



Date: 4/17/13
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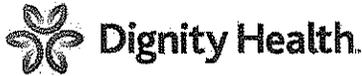
Providence Health & Services Southern California

**Testimony before Joint Hearing of Los Angeles City Council
Energy & Environment Committee and Ad Hoc Committee on Waste Reduction and Recycling
Regarding Proposed Exclusive Commercial and Multifamily
Solid Waste Franchise Hauling System
April 17, 2013**

- Good afternoon. My name is Susan Hollander, and I am Chief Government Affairs Officer for Providence Health & Services Southern California. Two of our 5 hospitals in LA County are located within the City of Los Angeles – Providence Holy Cross Medical Center in Mission Hills and Providence Tarzana Medical Center – along with medical office buildings, clinics, outpatient and other structures that are located in the City and thus would be impacted by the proposal being discussed today.
- We must respectfully but strongly urge you to please exempt hospitals from this proposal as had been proposed by Councilman LaBonge. Even though biohazardous, radioactive, pathological and other medical waste are being exempted from this proposal, there are still compelling reasons why hospitals need to also be exempted from having our solid and recycling waste handled by the proposed exclusive franchise for waste hauling.
- In talking with various technical experts at our hospitals, I have learned that it is vital that we retain the ability to utilize private haulers, not only due to the reasons that have been well-articulated by the Hospital Association of Southern California regarding the critical nature of the timing and scheduling of waste disposal at hospitals and need for urgent pick-ups within short time spans due to volume fluctuations, etc. In addition to these very valid reasons, I have learned that there are indeed occasions – although infrequent – when human error results in biohazardous and even radioactive waste accidentally finding its way into compactors. While some hospitals have alarm systems in place to protect against radioactive waste entering this waste stream, if found, it takes a much higher level of service to find and remove this waste than would be available under this proposed exclusive franchise system.
- In addition, state and federal law mandate that hospitals protect at all costs any personally identifiable patient information, or risk a HIPAA (Health Insurance Portability and Accountability Act of 1996) violation and associated fines and civil and/or criminal penalties. While hospitals go to extreme lengths to safeguard patient information, occasionally small items, such as patient wrist identification bracelets or lab/x-ray orders that a patient may toss into a trashcan when leaving the hospital may also find their way into the solid waste compactors. Not having the ability to negotiate terms with a private contractor that would address these highly sensitive issues creates an increased risk of compromising patient confidentiality.
- As the Hospital Association and others have stated previously, hospitals are under tremendous cost pressures at this critical time leading up to the implementation of the Affordable Care Act in January 2014. Our hospitals have already begun experiencing the impact of hundreds of millions of dollars in payment reductions related to the ACA as well as the recent sequestration. We are facing huge and increasing losses due to the rise in volume of uninsured patients due to the recent years of economic recession, and Providence hospitals in Los Angeles alone experienced a payment shortfall of \$94

million last year in caring for our Medi-Cal patients, and provided another \$44 million in charity or free care to un- and underinsured patients. We are doing everything possible to reduce our costs in order to survive in this new and challenging environment. We have region-wide contracts in place with our waste hauling vendors that not only provide us with a significant financial benefit, but also allow us to customize our unique service requirements into a standardized agreement throughout our region. This region-wide contracting ability also reduces our administrative cost burden, whereas the proposal before you today will only add to our costs, our administrative burden to track actual vs. expected costs and almost certainly reduce our service levels and ability to directly interface with the franchised hauler.

- In light of the above reasons, and others articulated by the Hospital Association of Southern California, we respectfully urge you to exempt hospitals from this proposal.



Date: 4/17/13
Submitted in ED 3 Ad Hoc Waste Committee
Council File No: 10-1797-515
Item No.: 4
Deputy: PUBLIC

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Hand Delivery

April 17, 2013

The Honorable Jose Huizar
Chair, Energy & Environment Committee
Los Angeles City Council
200 North Spring
Los Angeles, CA 90012

The Honorable Richard Alarcon
Ad Hoc on Waste Reduction and Recycling Committee

Subject: Final Implementation Plan for Exclusive Commercial and Multifamily Franchise Hauling System – Hospital Concerns

Dear Joint Chairmen Huizar and Alarcon:

On behalf of Dignity Health and our family of 39 hospitals, I inform you that we are deeply disappointed with the Bureau of Sanitation's Final Implementation Plan for Exclusive Commercial and Multifamily Franchise Hauling System (The Plan), specifically as it relates to hospitals. **While we share in the City's waste diversion and recycling goals, Dignity Health continues to seek full exemption from the franchise service model and urge the Joint Committees to reject the Bureau's recommendations as stated in 3.7.2 of The Plan.**

Dignity Health is committed to delivering high quality, compassionate, affordable health care services, with special attention to the needs of the poor and vulnerable. How we contribute to the quality of life and the environment in our communities has always been a key measure of our success and it will continue to be so as we move forward during this era of health care reform. Dignity Health strives to manage our resources and advance our healing ministry in a manner that benefits the common good now and in the future. It would be an understatement to say, "Dignity Health cares about trash." Our mission calls us to redefine human health to include a healthy environment and a healthy planet. In terms of sustainability this means providing excellent care in a manner that optimizes patient outcomes, enhances patient and employee safety and minimizes environmental impact. While we recognize there is more to be done, we have led the way in sustainability initiatives and are committed to building on our successes. We see how The Plan would not only impede our hospitals but also take away our ability to best steward our resources at a time when our hospitals are striving to meet the triple aims of reform: 1) improving quality of care; 2) improving population health; 3) bending the health care cost curve.

Dignity Health remains deeply concerned that hospitals have not been exempted from the exclusive waste franchise. Our main questions and concerns are related to:

- **Service**—Will the City's hauler meet our current and evolving service needs? The Plan fails to provide any reassurance that the Bureau truly understands the hospital sector and the unintended consequences that will arise from the Plan. Even if the City believes it could provide a far more superior service and demonstrate that the varying needs of hospitals and health care systems can be met, the City would have to develop a customized Request for Proposal (RFP) in order to address the individual needs of a hospital or hospital system. The RFP which the City

and hauler agree upon must not undermine the current hospital efforts underway in terms of service, safety, sustainability, penalties and revenue guarantees.

- **Cost/Economic Incentives**—Given Dignity Health’s contract with a sole vendor to implement a systemwide, integrated waste management program, how can the City match the cost savings and incentive programs we have in place? The start-up and on-going administrative and operational costs for the City will be a factor. Costs that will ultimately affect us. The Plan does not seem to offer any net benefit to hospitals. However, it does propel hospitals to incur increased operating costs. The savings Dignity Health is able to capture from our current contract is significant, upwards of a million dollars—savings that we can use to further our healing mission, fund coverage expansion enrollment activities, continue to invest in environmental initiatives and other community benefit programming. Taking this away from hospitals is simply wrong. Implementing The Plan to include hospitals will significantly impact our stewardship and sustainability goals.
- **Customer Service**—Because our current hauler understands our unique service needs and culture and we have over the years worked together to develop a process that helps our hospitals meet both our environmental and economic stewardship goals, why would the City want to usurp or compromise this relationship built on trust and roll back what gains we have achieved? The Plan takes away choice and responsibility from hospitals and substitutes a one-shoe fits all solution. To be able to contract directly with our hauler(s), establish long-time relationships with them, and have our waste needs met—all this and more have contributed to the sustainability of our mission.

It was our hope that when the Bureau visited Northridge Hospital Medical Center and other hospitals, the Bureau would be able to truly see not only the various hauling needs of hospitals and the uniqueness of our waste management needs, but also come to understand the futility of including hospitals in the exclusive franchise model. Dignity Health maintains that the Plan fails to fully capture important distinctions about hospital needs and the context in which they can directly address those needs. Instead, the Bureau fast tracks and punts, recommending to deal with hospital needs in the Franchise Service requirements. With so many fiscal challenges and transformational initiatives going on in the health care community, moving forward to include hospitals in The Plan would be harmful and exacerbate efforts towards meaningful change.

For these reasons, we respectfully ask that you exempt hospitals from the exclusive franchise as we stand with you wholeheartedly in support of the City’s goals to increase waste diversion and environmental benefits.

If you have any questions, please do not hesitate to contact me at 626.744.2209 or rachelle.wenger@dignityhealth.org. Thank you.

Sincerely,



Rachelle Reyes Wenger
Director, Public Policy & Community Advocacy

cc: The Honorable Members of the Energy & Environment Committee
The Honorable Members of the Ad Hoc on Waste Reduction and Recycling Committee



NATURAL RESOURCES DEFENSE COUNCIL

April 17, 2013

Energy & Environment Committee
Ad Hoc Committee on Waste Reduction & Recycling
200 N. Spring St.
Los Angeles, CA 90012

Date: 4/17/13
Submitted in Ad Hoc Waste Committee
Council File No: 10-1797-S15
Item No.: 4
Deputy: PUBLIC

Re: Approval of Implementation Plan for Exclusive Waste Franchises (C.F. 10-1797-S15)

Dear Chairmans Huizar, Alarcon and Members of the Committees:

On behalf of the Natural Resources Defense Council, I write to urge these committees to recommend that the full city council approve the Implementation Plan as soon as possible. The Implementation Plan before you today is the product of lengthy work by city staff and consultant experts in the field. Moreover, the Bureau of Sanitation and the Board of Public Works have done a fantastic job soliciting input from stakeholders from around Los Angeles. It is a solid and impressive work product and should be approved today.

Overall, we respectfully request that these committees reject proposals to dilute the zones. Adding more zones than already proposed provides an unfavorable tradeoff for the environment and communities. On one hand, while it may try to codify a piece of LA business for all haulers currently participating in the market, it dramatically dilutes investment potential. Part and parcel with exclusive hauling zones and maximum diversion standards, the key to meeting Zero Waste is getting the infrastructure in place to make this happen. Nobody thinks LA has the right infrastructure in place to meet our ambitious waste goals. We need to attract investment, and the way to do this is by making companies bid to get valuable exclusive zones in the City of Los Angeles. We should not develop a program that prioritizes the parochial interests of less than 10% of the existing market over the actual goals of this systemic transformation.

The Don't Waste LA coalition has been a diligent advocate for providing substantive and meaningful space for medium-sized haulers to compete - even though it doesn't necessarily make the most sense from an ecological perspective. The current zone configuration provides that those medium-sized haulers willing to meet strong standards have in effect four zones that are manageable in size. This is more than 10% of the market already reported by these medium-sized haulers. Additionally, many of the medium-sized haulers calling for more zones can and will compete for big zones. It is, therefore, unnecessary and inappropriate to add more zones or dilute the other zones. Moreover, this is not the end of the road for this project. At the request of the Los

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Angeles Chamber of Commerce and other business lobbyists, there will be a California Environmental Quality Act analysis for this project. This will provide more details, and simply approving this plan means the Bureau of Sanitation can do the requisite work to make sure the full Council is poised to vote on an actual program late this year or early next year.

It is important for these Committees to move forward today. There will still be months of debate ahead, but we must ensure that the Bureau of Sanitation is empowered to proceed.

Sincerely,

A handwritten signature in black ink that reads "Adriano L. Martinez". The signature is written in a cursive style with a prominent flourish at the end of the name.

Adriano L Martinez