

ISSUE: REOPENING MLK HOSPITAL

The University of California Board of Regents approved a plan in November 2009 to work with Los Angeles County to reopen Martin Luther King Jr. Hospital.

UC and Los Angeles County, in coordination with the state, have approved in principle terms for forming a private, nonprofit corporation that will open and operate a new, seismically safe 120-bed MLK Hospital on the grounds of the old facility. Los Angeles County has appointed a project leader and awarded a construction contract for the hospital, which is on track to open in 2013.

FACILITY DETAILS

MLK Hospital, which will include an emergency room and three operating rooms, will address the major health needs of the community—hypertension, heart disease, stroke, diabetes and obesity—by emphasizing medical care and de-emphasizing surgical care. The South Los Angeles hospital will become part of a larger clinic/outpatient-based community health care system.

STAFFING DETAILS

UC will contract with the new nonprofit entity to provide physician services for MLK Hospital. Staffing will involve roughly 14-20 UC-employed physicians, supplemented with community-based physicians from White Memorial and Harbor-UCLA physician groups. UC also will establish standards pertaining to quality assurance and lead efforts to re-establish training programs at the facility. The nonprofit corporation, at its own expense, will employ—or contract with a third party other than UC or Los Angeles County—for the non-physician personnel working at the hospital.

FINANCIAL DETAILS

UC will not be financially liable for the nonprofit entity that will operate the new MLK Hospital. UC will not contribute funds to the hospital. Los Angeles County will provide funds needed to open the new MLK Hospital and ongoing financial support to ensure its long-term viability, including \$50 million in startup funds, a \$353.8 million capital project commitment and \$63 million per year in operating funds. For the first six years after the hospital has opened, payment of Los Angeles County's operating funds shall be secured by a \$100 million letter of credit obtained by Los Angeles County from

a major lending institution. The governor signed into law AB2599, co-sponsored by Los Angeles County and UC, guaranteeing a level of medical funding to support the financial model for successful operation of the hospital.

GOVERNANCE DETAILS

The seven members of the nonprofit's board of directors have been appointed jointly by Los Angeles County and the University of California. Board members can't be current officers or employees of the county or UC and must have at least 10 years experience in health care or a related field.

BACKGROUND

MLK Hospital's founding was spurred by the 1965 Watts riots. The hospital opened in 1972 to help address a lack of health care in South Los Angeles. In 2006, the Centers for Medicare & Medicaid Services terminated MLK Hospital from the Medicare program; the hospital ceased inpatient services in August 2007. Shortly thereafter, the governor and Los Angeles County officials approached UC to discuss reopening the hospital.

ABOUT UC HEALTH

The University of California's five academic medical centers and 10 hospitals form a nearly \$6 billion enterprise providing broad access to specialized care that earns the highest national rankings and serves as a medical safety net. UC's health sciences training program is the country's largest with more than 14,000 students and 16 health professional schools.