

# Cass County Hospital Public Interest Review

## Background

Since 1984, Minnesota law has prohibited the construction of new hospitals or expansion of bed capacity of existing hospitals without specific authorization from the Minnesota Legislature (Minnesota Statutes 144.551). A number of exceptions to this hospital construction moratorium have been enacted over time, and there are currently 20 exceptions to the moratorium listed in the law.

Under a new law enacted in 2004 (Minnesota Statutes 144.552), a hospital seeking to increase its number of licensed beds, or an organization seeking to obtain a hospital license, must submit a plan to the Commissioner of Health for review. The Commissioner of Health reviews each plan and issues a finding to the Legislature as to whether the plan is in the public interest. The decision as to whether to grant an exception to the hospital moratorium is still made by the Legislature.

## Factors to be considered in review of plans

Under the law, the Minnesota Department of Health (MDH) is required to consider five specific factors in its review of a plan submitted for public interest review. These factors include:

- Whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;
- The financial impact of the new hospital or hospital beds on existing acute-care hospitals that have emergency departments in the region;
- How the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff;

- The extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients relative to the level of services provided to these groups by existing hospitals in the region; and
- The views of affected parties.

## Proposal to build a hospital in Cass County

In March 2006, MDH received a request from the Cass County Board of Commissioners for a public interest review of a proposal to build a new 25-bed hospital in Cass County, located in north central Minnesota. In accordance with the statute, MDH has reviewed the proposal and has issued a finding for the plan.

The proposed hospital would begin operations in 2010 with 12 to 14 staffed beds. The proposal is part of a larger plan to re-use the site of the Ah-Gwah-Ching Center, a state-owned psychiatric nursing home near the city of Walker that is scheduled to close in 2007. Other components of the plan, not subject to public interest review, include the addition of ambulatory care services and a senior housing and services facility. The hospital is proposed to be a critical access hospital (CAH).

## MDH Findings

**MDH finds that it is in the public interest to build a new hospital in Cass County.** The Cass County area is relatively unique in Minnesota in having a sizable population that lacks access to inpatient hospital services within 30 miles. Projections of future demand for hospital services in the region suggest that existing capacity is likely sufficient to meet future needs; however, a new inpatient facility is in the public interest because it would improve area residents' access to timely hospital services.



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