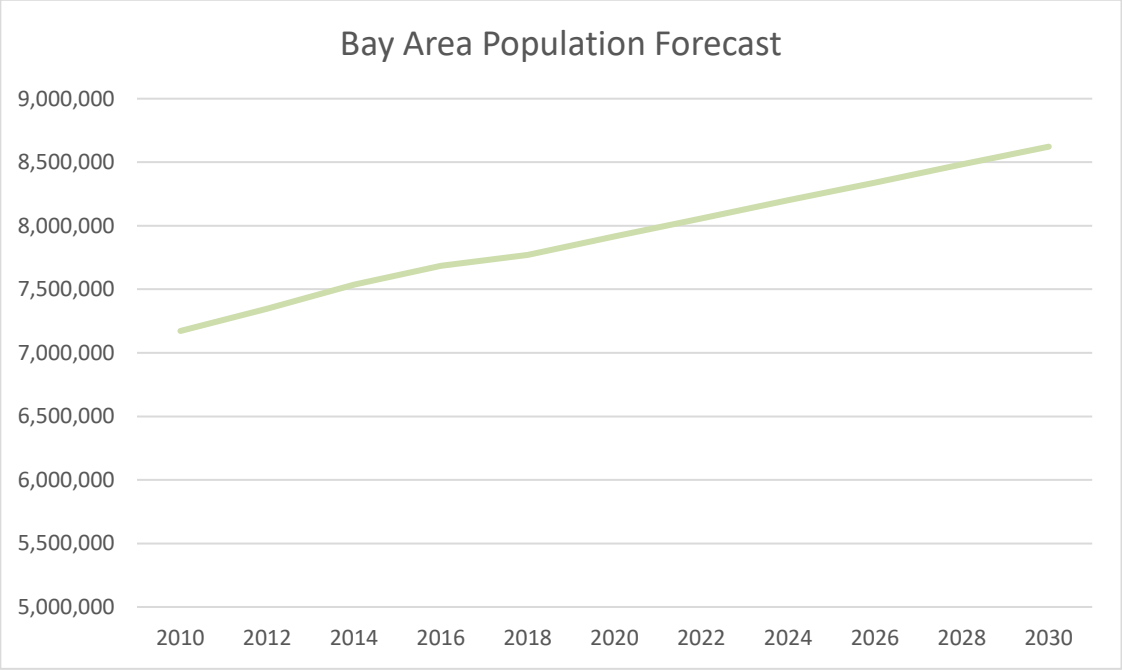
In addition, Parnassus Avenue streetscape improvements would be implemented adjacent to near-term projects.



ATTACHMENT 3

Bay Area Population Trends

An Evolving Market: Bay Area Population Trends. Substantial population growth is projected in the Bay Area between now and 2030.



- Bay Area population has grown steadily over the last ten years (one percent per year); growth is expected to continue at a similar pace.
- According to Nielsen, the Bay Area population is expected to grow from an estimated 7.8 million in 2018 to 8.6 million (nearly six percent) by 2030.
- Growth is expected across all nine Bay Area counties.

ATTACHMENT 4

High Acuity/Complex Case Growth

- Bay Area hospital discharges for complex tertiary and quaternary cases – the cases treated at UCSF – are forecast to increase.

- Bay Area hospital discharges for many services like Neurosurgery and Vascular Surgery are expected to see significant increases as the population grows and the percentage of residents of Medicare age increases.

- A larger population will increase the total number of beds needed at UCSF to accommodate demand.

Service Line	2017 Market Discharges	2027 Market Discharges	Projected Change (Discharges)	Percent Change (Discharges)
Neurosurgery	4,729	6,162	1,433	30.30%
Cardiac Surgery	5,177	6,657	1,480	28.60%
Neurology	26,064	31,459	5,395	20.70%
Cardiology - Electrophysiology	3,325	3,970	645	19.40%
Vascular Services - Surgical	5,231	6,236	1,005	19.20%
Thoracic Surgery	2,756	3,161	405	14.70%
Orthopedics - Medical	6,162	6,937	775	12.60%
Psychiatry	6,678	7,516	838	12.50%
Orthopedics - Surgical	37,718	42,396	4,678	12.40%
Trauma - Medical	1,682	1,838	156	9.30%
Vascular Services - Medical	1,987	2,171	184	9.30%

Sg2 Bay Area Forecast

ATTACHMENT 5

Adult Transfer Center Requests

- In Q2 FY2019, there were 4,243 total transfer requests and 1,778 actual transfers, with a 58 percent transfer rate
- Transfers decreased by 2 percent while total requests increased 12 percent.
- While overall transfer numbers have decreased for Q2FY19, we have experienced slight increases in net revenue and net income from Q2FY18YTD to Q2FY19YTD.

