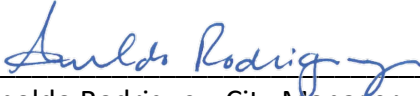




REPORT TO CITY COUNCIL

Approved by:

Council Meeting of: August 16, 2023



Arnoldo Rodriguez, City Manager

Agenda Number: B-5

SUBJECT:

Local state of emergency related to the closure of Madera Community Hospital

RECOMMENDATION:

Adopt a Resolution continuing to support Madera County's Proclamation of a local emergency due to the closure of Madera Community Hospital for 30 days.

SUMMARY:

On January 18, 2023, the Council adopted a resolution supporting a Madera County Proclamation of the existence of a local emergency due to the closure of Madera Community Hospital (MCH) and formalizing the City's stance on the local emergency. Furthermore, the approval of the Resolution demonstrates support for any requests for state and federal funding to reopen MCH or for alternative healthcare options for the residents of Madera. Legislative bodies are required by the Office of Emergency Services to approve a Resolution to extend the state of emergency every 30 days until termination. Council last approved a Resolution extending this State of Emergency on June 21, 2023.

BACKGROUND:

During a Public Comment portion of the August 3, 2022, Council meeting, Madera Community Hospital (MCH) informed the Council of the financial hardship it faced due to the COVID-19 pandemic and requested \$1 million in American Rescue Plan Act (ARPA) to allow continued operations while its affiliation with St. Agnes Medical Center/Trinity Health was under consideration with the State Attorney General. MCH accrued millions of dollars in debt due to labor cost inflation, costly treatment, and shouldering the cost of intensive care services for COVID-19 cases. The Hospital attributes the years of accumulated liability to its high census of Medi-Cal patients and low reimbursement rates.

Subsequently, at Council's direction, relief funding was revisited for further consideration on September 21, 2022, where MCH provided additional details that justified the request for \$1

million in ARPA funds. Considering that 100 percent of ARPA funds received by the City were previously allocated to the City's Sewer and Water Enterprise Funds for public infrastructure projects to lower utility rates, and that any reallocation of monies would not sustain a long-term solution for MCH, the Council elected to sponsor the MCH/Trinity Health affiliation with a Letter of Support in lieu of reallocating ARPA funding.

In the interim, City Staff facilitated meetings with MCH and local, regional, and state officials to identify alternative funding options MCH may either apply for or be entitled to, which included:

- MCH was owed \$23 million from the State to which Senator Caballero's office is intervening to expedite these funds.
- If additional funding was not received, MCH had funding to operate until mid November.
- The requested allocation of \$1 million from the City would have allowed the hospital to operate for an additional 1-2 weeks.
- Potential Federal Emergency Management Agency (FEMA) funding for COVID relief had not been previously sought by MCH when these funds were made available for application. Congressman Jim Costa's office recommended that MCH urgently apply, as the Hospital had not tapped into this funding source.
- \$5 million in state funding secured by Assemblyman Bigelow and Senator Caballero for immediate debt relief.
- MCH received a loan of \$15 million from Trinity Health to ensure continued operations while the merger was under consideration.

MCH entered into discussions of an affiliation agreement with Trinity Health/St. Agnes Medical Center to alleviate its financial burden and to provide continuity of care for its patients. Under State law, the affiliation agreement was subject to the California Attorney General's approval. Attorney General Rob Bonta conditionally approved the agreement; however, based on the conditions set forth, Trinity Health Corporation elected to abandon the affiliation, causing MCH to cease operations and close its facilities indefinitely.

Upon this decision, MCH advised their agency partners that they would file for Chapter 11 bankruptcy. The Hospital's closure leaves approximately 160,000 Madera County residents and surrounding communities without full-service healthcare facilities, including a 24-hour emergency room, surgical facilities, radiology services, and inpatient critical care. Specifically, the closure of MCH poses numerous challenges to the delivery of public health services to the community. These include, but are not limited to, the following:

1. Mandated services to the medically indigent;
2. Medical facility for 72-hour crisis holds for adults and children;
3. Delays in response times for Emergency Medical Services Personnel;
4. Strain to surrounding healthcare facilities and increased patient volume;
5. Rerouting of local law enforcement from other matters of public safety to health-care related emergencies;
6. Overall negative impact on health outcomes for all residents.

In response to the immediate risk to public health and safety, Council adopted a resolution supporting the County's declaration of a Local State of Emergency and authorized City resources and staff time for a partnership with Madera County to evaluate potential healthcare options. As required by the California Office of Emergency Services (OES), declarations of local emergencies must be approved by Resolution every 30 days until terminated. Due to the absence of a full-service hospital and life-saving services outlined above, Staff finds reason to continue the local emergency and support the need for state and federal funding. Staff recommends Council adopt a resolution supporting the local public health emergency declared upon the closure of Madera Community Hospital, extending the period for an additional 30 days.

DISCUSSION:

Upon the closure of MCH, Sherriff Pogue proclaimed a local state of emergency in his role as Director of Emergency Services for Madera County. The Madera County Board of Supervisors (BOS) ratified the Sherriff's action on January 3, 2023. At the BOS meeting on January 10, 2023, County staff received direction to study potential options and alternatives for providing emergency and hospital medical services for the citizens of Madera. Council also adopted a Resolution supporting the County's Proclamation, recognizing the existence of a local Emergency in Madera on January 18, 2023. In addition, Council authorized the City Manager to allocate staff time and up to \$60,000 in resources to partner with the County in evaluating potential options for healthcare and emergency medical care services for Madera residents.

It should be noted that the closure of MCH had an immediate regional effect on neighboring hospitals and health care facilities that struggled to treat the overflow of patients. To that extent, on January 3, 2023, the Fresno County Board of Supervisors (FCBOS) proclaimed the existence of a local emergency, partly due to the closure of MCH, which compounded an already overextended public health crisis caused by ongoing COVID-19, flu, and respiratory illness outbreaks. Shortly thereafter, Congressman Costa and Congressman-elect Duarte co-authored a letter to the US Department of Health and Human Services and Centers for Medicare and Medicaid Services to highlight the dire situation and request that the agencies give the current medical crisis in Madera their full attention and evaluate options to provide emergency relief. The County of Fresno elected to terminate the local state of emergency regarding its hospitals on February 7, 2023, however, Madera residents continue to lack essential medical services and resources to travel to the nearest hospital.

Immediately following its closure, MCH attempted to secure new affiliation partners and alternative funding options; however, failed to draw interested suitors. As a result, MCH filed for Chapter 11 bankruptcy in early March and continues to undergo bankruptcy proceedings to date. Upon the closure and bankruptcy filing, state representatives, public agencies and private citizens drew widespread attention to the lack of medical resources in Madera, and as a result, on May 15, 2023, Governor Gavin Newsom signed Assembly Bill 112. AB 112 established the new, \$150 million Distressed Hospital Loan Program (DHLP) to provide zero-interest cash flow loans to nonprofit or public hospitals experiencing extreme financial distress. The State Budget also took

into consideration several other California hospitals in danger of closing and allocated an additional \$150 million from the Managed Care Organization Tax, bringing the total available funding to \$300 million.

Subsequently, Madera Community Hospital applied for rescue funding from the DHLP for \$80 million and has entered into an initial, non-binding letter of intent with Adventist Health to take over operations and management of Madera Community Hospital. Based on a [statement](#) released by the CEO of Adventist Health, Kerry Heinrich, the agreement appears to be contingent on MCH securing state funding from the DHLP. As both endeavors are in the early stages, there remains no clear date for reopening MCH. Patients suffering from acute or medical emergencies are left with limited healthcare options in the city in which they reside. Staff feels this presents a dire situation necessitating the need to continue declaring a local health emergency until DHLP funding is allocated and implemented, and until such time that Adventist Health can legally assume operational management to resume the provision of healthcare for Madera residents.

FINANCIAL IMPACT:

Council authorized the City Manager to allocate staff time and up to \$60,000 for collaboration with County leaders and staff to evaluate and identify a path forward concerning the Hospital and alternative medical care. To date, said funds have not been spent.

ALTERNATIVES:

Alternatively, Council may elect to terminate the existing Resolution supporting the County's local emergency proclamation.

ATTACHMENTS:

1. Resolution supporting the County's Proclamation of Local Emergency extending the period for an additional 30 days.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA
SUPPORTING THE COUNTY'S PROCLAMATION OF THE EXISTENCE OF A
LOCAL EMERGENCY DUE TO THE CLOSURE OF MADERA COMMUNITY
HOSPITAL FOR A PERIOD OF 30 DAYS**

WHEREAS, on December 29, 2022, the Madera County Sheriff/Madera County Director of Emergency Services declared a local emergency based on an imminent and proximate threat to public safety in Madera County caused by the sudden and unexpected closure of Madera Community Hospital, the City's only general acute care hospital and emergency room that provided services to both adults and children; and

WHEREAS, the Madera County Board of Supervisors ratified the declaration of a local emergency on January 3, 2023, related to the closure of Madera Community Hospital; and

WHEREAS, the City Council of the City of Madera hereby finds that there continues to exist an imminent and proximate threat to public health and safety from the closure of Madera Community Hospital; and

WHEREAS, conditions of disaster or of extreme peril to the safety of persons within the City have resulted from and continue due to the sudden termination of emergency and other medical services at Madera Community Hospital, thereby causing significant and unanticipated strain and depletion of local resources and the conditions warrant and necessitate supporting the declaration of a local emergency; and

WHEREAS, the closure of Madera Community Hospital came at a time when the region's healthcare network was already significantly strained by ongoing cases of COVID-19, flu, and respiratory viruses; and

WHEREAS, the Fresno County Board of Supervisors declared an emergency on January 3, 2023, related to the current healthcare crisis affecting medical facilities in their County, compounded by the closure of Madera Community Hospital.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA HEREBY RESOLVES AS FOLLOWS:

Section 1. The above recitals are true and correct and are incorporated herein by this reference.

Section 2. The City Council finds that the state of emergency conditions related to the closure of Madera Community Hospital set forth in the Madera County Sheriff's Proclamation of Emergency are ongoing and are recognized as an imminent threat to our citizens.

Section 3. The City Council hereby recognizes and affirms the existence and conditions of a state of emergency as proclaimed by the Madera County Board of Supervisors and the City affirms, authorizes, and acknowledges the existence of a local emergency throughout the City.

Section 4. The City Council further requests that the Governor make available any State assistance programs and seek additional Federal assistance programs to provide relief to the public agencies and private individuals that have been or will be harmed by this emergency.

Section 5. The City Council supports the proclamation issued by Sheriff Pogue on December 29, 2022, ratified by the Madera County Board of Supervisors on January 3, 2023.

Section 6. The City Clerk is directed to provide a certified copy of this resolution to Madera County, Fresno County, and all state and federal legislative representatives for the City of Madera.

Section 7. This resolution is effective immediately upon adoption.

* * * *