

Findings of Public Interest Review for Prairie St. John's Psychiatric Hospital

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 23 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 whether or not 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 analysis of a plan submitted for public interest review. These factors are:

- 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 psychiatric hospital in Woodbury, Minnesota

In November 2007, MDH received a request from Prairie St. John's, a health care organization headquartered in Fargo, North Dakota, for a public interest review of a proposal to build a new 144-bed specialty psychiatric hospital in Woodbury, 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 2009 with 96 staffed beds; in a second phase the hospital would be expanded to a full capacity of 144 beds. The proposal anticipates that the facility would operate within six to nine months at 75 percent of occupancy, with the need to expand to 144 inpatient beds within approximately five years.

MDH Findings

MDH finds that it is *not* in the public interest that Prairie St. John's build a specialty psychiatric hospital in Woodbury. Although Minnesota's mental health system does not always serve patients as well as possible, MDH reached its finding based on the following conclusions:

- While Twin Cities patients travel outside the region more often for psychiatric and chemical dependency hospitalizations than for other types of care, over 90 percent are treated at local hospitals. In 2006, about 2,600 Twin Cities residents traveled to other regions for psychiatric and chemical dependency care.



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- Existing Twin Cities hospitals have recently added or will be adding 32 psychiatric beds and 4 chemical dependency beds in 2008, serving as many as 1,400 additional Twin Cities residents each year.
- The 2007 Legislature enacted a comprehensive mental health initiative aimed at transforming Minnesota's mental health care system in ways that improve the availability, quality, and accountability of mental health care in the state. Investments in both child and adult crisis services were a significant part of this initiative. One of the intended outcomes of this initiative is that fewer Minnesotans will need to be hospitalized for psychiatric care.
- Research evidence suggests that with appropriate availability of intermediate resources, a significant number of hospitalizations could be avoided and hospital days that occur now due to the lack of resources such as intensive residential treatment beds could be reduced. A 2007 study of Twin Cities hospitals found that better availability of these intermediate resources could free up additional inpatient capacity to serve over 2,700 additional patients per year.
- The scale of the proposed project is large relative to any documented need for additional mental health beds in the Twin Cities. The proposed hospital would serve 3,400 to 5,100 patients per year. As noted above, in 2006 about 2,600 Twin Cities residents traveled to other parts of the state for care and new hospital capacity already being added is expected to serve 1,400 Twin Cities residents. Even if current strategies to reduce the need for hospitalization do not succeed, Prairie St. John's proposal seeks legislative approval to add capacity in an amount that is as much as three to four times the level of documented need for additional services in the Twin Cities.
- MDH also concluded that the proposal would likely have a negative financial impact on

existing hospitals that provide psychiatric and chemical dependency services, would likely have a negative impact on existing hospitals' ability to maintain their workforces, and would negatively affect the state budget compared to adding capacity at an existing community hospital.

For more information about the hospital public interest review process or this report, contact:
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