



HEALTHCARE

An Orange County Business Journal Special Report

THE LIST

Hospitals

p24

p18 Patient-Focused Innovations

p20 Hospital Systems at a Glance

p22 Outpatient Care Tailored for Today

p25 Hospital Revenue Up

p28 Mental Healthcare Takes a Village

Providers Look to Creatively Revolutionize Care

Labs, Investments Target Nontraditional Approaches

By SHERRY HSIEH

Innovation in healthcare, when it comes to medical devices and pharmaceuticals, isn't new. But technology relating to patients, such as health records and how patients interact with healthcare providers, can be lacking. The new territory means looking for ways to engage and care for patients outside of traditional hospital settings or office visits.

The territory is familiar for the Orange County providers the Business Journal spoke with, though it's an ongoing conversation, and each provider tackles technology and innovation differently.

The Centers for Medicare & Medicaid Services, meanwhile, has developed financial incentive programs for healthcare providers to adopt technology into their systems, including initiatives that reimburse care providers that use electronic health records to achieve better health outcomes. Reimbursement also extends to remote chronic care management, and increasingly to telemedicine.

Lab

Kaiser Permanente Southern California houses an Innovation Studio at its new Tustin Ranch medical office.

"We purposely put this innovation studio at the back of an operational clinic because we want to be as close as possible [to], but not in, the operation space so we can get interactions with doctors and patients," Chief Innovation and Transformation Officer **Tadashi Funahashi** said.

The lab opened five years ago with the goal of creating solutions to deliver better, more



Rendering: Kaiser Permanente's planned La Habra campus will debut patient-centered innovations

cost-effective care.

"Our model is fundamentally a prepaid model," Funahashi said. "A hospital [setting] is a very expensive way to deliver care, but what if we can compress the number of face-to-face visits and still deliver [quality] care?"

The innovation studio focuses on three areas: virtualized care; data analytics for personalized care; and incorporating patients' social networks into their care. Funahashi said,

"We are more aggressively pursuing the third component."

That aspect takes into account socioeconomic status, education, employment and social support networks that affect how people live and age.

"When you buy a car, you want advice from your mom, friends ... so why don't we bring your social circle into your critical care?" Funahashi said. "Say a [patient] is sick with dia-

betes or high blood pressure, but he has a loving daughter who helps him with his diet ... Maybe when we interact with a patient, we should have his family or friends come in for consultation hearings, or even [have the family or friend join using] video, with the patient's permission ... get everybody involved who would be responsible for his exercise, diet."

► Innovation 28



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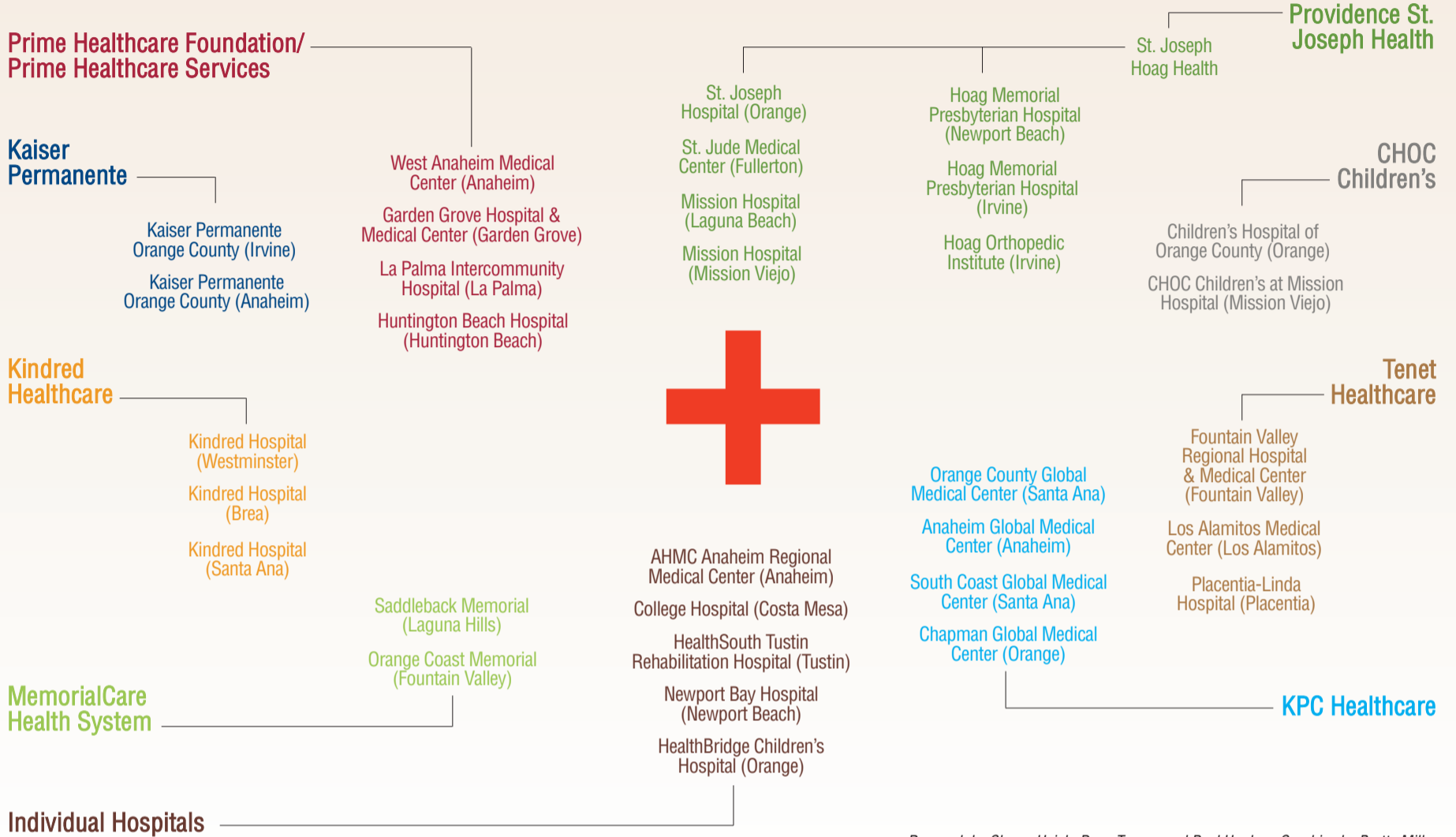
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OC Hospitals

LARGEST LOCAL SYSTEMS

Information below shows ownership of OC hospitals on this week's list (see page 24). The No. 1 local hospital by net patient revenue—UC Irvine Medical Center in Orange—is a stand-alone site affiliated with the University of California-Irvine. See pages 18, 22 and 26 for more coverage of OC hospitals.



Research by Sherry Hsieh, Dana Truong and Paul Hughes; Graphics by Brette Miller

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[Q & A]

Value-based care delivery, since former President Barack Obama signed the Affordable Care Act into law in 2010, is the standard of the healthcare industry. Reimbursements continue to drive medical technology advancements and a greater emphasis on outpatient care delivery, including preventative care.

The move to reduce the duration of hospital stays isn't new, but increasingly healthcare providers are looking for ways—leveraging technology as well as non-healthcare community entities—to tailor patient wellness outside of hospital settings.

The Business Journal's Sherry Hsieh asked some Orange County hospital executives to address how the care providers navigate the paradigm.

Here are edited excerpts of their responses:

BARRY ARBUCKLE

Chief Executive
MemorialCare Health System
Fountain Valley

At MemorialCare, we are committed to revolutionizing value in healthcare. We are profoundly different than what we were decades ago. This is most evident in our transformation into a community-based, outpatient care and fee-for-value model.

We have five hospitals, and we have expanded our ability to serve physician-based consumers in Orange County with over 200 sites of care—outpatient physician locations and urgent care, imaging, kidney dialysis and surgery centers.

We are uniquely positioned to provide consumers with high-value health, wellness, prevention, chronic disease management and treatment in the right location, with the right services and at the right price. Unlike most health care systems across the county, our ambulatory centers are intentionally not operating under the hospital license as a hospital-based outpatient department, but instead are operating as ambulatory care centers. While hospital-based programs result in higher reimbursement rates, our approach offers considerably more value with high quality and lower prices for employers, health plans and consumers.

Thanks to technological advances, for example, many surgical patients who spent days in a hospital now receive care easily accessible in outpatient centers without an overnight stay.

The biggest change with physicians is not how much but how they are being paid. An increasing amount of reimbursement is tied to patient satisfaction and quality outcomes. You want to measure, but you also want to improve overall wellness so you can reduce cost, improve care outcome and reduce readmission.

And we are unveiling even more new health care centers, innovative programs, progressive partnerships and comprehensive services located near where people live and work.

We have wellness care programs in all our locations that include fitness facilities, Weight Watchers challenges. Employees participate in challenges and are rewarded with prizes if they meet that. We've seen in our own employees that we, as a healthcare provider, are able to provide programs and incentives that help them navigate the system, set a healthier trajectory and maintain high compliance.



ROBERT BRAITHWAITE

Chief Executive
Hoag Memorial Hospital Presbyterian
Newport Beach

The core of the business is changing. For the last five to seven years, we have seen the shift from the inpatient to the outpatient model, and the shift continues, driven by lower reimbursement, as well as advances in technology—it's sometimes more about providers training physicians to learn more skills.

The [Hoag] Orthopedic Institute, which performs more total hip and knee replacements in California, can do joint replacement surgery in a day. This is less expensive compared to the prior five-, eight-day recovery time. You can come to a clinic in the morning and be done with surgery in the afternoon. We also do a lot of gynecologic surgeries, and the da Vinci robot is very precise in making small incisions. The surgery used to take three to four days, but now you can go home on the same day the surgery was performed.

Sometimes you need hospitalization, but we are also seeing technology helping to reduce recovery time. Every day you are not staying in the hospital, that is a lot of cost saved.

But our goal is to provide good care that produces good outcomes with maximum efficiency, not reduce costs.

We are one of the most advanced in terms of technology. We have the Surgical Navigation Advanced Platform from **Surgical Theater LLC** that uses virtual reality to allow neurosurgeons to fly through a patient's brain to get a better look at tumors, nerves, blood vessels and tissue prior to surgery. We are one of only 10 nonacademic hospitals to have this technology in-house. That's pretty impressive for a community hospital like ours.

In terms of the technology we are investing in within the hospital's four walls, we are doing telehealth and digging deeper into technology to do with understanding human genomes.

How you think about healthcare should come from communities that you serve, how [this community] thinks about healthcare and what they need from it. When we first opened Hoag Hospital Irvine last year, we needed to hire about 900 employees. About 400 of them were transferred from Newport Beach, but the new hires, we were looking for people who can understand Irvine residents' culture and language. We hired talents who are fluent in Mandarin, Korean and Farsi [among others].



You have to be very thoughtful about taking care of the population.

MARK COSTA

Executive Director
Orange County service area
Kaiser Permanente, Anaheim and Irvine

Across the country, how care is paid for has changed from per-visit to value-based. Kaiser is able to provide the highest quality care at the most affordable cost to our members because we pay one entity to provide all of your care.

We are seeing providers moving to capture population management information and integrating medical records from different system networks of care into an organized system. The biggest trend is how to use data from health records to drive best outcomes and lower costs.

We are using better technology innovation to stay connected with our members, and also for our members to connect with their own health.

About 35% of our membership populations within the entire health system falls within the Medicare, Medi-Cal or dual, meaning they are covered by both plans. The Affordable Care Act expanded healthcare coverage to these people, and they get to come to our primary care doctors to learn how to use the healthcare system. And we worry about these people; if they lose their insurance, they will go back to live their lives like before when they didn't have insurance.

We need to go out to the community. We are not going to change people's lives by going upstream. We work with schools in the community to support education in stem cell programs; we work with cities on issues such as violence and healthy food access.

Another really important trend is mental illness. Before, we used to put a separation between physical and mental wellness or badness. But usually people with depression don't have good physical health. We are starting to see the importance of mind, body and spirit.

The long-term impact of healthcare has to get out of the silos of taking care of the sick and go out to communities and help with food, economic insecurity. If you look at our portfolio, we support other organizations in the community that do this work.

We are getting smarter at how we provide care. We have virtual video visits, email pharmacy, to name a few. One advantage that we have is our integrated model of medicine.

KIMBERLY CRIPE

Chief Executive
Children's Hospital of Orange County
Orange

CHOC is known for the way we care for our patients needing chronic, acute care. This will continue. But looking at the majority of Orange County children, they don't have chronic healthcare problems, but we still want to be there for them as a health resource.

We are working with **Rady Children's Hospital** in San Diego to build a primary care network. We plan a \$17.7 million innovation plan, not all campus-based, to get parents information on how to raise healthy kids in our communities. Educating parents and kids about proper nutrition, obesity, as well as mental and physical health. Clearly a huge part is technology, and also a huge social media piece as to how you collaborate with your community and how you define community, really should be broader. In reality, kids touch a lot of community entities,



religious, education.

We are the top regional center for innovations in pediatric care. Our emergency room will come close to seeing 150,000 visits last year. Add another 30,000 at Mission Hospital. To take care of a kid, say with cancer or open-heart surgery, that type of thing takes a large interdisciplinary team ranging from surgery, radiology to child and family counseling.

Something I am really excited about is mental health. We are building the first inpatient psychiatric beds in California.

The reason why we have so few psychiatric beds is that insurance doesn't pay for them. You don't want to put your organization at risk—it's such a money loser, it's not a good business plan—but we are doing it because that's what you need to do to support this community (see related story, page 26).

LEE PENROSE

Chief Operating Officer
Acute Care Services
St. Joseph Hoag Health
Irvine

The last 10 to 15 years led to the creation of partnerships that are different from the prior relationships. A lot of concepts have changed, including the concept of wellness, emergency room care, and the development of healthcare providers providing a network of care.

Reimbursement, if left alone, can be divisive for providers. If a hospital is succeeding financially, that means insurance is losing money. There's a misalignment, and that might not be best for patients.

An important challenge would be in getting more efficient in terms of getting better patient outcomes while cutting down costs.

In my role, I am very close to the issue. There are many places you can go for healthcare, ambulatory, urgent care, emergency room ... and depending on where you go, the cost spectrum increases or decreases.

Going to see your primary physician in [his or her] office is the more affordable [option], and more importantly there's continuity of care. Your primary physician knows your family personal medical history and can therefore provide more comprehensive care. An emergency room visit is the most expensive.

I would never want to dissuade somebody who absolutely needs to go to an emergency room not to go, because that's why we are there, fully-staffed 24/7. But if you can get the same comprehensive care at a setting that is less expensive, there's no reason that you should go to an emergency room.

We know people get frustrated, especially now that it's cold and flu season, when it's hard to get a same-day appointment with your physician, and even urgent care can be frustrating because of the long wait time, so people may end up going to an emergency room. One thing we are trying to do in balancing the workload is to open up more urgent care centers and try to make them as accessible as possible.

There's no perfect science to it. When a patient comes into an emergency room, we assign a code based on the level of acuity, levels one through four. We have noticed a drop in level one visits, pointing to the fact that there's a good reason to do this. We are really freeing up capacity for the sickest of the sick.

I think every health system is different, different geography and a different demographic. What we have in common is every health system is trying to find ways to better coordinate their services both in ways we offer services to the community and how we run our facilities ... I am excited about the opportunity to collaborate with all of the hospitals in our region to provide better care for Orange County.



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HOSPITALS

Rank Prev. Rank	Hospital •Address	•Website •Email	Net patient revenue for 12 months ended Sept. 30, 2016 •yearly % change	Pre-tax net income (loss) for 12 months ended Sept. 30, 2016	Pre-tax net income (loss) for 12 months ended Sept. 30, 2015	Patient days •yearly % change	Outpatient visits •yearly % change	Licensed beds	OC employees (full- and part-time) •yearly % change	Parent company	Top local official(s) •Title •Phone/fax
1 (1)	UC Irvine Medical Center 101 The City Drive S. Orange 92868-3201	ucirvinehealth.org	\$997.1 million 9%	\$15.8 million	\$58.5 million	123,422 5%	509,125 2%	413	4,800 3%	University of California, Irvine	Howard J. Federoff vice chancellor, health affairs/CEO, UC Irvine Health (714) 456-7890
2 (2)	Hoag Memorial Hospital Presbyterian⁽¹⁾ 1 Hoag Drive Newport Beach 92658-6100	hoag.org feedback@hoag.org	\$906.9 million 7%	\$190.7 million	\$73.7 million	113,773 7%	413,526 3%	527	5,400 ⁽²⁾ 3%	Hoag Memorial Hospital Presbyterian	Robert T. Braithwaite CEO/president (949) 764-4624
3 (3)	St. Joseph Hospital-Orange 1100 W. Stewart Drive Orange 92868-3849	sjo.org sjo-feedback@stjoe.org	\$584.1 million 0%	(\$8.8 million)	(\$944,804)	79,706 3%	329,269 5%	491	2,901 27%	St. Joseph Health	Steven C. Moreau CEO/president (714) 633-9111
4 (5)	Mission Hospital⁽³⁾ 27700 Medical Center Road Mission Viejo 92691-6426	mission4health.com mission.info@stjoe.org	\$557.8 million 6%	\$26.5 million	\$17.5 million	83,681 -1%	208,975 4%	523	2,500 0%	St. Joseph Health	Tarek Salaway CEO (949) 364-1400
5 (4)	CHOC Children's (Children's Hospital of Orange County) 1201 W. La Veta Ave. Orange 92868-3874	choc.org kschiller@choc.org	\$548 million 1%	\$21.6 million	\$19.7 million	64,818 5%	228,488 2%	279	3,441 10%	Children's HealthCare of California	Kimberly C. Cripe CEO/president (714) 997-3000/(714) 509-8477
6 (6)	St. Jude Medical Center 101 E. Valencia Mesa Drive Fullerton 92835-3875	stjudemedicalcenter.org	\$496 million 1%	\$13.1 million	(\$4.6 million)	72,444 12%	469,609 8%	320	2,449 3%	St. Joseph Health	Brian Helleland CEO (714) 871-3280/(714) 992-3912
7 (7)	Kaiser Permanente Anaheim Medical Center⁽⁴⁾ 3440 E. La Palma Ave. Anaheim 92806-2020	kp.org/orangecounty	\$450 million ⁽⁵⁾ NA	wnd	wnd	112,393 ⁽⁵⁾ NA	165,746 ⁽⁵⁾ NA	430 ⁽⁵⁾	7,665 2%	Kaiser Permanente	Mark Costa senior VP/area manager (714) 644-2000/(714) 644-2499
8 (8)	Fountain Valley Regional Hospital & Medical Center 17100 Euclid St. Fountain Valley 92708-4043	fountainvalleyhospital.com fvr-mktg@tenethealth.com	\$380.8 million -6%	\$19.8 million	\$38.7 million	84,862 -3%	72,152 -8%	400	1,463 -18%	Tenet Healthcare Corp.	Kenneth D. McFarland CEO (714) 966-7200/(714) 966-8039
9 (9)	Saddleback Memorial Medical Center⁽⁶⁾ 24451 Health Center Drive Laguna Hills 92653-3689	memorialcare.org/saddleback	\$336.2 million -4%	\$43 million	\$54.5 million	51,543 -2%	211,839 -8%	252	1,706 -11%	MemorialCare Health System	Marcia Manker CEO (949) 837-4500
10 (10)	Orange Coast Memorial Medical Center 18111 Brookhurst St. Fountain Valley 92708-6728	memorialcare.org	\$297.9 million 4%	\$22 million	\$20.5 million	41,431 -6%	90,598 13%	218	1,476 5%	MemorialCare Health System	Marcia Manker CEO (714) 378-7000/(714) 378-5513
11 (11)	Los Alamitos Medical Center 3751 Katella Ave. Los Alamitos 90720-3164	losalamitosmedctr.com losalamitosmedctr@tenethealth.com	\$218 million 4%	\$14.2 million	\$14.7 million	45,838 3%	86,297 1%	167	1,114 0%	Tenet Healthcare Corp.	Kent Clayton CEO (562) 598-1311/(562) 493-2812
12 (13)	Orange County Global Medical Center 1001 N. Tustin Ave. Santa Ana 92705-3502	orangecounty-gmc.com shelle.malm@ihhioc.com	\$199.1 million 10%	\$47.9 million	\$32.2 million	37,946 8%	40,173 13%	228	1,147 0%	KPC Healthcare Inc.	Suzanne Richards CEO, KPC Healthcare (714) 953-3500/(714) 953-3613
13 (12)	AHMC Anaheim Regional Medical Center 1111 W. La Palma Ave. Anaheim 92801-2804	anaheimregionalmc.com	\$192.4 million -8%	(\$8.3 million)	(\$5.9 million)	48,104 -2%	59,374 -6%	223	1,243 -2%	AHMC Healthcare Inc.	Rick Castro CEO (714) 774-1450
14 (NR)	Hoag Orthopedic Institute 16250 Sand Canyon Ave. Irvine 92618-3714	orthopedichospital.com	\$122.2 million 4%	\$38.5 million	\$37.6 million	10,398 -0%	954 14%	70	-	Hoag Memorial Hospital Presbyterian	Carlos A. Prietto CEO/president (855) 999-4641
15 (14)	West Anaheim Medical Center 3033 W. Orange Ave. Anaheim 92804-3156	westanaheimmedctr.com wamcinfo@primehealthcare.com	\$100.6 million -10%	(\$3.9 million)	\$8.6 million	34,998 5%	34,038 -34%	219	821 0%	Prime Healthcare Services	Virg Narbutas regional CEO (714) 827-3000/(714) 229-6813

Sources: Office of Statewide Health Planning and Development and the hospitals

Abbreviations: NA: not applicable; wnd: would not disclose
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(1) Includes Hoag Hospital Irvine

(2) OC employees includes Hoag Orthopedic Institute and Hoag Hospital Irvine

(3) Includes Mission Hospital-Laguna Beach

(4) Includes Kaiser Permanente Irvine Medical Center

(5) Business Journal estimate

(6) Includes Saddleback Memorial Medical Center-San Clemente

Researched by Dana Truong

Highlight provided for fee

► Continued on page 26

Top-Ranked Hospitals Combine for 2% Revenue Jump

30 Centers Take in \$7.2B; UCI Hospital Still at Top

By SHERRY HSIEH

Last year Renton, Wash.-based **Providence Health & Services** and Irvine-based **St. Joseph Health** merged to form a seven-state healthcare system, a transaction that further consolidated its Orange County-based hospitals under the umbrella of **St. Joseph Hoag Health**.

The new entity accounts for five of the 30 OC hospitals we've ranked this year with at least \$10 million in net patient revenue.



The facilities took in \$7.2 billion, up 2%. The list also includes pretax net income; and the number of patient days, outpatient visits, licensed beds and OC-based employees, though those numbers don't affect the rankings.

The list includes new entrants **Hoag Orthopedic Institute** in Irvine and **HealthBridge Children's Hospital** in Orange. Some other hospitals shuffled positions, but the ranking is otherwise unchanged from last year.

The list includes new entrants **Hoag Orthopedic Institute** in Irvine and **HealthBridge Children's Hospital** in Orange. Some other hospitals shuffled positions, but the ranking is otherwise unchanged from last year.

Wellness

UC Irvine Medical Center held onto first place with net patient revenue of approximately \$997.1 million for the 12 months ended Sept. 30, up 9.24% year-over-year.

"UC Irvine Health has a long-standing commitment to promoting wellness in our community," said Vice Chancellor of Health Affairs and Chief Executive **Howard Federoff**. "We opened Orange County's first Federally Qualified Health Center in Santa Ana, and we continue to expand clinical services and wellness education across the region."

UCI Health, as the only university-based care provider in Orange County, comprises clinical, medical education, and research. Its 417-bed acute care hospital is in Orange.

Federoff said a focus for UCI Health is to provide comprehensive care to older adults, a group he referred to as the "Silver Tsunami."

Efforts include preventive care and chronic care, with the goal to empower patients to manage their own health.

■ The hospitals in the St. Joseph Hoag network include: No. 2 ranked **Hoag Memorial Hospital Presbyterian**, third-ranked **St. Joseph Hospital-Orange**, fourth-ranked **Mission Hospital** and sixth-ranked **St. Jude Medical Center**.

■ **Children's Hospital of Orange County** broke up the St. Joseph Hoag Health streak on the list, placing fifth with \$548 million in revenue. It experienced growth in inpatient and outpatient care, according to Senior Vice President and Chief Financial Officer **Kerri Schiller**.

"Patients admitted to CHOC for inpatient care increased by 3% in 2016, and in particular, CHOC treated a large number of high-acuity patients with very long length of stays," said Schiller, referring to very sick patients, particularly in oncology and neonatal intensive care.

■ Hoag, with approximately \$906.9 million in revenue that includes **Hoag Hospital Irvine**, grew revenue by 7%.

Chief Executive **Robert Braithwaite** attributed the increase to inpatient volume growth at hospital campuses in Newport Beach and Irvine, as well as efforts to lower expenses and make care delivery more efficient.

Outpatient visits increased by 3%. "Our commitment to the transition to outpatient care delivery is evidenced in the opening of Hoag Health Center Irvine at Sand Canyon and the groundbreaking of Hoag Health Center Tustin, as well as our urgent care strategy and the continued growth of our physician network," Braithwaite said.



Federoff: UCI system continues to expand services, education

Hoag topped St. Joseph-Orange, which reported roughly \$584.1 million in net patient revenue, by more than 55%. St. Joseph-Orange also had a steeper increase in operating

loss.

Richard Afable, executive vice president of St. Joseph Health's Southern California region and chief executive of St. Joseph Health, said the numbers don't paint a holistic picture of the health system.

"Thinking of hospitals as a 'retail' model, where the more beds, more patients, and more revenue the better, doesn't tell the whole story," Afable said. "Hospitals are increasingly focused on serving the community more holistically, striving for better community health. If that means fewer hospital stays, less surgery and reduced use of hospital beds, we are OK with that."

New entrants Hoag Orthopedic and HealthBridge Children's had \$122.2 million and \$12.2 million in revenue, respectively. ■



Douglas Hospital: top-ranked UC Irvine Health's 417-bed acute care hospital in Orange

OVERALL HOSPITAL QUALITY

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HOSPITALS

► From page 24

Rank	Hospital	Website	Net patient revenue for 12 months ended Sept. 30, 2016	Pre-tax net income (loss) for 12 months ended Sept. 30, 2016	Pre-tax net income (loss) for 12 months ended Sept. 30, 2015	Patient days	Outpatient visits	Licensed beds	OC employees (full- and part-time)	Parent company	Top local official(s)
Prev. Rank	Address	Email	•yearly % change			•yearly % change	•yearly % change		•yearly % change		•Title •Phone/fax
16	Placentia-Linda Hospital 1301 N. Rose Drive Placentia 92870-3899	placentialinda.com	\$98 million 1%	\$12.6 million	\$16.9 million	11,193 3%	53,397 5%	114	481 11%	Tenet Healthcare Corp.	Christina Oh CEO (714) 993-2000
17	Garden Grove Hospital & Medical Center 12601 Garden Grove Blvd. Garden Grove 92843-1959	gardengrovehospital.com info@gardengrovehospital.com	\$89.1 million -9%	\$4.3 million	\$7 million	21,004 -6%	37,013 -0%	167	623 0%	Prime Healthcare Services	Richard (Rick) M. Rowe CEO (714) 537-5160/(714) 741-3370
18	College Hospital Costa Mesa 301 Victoria St. Costa Mesa 92627-1995	collegehospitals.com alexs@chcm.us	\$78.7 million -17%	\$18.4 million	\$32.7 million	40,672 -1%	16,847 -7%	122	477 13%	College Health Enterprises	Susan Taylor CEO (949) 642-2734/(949) 574-3320
19	Anaheim Global Medical Center 1025 S. Anaheim Blvd. Anaheim 92805-5806	anaheim-gmc.com	\$74.9 million 17%	\$8.2 million	(\$1.3 million)	40,241 15%	32,197 29%	188	600 0%	KPC Healthcare Inc.	Scott Rifkin CEO (714) 533-6220/(714) 563-2859
20	CHOC Children's at Mission Hospital 27700 Medical Center Road, fifth floor Mission Viejo 92691-6426	choc.org/ccmh kschiller@choc.org	\$67.4 million 20%	\$13.5 million	\$4.8 million	8,421 13%	22,429 -1%	54	138 5%	Children's HealthCare of California	Kimberly C. Cripe CEO/president (949) 364-1400
21	Kindred Hospital Westminster 200 Hospital Circle Westminster 92683-3910	khwestminster.com	\$66 million -10%	\$3.9 million	\$8.9 million	35,388 -5%	0 NA	109	500 ⁽⁵⁾ NA	Kindred Healthcare Inc.	Julie Myers CEO (714) 893-4541/(714) 894-3407
22	South Coast Global Medical Center 2701 S. Bristol St. Santa Ana 92704-6201	southcoast-gmc.com	\$54.6 million 4%	\$892,227	(\$3 million)	32,101 -2%	27,318 3%	178	523 0%	KPC Healthcare Inc.	Ron Galonsky CEO (714) 754-5454/(714) 754-5538
23	La Palma Intercommunity Hospital⁽⁷⁾ 7901 Walker St. La Palma 90623-1764	lapalmaintercommunityhospital.com lpihinfo@primehealthcare.com	\$54.2 million -12%	(\$3.6 million)	\$994,865	18,532 -5%	21,453 -9%	141	462 0%	Prime Healthcare Services	Virg Narbutas regional CEO (714) 670-7400/(714) 229-6813
24	Huntington Beach Hospital⁽⁸⁾ 1772 Beach Blvd. Huntington Beach 92647-6819	hbhospital.org info@hbhoc.com	\$48.3 million -10%	(\$2.5 million)	(\$2.6 million)	17,617 -0%	25,600 -9%	131	430 0%	Prime Healthcare Services	Richard (Rick) M. Rowe CEO (714) 843-5000/(714) 843-5038
25	Chapman Global Medical Center 2601 E. Chapman Ave. Orange 92869-3296	chapman-gmc.com	\$48.2 million 6%	\$3.9 million	\$5 million	20,972 6%	13,661 -0%	114	399 0%	KPC Healthcare Inc.	Ron Galonsky CEO (714) 633-0011/(714) 532-4345
26	Kindred Hospital Brea 875 N. Brea Blvd. Brea 92821-2606	kindredhospitalbrea.com diane.zeoli@kindred.com	\$36.8 million 4%	\$4.1 million	\$2.6 million	25,471 1%	0 NA	86	206 11%	Kindred Healthcare Inc.	Diane Zeoli CEO (714) 529-6842/(714) 256-1728
27	Kindred Hospital Santa Ana 1901 N. College Ave. Santa Ana 92706-2334	kindredsantaana.com	\$29 million ⁽⁵⁾ NA	wnd	wnd	16,156 ⁽⁵⁾ NA	0 ⁽⁵⁾ NA	54 ⁽⁵⁾	220 ⁽⁵⁾ NA	Kindred Healthcare Inc.	Morgan Topper CEO (714) 564-7800/(714) 564-7814
28	HealthSouth Tustin Rehabilitation Hospital 14851 Yorba St. Tustin 92780-2925	tustinrehab.com feedback_tustin@healthsouth.com	\$25.2 million 7%	\$3.5 million	\$4 million	14,757 2%	0 NA	48	232 0%	HealthSouth Corp.	Diana Hanyak CEO (714) 832-9200/(714) 734-4851
29	HealthBridge Children's Hospital 393 S. Tustin St. Orange 92866-2501	healthbridgeorange.com	\$12.2 million -7%	\$2.3 million	\$3 million	8,795 -7%	2,012 -38%	27	wnd	Nexus Health Systems	Roberta Consolver CEO/chief clinical officer (714) 289-2400/(714) 289-2367
30	Newport Bay Hospital 1501 E. 16th St. Newport Beach 92663-5924	newportbayhospital.com info@beaconhealthcare.com	\$11.2 million 5%	(\$30,906)	\$190,272	11,659 1%	0 NA	36	95 6%	Beacon Healthcare Services Inc.	James Parkhurst CEO/president (949) 650-9750/(949) 650-9751

Sources: Office of Statewide Health Planning and Development and the hospitals

Abbreviations: NA: not applicable; wnd: would not disclose
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⁽⁵⁾ Business Journal estimate

⁽⁷⁾ La Palma Intercommunity Hospital converted to a nonprofit hospital; Ontario-based Prime Health Services donated La Palma

Intercommunity Hospital to the Prime Healthcare Foundation

⁽⁸⁾ Huntington Beach Hospital converted to a nonprofit hospital; Ontario-based Prime Health Services donated Huntington Beach Hospital to the Prime Healthcare Foundation

Researched by Dana Truong



Myth:

Children can't get depressed.

Truth:

Signs of depression can appear as early as five.

Approximately 150,000 children living in Orange County suffer from a diagnosable mental health condition – yet there are no psychiatric inpatient beds for patients under age 12 in local hospitals, insufficient beds for adolescents and very few outpatient programs. Along with our community partners, our goal is to create an integrated and coordinated mental health system of care for children, teens and young adults.

Join us in making a difference in the lives of our children by reducing the stigma around mental health. Visit CHOC.org/mentalhealth to donate and download our tips on how to start the conversation. Let's talk about it.



 **CHOC Children's**
together the future's bright

CHOC Wants Community In On Child Mental Health

Center Aims To Involve Nonmedical Participants

By SHERRY HSIEH

Healthcare providers continue to transform delivery of care, changes driven largely by reimbursement policy. Mental health, in particular, is high on Orange County healthcare providers' priority list, and **Children's Hospital of Orange County** is spearheading one effort as part of a larger mission to improve children's health and well-being.

Orange County has about one bed for every 22,000 children and none for children younger than 12, said CHOC Chief Executive **Kim Cripe**.

CHOC is addressing the gap with the addition of an 18-bed mental health center it announced in 2015 and scheduled to open in 2018. Now it also plans to collaborate with a network of other hospital systems, including **Kaiser Permanente** and **St. Joseph Hoag Health**, as well as community organizations, such as schools, religious institutions and county agencies, to build a stronger community system ensuring better access to mental health resources and care for children.

"It is hard to believe how a mental health problem can manifest itself at a very young age," Cripe said. "We have seen a startling number of visits [from children with psychiatric crisis]."

One out of five children suffers from a mental health condition, according to the **National Institute of Mental Health**, and Cripe said that translates to more than 150,000 children in Orange County.

"The healthcare community [ought to be] thinking about mental health relating to

preschools, to faith-based communities, to tech companies ... and the role they can play in the next three years," said CHOC Chief Psychologist **Heather Huszti**.

She stressed the importance of bringing nonhospital entities into the conversation about needs because children interact in settings beyond the home or hospital.

CHOC is working with data on children with behavioral problems who are at risk of or who've been expelled from preschools in order to develop a pilot program to help child care workers manage the children's behaviors and identify treatment resources.

The hospital also is working with faith-based groups, such as Saddleback Church and Jewish Family Services, and with the department of psychiatry at the University of California-Irvine to help with education, research and training.

"[Our initiative] is really a good learning lab of what we are thinking about the health of the community, and not just healthcare for the sick."

Mental disorders can be difficult to diagnose in children. Huszti attributed the lack of treatment for children with mental health disorders to children's limited range of expression in speaking about their health and to medical professionals who don't recognize that children can have mental disorders.

She has observed a range of psychiatric disorders in her role, including attention deficit disorder, depression, anxiety, suicidal behaviors and episodes of sudden rage.



Cripe: center part of effort to improve children's overall health



Huszti: outside entities should consider their roles in care

"Every child throws a tantrum sometimes, but when it's persistent and above what's normal, there's something to worry about," Huszti said. She gave examples of abnormal reactions, including uncontrolled rage problems with transition, "like when being told to put down the video game and come to dinner—a lack

of flexibility."

Huszti emphasized the importance of early intervention, adding that approximately half of adults with severe and persistent mental health problems have diagnosable symptoms before age 14.

"We know even for more severe disorders like schizophrenia, early prevention can stop a psychotic episode from happening again," Huszti said. She added that children's brains are much more elastic, hence early treatments provide a chance to stop a mental disorder from becoming recurrent. "It's much harder when it's persistent."

The planned center will provide mental health care for children between the ages of 3 and 18, as well as specialty programs for children younger than 12. All 18 beds are private rooms, making the center the only private-room facility in California.

The center will have an outdoor playground and multipurpose areas for consultation, therapy and quiet time. Huszti said CHOC is looking to create a place that's safe and welcoming in order to promote optimum healing.

"It's scary for the family, kids. We think it's

good for kids to be in an environment where they can calm themselves ... and as we deem appropriate, [these rooms allow] for parents to stay with their kids," Huszti said.

Construction started in September and is scheduled for completion in the first half of next year, Cripe said.

It's funded by a state grant and private philanthropy, including a \$5 million lead gift from **Sandy Segerstrom Daniels**. Other local donors include **George** and **Julia Argyros**.

Segerstrom Daniels is co-managing partner of **South Coast Plaza** and a partner in **C.J. Segerstrom & Sons** and **HTS Management**, all in Costa Mesa. The Argyroses have broad holdings in real estate and other interests.

Cripe said that approximately \$20 million of the \$27 million needed for the facility build-out has been largely funded. CHOC will also raise an endowment to help sustain the initiative.

The program's annual cost is projected to reach \$16 million and startup costs about \$11 million, according to a CHOC spokesperson.

"People stepped up, and we raised a lot of money [through private philanthropy]," Cripe said, "but we need to make sure we have sustainable resources moving forward."

More Beds

Orange County, on the public-sector side, is contracting with a Culver City nonprofit organization to open a 22-bed psychiatric crisis stabilization unit this year in Garden Grove to care for children ages 13 and older, and adults.

California had 6,587 psychiatric beds as of 2014, 628 of those for children and adolescents, according to data compiled by the **California Hospital Association's** Center for Behavioral Health. ■

Innovation

from page 18

The program is in the early research stage as the team explores the likelihood of healthcare providers leveraging patients' social circles, such as family members and friends, to achieve better outcomes.

The innovation lab currently has more than 20 active projects roughly divided into 50% virtualized care, 25% data analytics, and 25% healthcare delivery infrastructure design.

Kaiser self-funds its innovation studio but would collaborate with external technology companies.

Its goal is to redesign care to optimize consistent, integrated delivery.

"To improve healthcare, you have to question the current structure and see if there's some inefficiency from patients' viewpoint," Funahashi said, adding that Kaiser's 28,294-square-foot medical office in La Habra, which is scheduled to open this year, will incorporate tested technologies developed by the innovation lab.

The facility is one of 10 new medical offices Kaiser is rolling out in Southern California. It boasts a "human-centered, design-driven" approach, such as a reception area reimagined as a public square.

Funds

MemorialCare Health System has internal innovation and technology departments, as well as funds that invest in healthcare technology.

MemorialCare's information services division has over 400 employees focused primarily on technologies impacting clinical care and patient services, such as clinical communication and collaboration; voice recognition; universal imaging viewing and sharing; electronic medical records optimization; and telemedicine. Its innovation team meets monthly to review and

recommend projects, Chief Executive **Barry Arbuckle** said.

MemorialCare also is involved in two strategic investment funds: the MemorialCare Innovation Fund and Summation Health Ventures. The funds focus on information technology, health services and medical devices.

"We set up a formal fund in 2005 and partnered with [**Cedars-Sinai Health System**] for the second fund [Summation Health] in 2014," said **Brant Heise**, senior managing director of both funds. He said the funds are "evergreen," open-ended and legally separate entities from the hospitals.

Los Angeles-based Cedars-Sinai is one of the largest nonprofit academic medical centers in the country. Summation Health is equally owned by it and MemorialCare.

Heise said the funds share the same structure and investment strategy, with each portfolio consisting of approximately 60% healthcare technology, 20% medical devices, and 20% a "catch-all." The funds are active, but Heise said he's stopped making new investments in the first fund and is focusing on Summation Health.

"Cedars-Sinai is a very large, prestigious academic center, and MemorialCare is a medium to large community health system, [offering] a different perspective."

Heise said he believes that if the technologies MemorialCare and Cedars-Sinai invest in work for the two systems that they would be useful to 80% of healthcare providers.

Summation Health has 10 portfolio companies, including two new additions: San Francisco-based **Hyp3r Inc.**, which provides



Funahashi: Kaiser put lab near patient visitation rooms



Heise: MemorialCare involved with innovation investment funds

real-time, location-based customer engagement for businesses, and **Well Health Inc.**, which develops federally compliant provider-patient text messaging.

Inside

Reton, Wash.-based **Providence St. Joseph Health's** California arm, **St. Joseph Health**, has its own take on technology, and its Southern California division, **St. Joseph Hoag Health**, will gradually incorporate the technologies that St. Joseph Health implements.

"If you look at St. Joseph [Health] within the acute or ambulatory space, we are actively providing care to patients, but if you look at technology in general, [electronic health records] has only been out since the mid-1990s," said **Michael Marino**, who heads information services operations and clinical systems at St. Joseph Health.

Three areas of focus are sensor technology, electronic health records integration, and big data, and St. Joseph Health collaborates with three companies that it owns minority stakes in: San Antonio, Texas-based **Airstrip Technologies**, which it partnered with in 2014; Anaheim-based medical technology company **Hart Inc.**, which it added in 2015; and Jacksonville, Fla.-based data analytics firm **Clearsense LLC**, which came on last year.

AirStrip's platform makes disparate systems, data and devices interoperable. St. Joseph Health is adopting and implementing the company's patient monitoring technology, which allows physicians and nurses to use smartphones to access critical clinical information, including live and historical waveform data previously accessible only at bedside, all while

protecting the patient's privacy.

Marino said St. Joseph Health is using the technology to provide obstetricians with real-time health data via smartphones and plans to use it to prevent heart attacks.

St. Joseph Health also is working with Hart's namesake app designed to allow healthcare providers and patients better real-time access to medical records, lab results, post-visit instructions, and pill reminders, as well as personal wellness data, including fitness progress. The company has added to its offerings on-site patient check-in system Kiosk, and Clarity, which manages doctor workflows.

Clearsense performs real-time data analytics on data stored in disparate places, such as electronic medical records systems, labs, outpatient centers and insurance companies.

"Data comes from multiple settings, hospitals, ambulatory, emergency room," Marino said. "Data is huge, and not being able to see all those data in real time, in a clear, organized [way], can cause inefficiency in care, repetitive care."

St. Joseph Health is affiliated with healthcare incubator the Innovation Institute, which Marino described as a venture that takes ideas from inside and outside of the industry to develop for commercialization. The institute is a for-profit, limited liability company owned by five nonprofit health systems, including CHOC Children's.

Forward

Technology is now an integral part of industry conversations, both for improving care and measuring outcomes. Funahashi said that when it comes to innovation, though, providers should look for solutions after identifying problems. "The problem in innovation is that people see something shiny and bright, they try to use it somewhere, and it won't work. But if you know the problem you are trying to solve and you continue to look for a solution to that problem, then it will work." ■



WALK WITH ME

KPC Health is proud to support the American Heart Association's annual Heart and Stroke Walk, on March 4th. We are honored to partner with an organization that does so much for our patients, and their families. For more information, and to donate, visit oheartwalk.org. **#Doit4YourHeart**

Suzanne Richards

Suzanne Richards, MBA, FACHE
CEO of Healthcare Operations, KPC Health
2017 Chair of OC Heart and Stroke Walk

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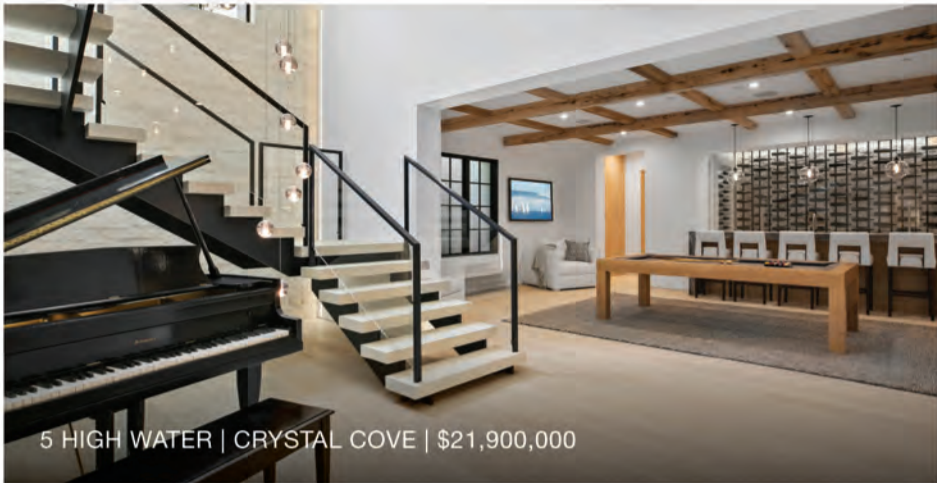
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