



Stanford
MEDICINE

SHC & LPCH Opening Economic Proposal Presentation

March 11, 2025

Nurses Help Make SHC and LPCH Excellent Hospitals

Designations and Recognitions:

- Vizient Top Performer
- Hospital Safety Grade “A” and Top Teaching Hospital by The LeapFrog Group
- ANCC Magnet Recognition Status
- Accredited Provider of Continuing Nurse Education by ANCC & Approved Provider by California Board of Registered Nursing
- Practice Transition Program accreditation for Nurse Residency Program and SHC APP Fellowship Program with Distinction by ANCC
- Caring Science Affiliate Hospital – Watson Caring Science Institute
- Vizient/AACN Nurse Residency Program designated (Vizient)
- AACN Beacon Award for Excellence
- Lantern Award from the Emergency Nurses Association
- Board-Certified Emergency Nurses Distinguished Award for Large Healthcare Organizations
- Joint Commission:
- Sustainable Healthcare Certification
- Advanced Comprehensive Stroke Center
- Advanced Total Hip and Total Knee Replacement
- Ventricular Assist Device
- Comprehensive Cardiac Center
- Pediatric EMS Receiving Center
- Human Rights Foundation LGBTQ Health Care Quality Leader

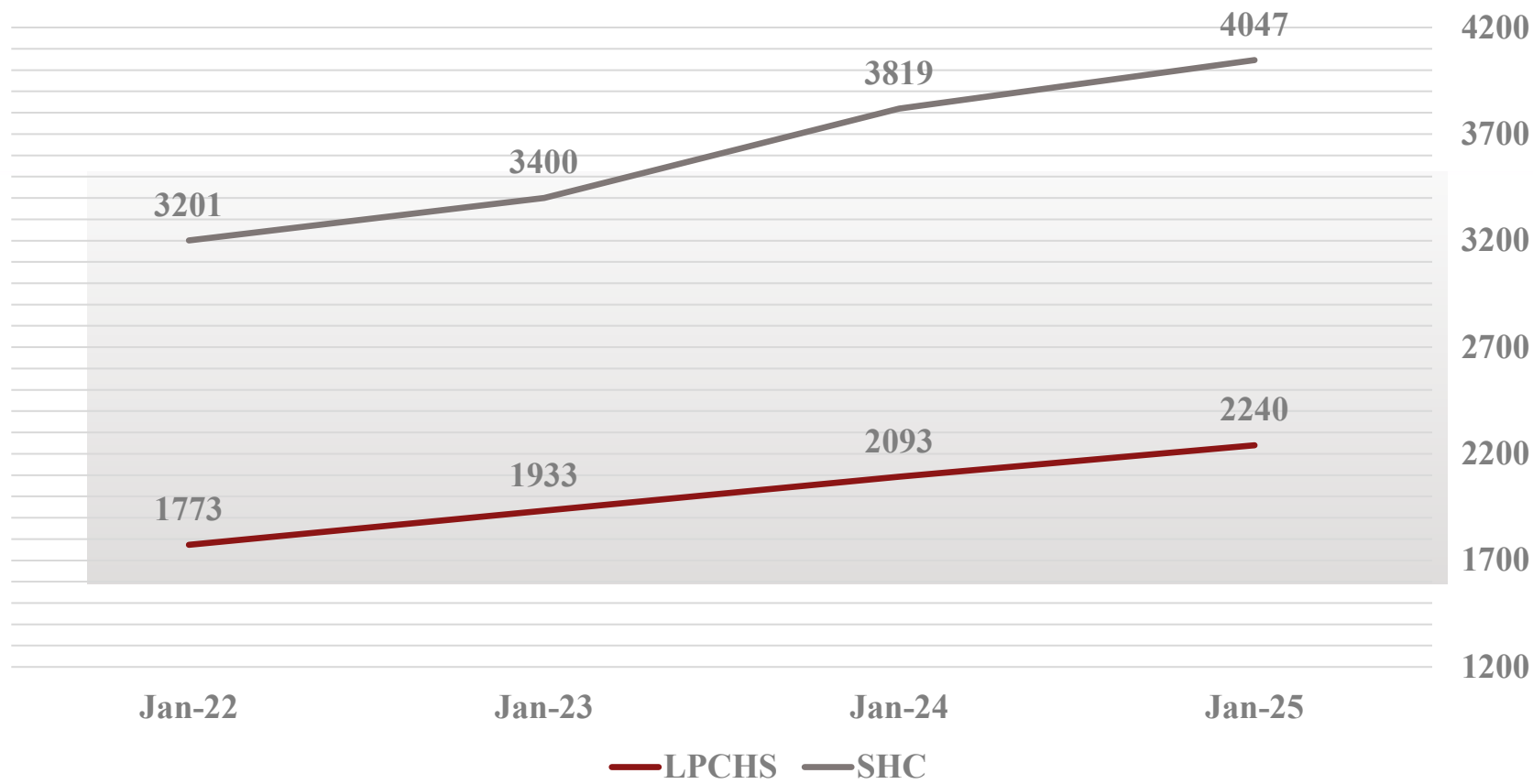


Awards and Recognition – Shared Success



- PICU – Gold Beacon Award
- NICU – Vermont Oxford Network Award for Quality (2024)
- ACS Children’s Surgery Program Level 1 Verification
- ACS Surgical Quality Partner Diamond Award
- Magnet – 2nd designation (2024)
- Maternity Honor Roll – CHHS (2025)
- Neonatology – USNWR #5 in the Nation (Best in the West!)
- CVICU Beacon Silver Award
- Opened Nursing Innovation Center (simulation space)
- Launched Nursing Honor Guard (Guardians of Compassion) to honor those nurses who have passed

Our CRONA-Represented Nurse Population Has Grown Significantly



26.4%

The Clinical Nurse population at SHC has increased by 26.4% over the last 3 years.

26.3%

The Clinical Nurse population at LPCHS has increased by 26.3% over the last 3 years.

Our Nurses Currently Lead The Market















Current LPCH/SHC wage rates are ahead of current UCSF wage rates by **.6% (average of \$2.54/per hour)**.




Current LPCH/SHC wage rates are ahead of current Kaiser wage rates by **1.7% (average of \$4.81/per hour)**.

Current CRONA Benefits Compare Favorably Against National Benchmarks

Plans	EE Cost (Contribution)	Plan Design	Comments
Medical – HDHP HSA			<ul style="list-style-type: none"> Deductibles and out of pocket maximums all better than benchmark Contributions better than benchmark UCSF no longer offers a zero contributions health plan
Medical – SHCA			<ul style="list-style-type: none"> Better than in-network benefits; domestic benefits are in-line with median benchmark
Medical – Rx			<ul style="list-style-type: none"> Copays and coinsurance amounts are superior for Brand Formulary and Non-Formulary tiers
Dental			<ul style="list-style-type: none"> Overall, plan benefits and contributions are superior to median benchmark
Retirement Defined Contribution			<ul style="list-style-type: none"> Retirement plan above benchmark position for Defined Contribution plans is a result of total employer contributions that vary from 10% to 13% based on service, compared to the median 7% for broad-based, and 4% to 7% for nurses. Rank = 1st in peer group
Paid Time Off			<ul style="list-style-type: none"> PTO is above market. CRONA also has an additional time off plan “A” time.

 Above benchmark

 At benchmark

Low Turnover Rates

SHC and LPCHS Turnover Rates Have Remained Well-Below the Benchmark of Other Hospitals

Calendar Year	LPCHS	SHC	Benchmark
2019	7.6%	8.2%	15.9%
2020	6.5%	7.0%	18.7%
2021	8.7%	11.3%	27.1%
2022	9.45%	10.6%	22.5%
2023	6.84%	7.6%	18.4%
2024	5.97%	6.6%	

Fiscal Responsibility During Uncertain Times

Governmental Risks

DOGE

- DOGE is proposing cuts to federally funded patient revenue to finance tax cuts:
- Medicaid – 42% of LPCH clinical care and 16% of SHC clinical care.
 - Medicare – senior care is 46% of SHC clinical care.
 - These cuts are expected to be devastating to all hospitals.

Medicaid Reduction

Current proposal reduces funding to Medicaid by about 15%, which could have significant impact to SHC and LPCH reimbursement for that population.

340b Reduction

Varying proposals are being floated, but a 30% reduction to our 340b discount for outpatient drugs could cause a significant increase in the acquisition cost for those drugs.

Tariffs — Canada, Mexico and China

- 69% of medical devices are manufactured outside of the U.S.
- 75%-80% of pharmaceuticals are manufactured outside the U.S.
- Advisory Board estimates the impact of the tariffs alone (in addition to increased inflation could cost hospitals an additional 15% for medical supplies).

Fiscal Responsibility During Uncertain Times

Other Revenue Risks

Remaining Revenue

The remaining revenue source for hospitals is commercial insurance and a very small amount of private pay.

OHCA

- OHCA limits hospital reimbursement rates.
- OHCA's current statewide limit is 3%.
- OHCA is currently contemplating a further reduction to 1.8%.

Payer Mix Shift

Every % of shift from Commercial to government payers (aging population, loss of insurance, etc.) impacts both hospitals.

**Our
Commitment**

**Working to Ensure
Continued Success and
Sustainability**