

Office of the President

TO MEMBERS OF THE HEALTH SERVICES COMMITTEE:

ACTION ITEM

For Meeting of February 15, 2023

PROPOSED REQUEST FOR APPROVAL OF HILLCREST MEDICAL CENTER, SAN DIEGO CAMPUS

EXECUTIVE SUMMARY

UC San Diego Health is proposing to construct a new 350- to 400-bed hospital on its Hillcrest campus as the existing Hillcrest Medical Center does not meet the seismic requirements of Senate Bill (SB) 1953 and retrofitting is not financially or operationally feasible. The project is part of a broader initiative to revitalize the entire campus as outlined in the Regents-approved 2019 Hillcrest Campus Long Range Development Plan (2019 LRDP). In addition to addressing seismic deficiencies, the new medical center will modernize delivery of care, maintain critical services for all patients including those in underserved communities, expand needed services, and position UC San Diego Health to be competitive for many decades.

UC San Diego Health is requesting that the Health Services Committee approve its proposal to seek approval of preliminary plans funding, budget and external financing, and design pursuant to the California Environmental Quality Act (CEQA) for the new Hillcrest Medical Center at future meetings of the Finance and Capital Strategies Committee and the Board. The new Hillcrest Medical Center is expected to be operational by fall 2032 (fiscal year 2033). By authorizing the request to seek approvals through the Finance and Capital Strategies Committee and the Board, no irrevocable commitment is being made; all discretion remains with the Finance and Capital Strategies Committee and the Board of Regents.

RECOMMENDATION

The President of the University recommends that the Health Services Committee approve the San Diego campus' proposal to request recommendation by the Finance and Capital Strategies Committee to the Board of Regents at its future meetings for (1) approval of preliminary plans funding for the Hillcrest Medical Center; (2) approval of the budget and external financing; and (3) approval of design and action pursuant to the California Environmental Quality Act (CEQA), and any amendment or modification to the foregoing.

BACKGROUND

UC San Diego Health supports a two-campus strategy integrating clinical care, research, and teaching at Hillcrest and La Jolla. The Hillcrest campus has a long history of commitment to the University's academic and public service missions. It has served as a clinical teaching site for UC San Diego's School of Medicine since 1966 when UC San Diego assumed the lease and operations of the sole county hospital. San Diego County has remained without a county-supported hospital since that time.

Hillcrest Medical Center is critical to UC San Diego Health, and to residents living in San Diego County and the region. The hospital provides approximately 40 percent of the total inpatient services provided by UC San Diego Health and is a major health care safety net provider for some of San Diego County's most vulnerable patients. Hillcrest Medical Center serves a vital role in the community as the area's only Regional Burn Center and one of three adult Level 1 Trauma Centers in San Diego County. The Trauma Center serves some of the most underserved communities in the county, including downtown San Diego and areas south to the U.S.-Mexico border. Hillcrest Medical Center is the primary teaching facility for select UC San Diego School of Medicine programs such as medical subspecialties for burn and trauma services.

Hillcrest's urban location, one mile north of downtown San Diego, coupled with its clinical teaching focus, have helped to shape the campus into a hub for different specialty services. In addition to being a Regional Burn Center and Level 1 Trauma Center, Hillcrest Medical Center is also the county's only comprehensive emergency department and is a Comprehensive Stroke Center. The campus is home to the only 24/7 emergency hyperbaric program in the region, the renowned Owen Clinic for HIV care, and also serves as a major health care safety net provider for San Diego County's most vulnerable patients. Approximately 47 percent of Hillcrest inpatients and 51 percent of emergency department patients are enrolled in Medi-Cal.

As the only academic medical center (AMC) in San Diego County, UC San Diego Health serves a wide range of patients from the region with high demands for world-class medical facilities that support high-quality health care and create physical environments supportive of the latest, most advanced research and top-notch education experiences for trainees. The main hospital building at the Hillcrest campus was built in 1963 and, as such, does not comply with the seismic standards required by SB 1953 and is outdated for the needs of current AMCs.

Many of the patient rooms in the existing facility are undersized for today's standards and/or are unusable. Space constraints place limitations on learner and family experience and hinder the ability to conduct in-room treatments and diagnostics (e.g., bedside imaging) which is a common practice in updated facilities. Approximately 60 percent of Hillcrest's current 381 licensed inpatient beds are in double, triple, quadruple, or six-bed occupancy rooms, which is not optimal for patient/family privacy, safety, and infection control. Also, some beds/units have been taken out of service, making the total number of available beds at Hillcrest closer to 323. Hillcrest Medical Center lacks adequate intensive care unit (ICU) and intermediate care level beds for the growing volume of critical and complex patients, lacks negative-pressure capable rooms, and its interventional and surgical platform is insufficient for contemporary procedural capabilities. Despite these physical limitations, Hillcrest Medical Center has been able to provide outstanding

patient care by optimizing existing facilities and leveraging the skills of the highly talented care teams. However, to prepare Hillcrest Medical Center for the coming decades of operation, a new hospital is necessary.

UC San Diego Health assessed the cost to retrofit and renovate the existing hospital to address issues with the physical space and become compliant with SB 1953 and concluded that it would not be financially and operationally feasible to make the changes necessary while keeping the hospital in operation, and that a new hospital would be the necessary choice. Construction of a new hospital is imperative to maintain UC San Diego Health's leadership regionally and nationally in academic medicine and allows Hillcrest Medical Center to expand services to all patients in the region and continue its legacy of providing exceptional health care to underserved patients. With a new hospital, UC San Diego Health can modernize facilities and be better equipped to compete with other hospitals and health systems in the County, many of which are undergoing or planning major hospital replacement, renovation, or new tower projects. A new hospital also allows UC San Diego Health to develop facilities that will continue to attract and retain the highest caliber faculty, learners, and staff.

The new hospital will be a substantial financial investment and UC San Diego Health will need to increase the services offered by the new hospital in order for this investment to be financially sustainable and to fully carry out its public service mission. Therefore, UC San Diego Health is proposing a new hospital that will be larger than was originally anticipated in the 2019 LRDP. This would allow the new Hillcrest Medical Center to not only meet current needs, but also be better situated to accommodate future demand for inpatient services. With a larger bed count, Hillcrest Medical Center can maintain its core programs while improving access for the underserved to high quality specialty care and supporting growth of community-need-driven specialties that align with other campus development activities including the expansion of cancer, neurosciences, orthopedics, and surgery programs in the future outpatient pavilion (currently under construction). A larger hospital in Hillcrest also will allow UC San Diego Health to manage hospital capacity between UC San Diego Health's two inpatient campuses – Hillcrest and La Jolla – and serve patients at the location that is most appropriate for them.

Clinical program planning for the new Hillcrest Medical Center is not yet finalized. This planning process will fine-tune the inpatient bed count for the new hospital and determine other capacity needs (e.g., emergency department bays, operating rooms). As possible, only services and functions necessary to clinical operations and required by California Department of Health Care Access and Information (HCAI) will be placed in the new hospital to reduce unnecessary build-out of hospital space. All other services and functions that do not need to be within the hospital will be located in more appropriate settings, in compliance with HCAI requirements.

HILLCREST CAMPUS LONG-RANGE DEVELOPMENT PLAN

The 2019 LRDP provides a comprehensive planning framework for the transformation of the Hillcrest campus. The Plan was approved by the Regents in November 2019 and is accompanied by an Environmental Impact Report (EIR) and mitigation program that were completed in accordance with the California Environmental Quality Act (CEQA). The EIR was certified by the Regents in November 2019, in conjunction with the 2019 LRDP.

The 2019 LRDP outlined redevelopment of up to 35 acres of the approximately 60-acre Hillcrest campus. As part of the plan, the majority of the 35 existing buildings, including the 11-story hospital, would be removed and/or replaced. Site development will be implemented in multiple phases over time, each involving relocation of existing operations of the campus, building demolition, and construction activities.

The first major phase of construction was approved by the Regents September 2021, and construction began at the end of 2021. This phase, anticipated to be complete by summer 2025, establishes the gateway for the redeveloped Hillcrest campus and is comprised of the following components.

- A 251,000-gross-square-foot (GSF) outpatient pavilion that will house specialty clinics in cancer, neurosciences, orthopedics, and surgery, as well as ambulatory surgery operating rooms, procedure rooms, imaging, infusion, and radiation therapy. The pavilion is designed to accommodate current needs and future demand.
- A parking structure that consolidates patient and employee parking and replaces two aging existing structures that will be demolished.
- A central utility plant which allows for expansion in all campus redevelopment phases including the new hospital.
- Various roadwork improvements including new and widened travel lanes, and inclusion of bicycle paths.

The new hospital represents the next major clinical construction project after the outpatient pavilion. The 2019 LRDP envisioned a replacement 300-bed hospital constructed just north of the existing hospital, and the continuation of Hillcrest Medical Center's core inpatient services and programs in the new facility. As per the 2019 LRDP, the existing hospital will continue to operate throughout construction of the new hospital. Once the new hospital is built and operational, the existing hospital will be demolished.

NEW HOSPITAL PROGRAM DESCRIPTION

While the 2019 LRDP noted a total bed count of 300 licensed beds for the new hospital, updated analyses suggest a need for a larger hospital to support population growth and aging, changing utilization rates, and anticipated growth in the number of patients coming to UC San Diego Health from outside the county for medical services. Since the 2019 LRDP was finalized, UC San Diego Health has experienced significant inpatient growth and most of the general acute care and intensive care inpatient units at both hospital locations have been operating at 95 percent occupancy and above. As a result, surgical capacity is capped, inpatients are being held in non-traditional areas like the emergency department, and the ability for UC San Diego Health to accept tertiary and quaternary patient transfers has been hampered.

To right-size for current needs and to accommodate expected growth, the latest data analyses recommend a 350- to 400-bed hospital for the Hillcrest campus, with more general acute care, intensive care, and obstetrics beds than are currently available or that were originally planned in the 2019 LRDP. This complement would enable Hillcrest Medical Center to maintain its centers

of excellence in trauma and burn care, while accommodating patient transfers, as well as the potential increased need for inpatient services that could result from UC San Diego Health's expansion of ambulatory programs in its outpatient pavilion and other planned investments in community-based primary and specialty care in the area.

Key elements of the new hospital are described below. These will be further refined as clinical program planning continues through spring 2023, and the bed count for the new hospital is finalized. As the final bed count becomes clear, UC San Diego will evaluate if any updates to the 2019 LRDP are necessary, or to the EIR or other relevant studies.

Contemporary facility design – Modern physical design for current and future health care delivery, infection control, and patient and staff safety and experience. All private-room inpatient units, flexibility for surge capacity, and enhanced team, patient, and family spaces.

Expansion of inpatient platform – 350 to 400 licensed beds designed in compliance with HCAI requirements. Increased number of general acute care beds, higher complement of critical care and monitored beds, expanded birthing platform, and development of Level III neonatal intensive care unit (NICU).

State-of-the-art perioperative platform – Interventional platform with 20+ operating rooms and procedure rooms across inpatient and outpatient settings. Expanded capacity for minimally invasive procedures.

New emergency department – Continuation of comprehensive emergency department with at least 36 bays. Trauma program integrated within the emergency department. Updated design features related to line of sight, security, and safety. Maintenance or creation of specialty centers (e.g., geriatrics, outpatient behavioral health).

Observation and short-stay spaces – In-hospital alternative care settings to meet the needs of changing clinical practices and payor-driven coverage/authorizations for patients who are recovering from procedures, who require brief hospitalization that is anticipated to be shorter than 24 hours, and patients who require monitoring prior to their admission or discharge.

Programmatic growth tied to existing investments – Inpatient footprint that is complementary to ongoing investments in the ambulatory footprint (e.g., outpatient pavilion) and vice versa. Focus on cancer, neurosciences, orthopedics, and surgery.

Continued commitment to the underserved – Revitalized campus and new hospital with expanded capabilities and greater access for those in need. UC San Diego Health will continue to provide timely care for all patients, regardless of payor, and will maintain key partnerships with local entities (e.g., federally qualified health centers [FQHCs]) that provide primary care and supportive services to patients.

Enhanced workplace – Amenities and spaces that promote collaboration, communication, team-based care, and wellness, and maximize retention and recruitment of faculty and staff. These are

emerging priorities that will keep UC San Diego Health competitive from a workforce perspective.

Technology-driven – Advanced technology throughout the facility that facilitates high-quality health care and excellent outcomes for all patients served, and efficiency and productivity for staff and faculty.

Project Schedule

UC San Diego Health plans to present the new hospital plan to the Finance and Capital Strategies Committee at the September 2023 Regents meeting and seek approval of preliminary plans funding. Other project approvals will be sought at future meeting(s) of the Regents.

UC San Diego Health is currently in the clinical program planning phase for the new hospital, which will confirm the future number of inpatient beds and other capacity needs (e.g., emergency department bays, operating rooms) based on UC San Diego Health clinical strategy, market demand, and financial considerations. This phase is expected to be completed in spring 2023, after which the architectural design process will commence. Pending approval by the Regents at future dates of the budget, financing, and the design of the project, new hospital construction is expected to start in summer 2028 and, depending on the ultimate bed count and building size, the new hospital will be operational by fall 2032 (fiscal year 2033). See Attachment 4 for a conceptual project timeline. UC San Diego Health is currently evaluating a plan to move the first patient-opening day forward by one year to fall 2031 (fiscal year 2032) by reworking the campus phasing plan.

Financial Considerations

The new hospital construction has a preliminary budget of \$1.8 to \$2 billion (facility only, full project cost) to be funded through a combination of external financing, State grant funds, and philanthropy. The total project cost and detailed funding plan for the new hospital will be presented to the Regents at the time of full budget and external financing approval.

Investment in the new hospital project is substantial but the critical nature of the project cannot be overstated. Although demographic projections show a softening of population growth in San Diego County overall, significant aging of the population and shifting utilization trends are projected to drive increased inpatient demand and patients of increasing complexity. The 2019 LRDP's proposal to build 300 beds was essentially a one-for-one replacement based on daily inpatient census figures at the time. With the proposed higher bed count, Hillcrest Medical Center will be better positioned to serve not only its current patient base, but also the anticipated future inpatient demand expected in the County and region.

Community and Government Relations

UC San Diego Health has partnered with the County of San Diego to make the redevelopment of the Hillcrest campus a reality. As a result of this partnership, the County has waived deed restrictions associated with specific parcels connected to its earlier ownership of the land on

which the campus is built. With these restrictions lifted, UC San Diego can fully execute the 2019 LRDP, as envisioned.

UC San Diego values community input and has fostered two-way communication on the 2019 LRDP including the proposed new hospital through several different channels with both community members and government officials. The overall response to the 2019 LRDP from these groups has been very positive, as the phasing plan was designed to reduce construction impacts to the surrounding community while also ensuring that the existing critical campus functions remain operational.

During preparation of the 2019 LRDP, five open houses were held in the community to provide information and gain feedback on the plan. In addition, prior to certification of the EIR, the public was invited to provide input during the 30-day scoping period and a 45-day draft EIR public review period and participate in a public hearing in accordance with requirements of CEQA.

Regular updates were also provided to community groups, including the Bankers Hill Community Group, Hillcrest Business Association, Hillcrest Town Council, Mission Hills Council, Mission Valley Planning Group, and Uptown Planners, as well as to local elected officials, local and regional government agencies, and advocacy groups.

As necessary, re-engagement with stakeholder groups will occur if the clinical program planning suggests a hospital size significantly larger than was originally planned. Re-engagement will also be considered during the hospital design process, as appropriate.

KEY TO ACRONYMS

AMC	Academic Medical Center
CEQA	California Environmental Quality Act
EIR	Environmental Impact Report
FQHC	Federally Qualified Health Center
GSF	Gross Square Footage
HCAI	California Department of Health Care Access and Information
ICU	Intensive Care Unit
LRDP	Long-Range Development Plan
NICU	Neonatal Intensive Care Unit
SB	California Senate Bill

ATTACHMENTS

Attachment 1:	Project Location Map
Attachment 2	Project Site Map
Attachment 3:	2019 LRDP Excerpt – Future Land Use Districts
Attachment 4:	Conceptual Project Timeline

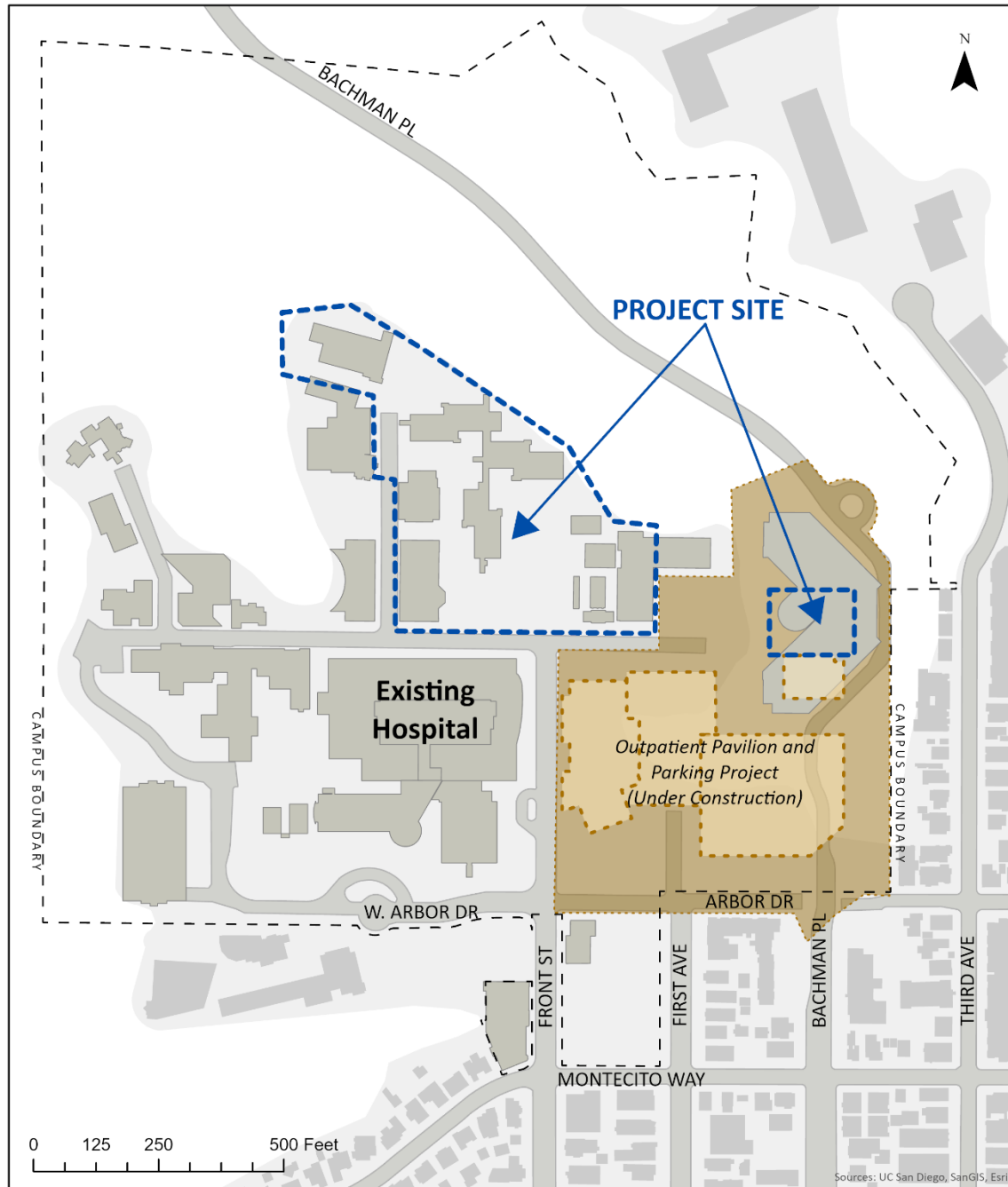
ATTACHMENT 1

PROJECT LOCATION MAP



ATTACHMENT 2

PROJECT SITE MAP



UC San Diego Hillcrest Campus - New Hospital
Project Site

Created 1/10/2023

ATTACHMENT 3

2019 LRDP EXCERPT – FUTURE LAND USE DISTRICTS

2019 Hillcrest LRDP Excerpt - Future Land Use Districts

