



*Protecting, maintaining and improving the health of all Minnesotans*

February 2, 2011

Dear Interested Party,

Minnesota Statutes, section 144.552, establishes a public interest review process for hospitals seeking exceptions to the state's hospital bed moratorium law. Under the process, 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 Minnesota Department of Health (MDH). MDH is required to review the plan and issue a finding on whether the plan is in the public interest. In conducting its review, MDH is required to consider certain issues. These issues include the following:

- 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.

In addition, the MDH may request additional information necessary to complete the public interest review.

In order to provide guidance to parties seeking a public interest review for a new inpatient facility, the MDH has developed a list of key information to be contained in plans submitted for review. Hospitals seeking a review for a new facility should anticipate the need to submit this information in support of their application for review. The information guidance is attached with this letter. While we anticipate that the information needed to perform a public interest review of a proposed hospital expansion would be less than that required for a new facility, at this time we have not developed specific guidance related to proposed expansions of licensed capacity.

Upon receiving the information consistent with the attached guidance, the MDH will make a determination as to whether the information is sufficient to complete the public interest review. As required by law, the MDH will issue its finding within 90 days of receiving a complete proposal (but no more than six months for extenuating circumstances) on whether the plan is in the public interest.

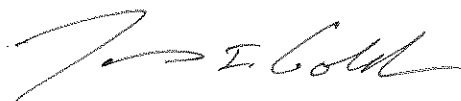
Hospital Bed Moratorium Law

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Should you have any further questions about submitting a plan for a hospital public interest review, or any general questions about Minnesota's hospital moratorium, please feel free to contact April Todd-Malmlov at (651) 201-3561, email at [april.todd-malmlov@health.state.mn.us](mailto:april.todd-malmlov@health.state.mn.us), or Stefan Gildemeister at (651) 201-3554, email at [stefan.gildemeister@health.state.mn.us](mailto:stefan.gildemeister@health.state.mn.us).

Sincerely,

A handwritten signature in black ink, appearing to read "J. I. Golden". The signature is fluid and cursive, with a large initial "J" and "I" followed by "Golden".

James I. Golden, Ph.D.  
Director, Division of Health Policy  
P.O. Box 64882  
St. Paul, MN 55164-0882

## **Public Interest Review Process for Proposed New Inpatient Hospitals: Guidance on Information Submission**

### **Project Description**

- Briefly describe the overall project, objectives, phases, and timelines.
  - Please list any potential partnerships, health system affiliations, and role of each participant.
  - How will the new facility benefit the community?
- List the hospital-based services to be provided, for both acute and non-acute care. Please include the services for both inpatient and outpatient or ambulatory care.
  - Describe any imaging, ambulatory surgery, cancer treatment, or dialysis service agreements.
  - Provide an overview of new or improved services to be offered in the primary service area.
  - If an Emergency Department is planned, describe the likely trauma designation.
- Please provide detail on the number of licensed beds to be requested and describe whether these will be new beds or drawn from within the affiliated hospital system(s) or partnership's existing licensed bed capacity.
  - Provide detail, as available, of the breakdown of beds by service category. For example, number of medical/surgical, intensive care unit (ICU/CCU), pediatrics, obstetrics, mental health/chemical dependency, etc.)
- Describe any provider groups affiliated with, or committed to, the hospital project.
  - To the extent possible, please provide information on whether these provider groups currently hospitalize patients and at which facilities patients are hospitalized.
- Describe the site for the proposed project.
- What is the approximate cost of the entire project and what proportion of the total cost is specific to the proposed hospital?

### **Need for Project**

- Define the primary service area for the proposed hospital. Please describe the rationale and methods for selecting this area.

- Provide a summary of the primary service area **demographic projections** including the following details:
  - Current and future population size and mix by age, gender, and race/ethnicity;
  - Describe the data sources, methods, and assumptions used to make these population estimates and projections.
  
- Provide primary service area **utilization estimates** for the proposed hospital as follows:
  - Projected utilization volumes for the proposed hospital, by service;
  - Current and future service utilization rates by service, age, gender, and race/ethnicity;
  - Current and future average length of stay by service, age, gender, and race/ethnicity;
  - Current and future ambulatory visit rates by service, age, gender, and race/ethnicity;
  - Describe the data sources, methods, and underlying assumptions used to estimate and project the primary service area hospital utilization rates;
  - To the extent possible, discuss the relative acuity of the population in the primary service area (for example, are hospital utilization rates for people living in the primary service area higher or lower than the statewide average?)
  
- Provide measures of **current access for services** within the proposed primary service area:
  - Describe the current timeliness of care provided for the following:
    - For people who live in the primary service area, average driving times during rush-hour and non-rush-hour periods;
    - For people who live in the primary service area, average ambulance run times to the nearest existing trauma center;
    - How will these change with the proposed new hospital?
  - Describe the care for the low-income and uninsured including the following:
    - What is the volume of uncompensated care provided by existing facilities in the primary service area?
    - What is the estimated uncompensated care volume for the proposed project?
    - Provide any other relevant information on how the new facility will serve the low-income, medically underserved, and uninsured populations.

### **Market Analysis**

- Report the results of a primary service area market analysis which includes at least the following:
  - Describe how persons who live in the primary service area currently receive hospital services.
  - List the market shares, as measured by inpatient admissions, of hospitals that have a five percent or more market share;
    - For each facility listed, list the percentage of admissions and patient days that originate from the primary service area (PSA).

- Describe the anticipated financial impact of the proposed facility on facilities listed above.
- For the major service categories proposed for the new facility, describe how persons who live in the PSA currently receive these services.
- Please list the market shares, as measured by admissions, of hospitals that have a five percent share or more of the market within the PSA for each major service category.
  - For each facility listed above, please list the percentage of admissions and patient days for that service category that originates from the patient service area.
- What is the anticipated impact of the new facility on existing facilities in a 25 mile radius which provide uncompensated care?
- The public interest review statute requires that MDH examine “how the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff.” Please provide information on the staffing needs of the proposed hospital and the estimated impact on existing facilities in the state.
  - To the extent possible, estimate the impact of the new facility on vacancy rates, length of time to fill positions, and wage for staff, particularly for nurses, pharmacists, and radiological technicians;
- Provide any other information that you deem to be relevant to the public interest review of the proposal.