



Protecting, Maintaining and Improving the Health of All Minnesotans

January 31, 2018

Mr. James McClean
Regions Hospital
640 Jackson Street
St. Paul, MN 55101

Dear Mr. McClean,

After examining the November 20, 2017 proposal to add 100 licensed beds at Regions Hospital in St. Paul, we request the following additional detail and clarification before we formally start the public interest review. Please submit the requested information via email or secure electronic transfer, depending on the nature of the data. We are happy to coordinate appropriate methods of exchange.

Request for Additional Data

To better understand assumptions and underlying data in your proposal and analysis, we ask you to share the following data:

- From the forecast model created by Regions:
 - Methods used to define service areas;
 - Any evidence that led Regions to determine the appropriate discount rate of hospitalization;
 - Estimates of bed need for Minnesota residents only, including potential shifts in patient flow from Wisconsin hospitals such as Hudson Hospital and Westfields Hospital;
 - Clarification about whether historical data for the modeling exercise was limited to five years (2012 through 2016), and the reasons that motivated this choice;
 - Reasoning behind choosing a 35-year projection window (to 2050);
 - Results of any sensitivity analysis that might have been conducted to assess:
 - How the current model predict today's rate using historical data and similar assumptions; and
 - How stable is the model is to variations in assumptions (e.g. changing growth rates, changing admissions assumptions); and
 - When we review data across all Minnesota hospitals, we've noticed that while the length of stay has increased, the number of admissions have fallen, leading to largely no

change in the number of days. How have you considered this dynamic in your model? Is there a reason why Regions Hospital may experience a different trend?

- More granular data on capacity constraints for medical/surgical, obstetrics, and mental health beds including:
 - Daily census numbers from 2015 through 2017, as calculated by Regions rather than derived from discharge data; and
 - Data file that specifies the weekly (or monthly) volume patient transfers that could not be accepted with the reasons for this, if available (e.g. available beds, staffing levels, other factors).
- Regions Direct data (or similar) about diverted patients for the period 2013 through 2017, that includes:
 - The number of patients; and
 - In which service lines these patients needed treatment.
- Please provide the Wipfli, LLC forecast model, including all model inputs, assumptions, licensed bed need results excluding observation beds, and statistical methods.
- Definitions for service categories (Diagnosis-related groups, or DRGs) for the services that the proposal identifies as unique to Regions hospital.
 - What is your estimate of the proportion of new beds dedicated to these services?
 - Are there any capacity constraints around these services in particular?
- Please provide additional detail on how the beds will be used:
 - Do you expect the number of observation beds at Regions to change with the increase in licensed beds?
 - How many of the proposed new med/surg beds would be Intensive Care Unit (ICU) beds?
 - Will any of the additional 100 beds be for pediatric services?
 - Beyond the broad categories of mental health, med/surg, and obstetrics beds, can you identify specific service lines where you anticipate growth, and why?
 - Your proposal identifies the goal to convert rooms from double to single occupancy. How many beds in which service lines do you expect will be affected?
- Please provide additional data to complete the following tables:
 - Missing information in the data table on page 10 that permits adding up components, including, if available, data on ICU/non-ICU utilization.
 - Additional detail for displays on page 35 prior to 2025 (Average Length of Stay Change)
- A staffing plan for the phased addition of 100 hospital beds using one of these methods to classify types of employees:
 - Employee classifications from the Hospital Annual Report found at this web address: <http://www.health.state.mn.us/divs/hpsc/dap/hccis/harinst16.pdf>; or
 - An approximate count of FTEs per bed for physicians, RNs, other nursing staff, and other staff, including Community Health Workers.

- The expected (approximate) added costs, as applicable, of personnel, physical space, and medical equipment for incremental bed increases over the next 20 to 30 years according to the timeline found on page 46 of the application;

Other Clarifying Questions

After reviewing your application, we had a number of questions where we hoped you could clarify our understanding:

- How do you calculate “bed use by payer” (page 12)?
- How do you calculate the Case Mix Index (page 35)?
- In addition to pointing to expert opinions and operational experience, can you point us to empirical evidence that helps define optimal occupancy, specific to service lines, or more generally?
- Questions related to need for additional mental health beds:
 - Among the reasons for declining transfers for mental health patients, how many are due to lack of physical space (beds) rather than reasons related to staff, outpatient capacity or other reasons?
 - Can you clarify how change in factors that drive need for inpatient mental health beds align with your decision to increase the number of mental health beds in 2025?
 - Please provide additional detail on how decisions by other area hospitals concerning mental health bed capacity have affected use and occupancy at Regions.
- You indicate that the need for increased obstetrics beds relates to the goal of better routing of patients as well as expected greater demand.
 - Can you provide more detail on the couplet care model, and how this differs from the standard practice of “rooming in” (e.g. moveable bassinet in room with mother)?
 - Aside from the couplet care, will there be any change in the services currently offered with the conversion of observation beds to licensed beds in the labor and delivery area.
 - How many of the (approximately) 700 births that took place at St. Joseph’s hospital annually do you assume will come to Regions?
- Previously, under an existing provision of the Minnesota Statutes (144.551, Subd 1(12)), Regions Hospital had the ability to expand its licensed bed capacity by 27 beds, including 12 dedicated to mental health patients, through a transfer of beds from Hennepin County Medical Center. Has Regions considered this approach as part of its approach to extend its licensed bed capacity at this time?
- What, if any, current and anticipated shortages in staffing exist at Regions and how do you expect to be meeting the need for specialized staff?
- Will the new beds charge uninsured patients at the same rate as the private insurance company delivering the most revenue to the hospital (as stipulated in agreement with the Minnesota Attorney General)?
- In the proposal, you note that certain services may have to be reduced if Regions is unable to expand its licensed bed capacity. In the spirit of understanding barriers to delivering

timely care for key services, can you help us to understand which services Regions expects to be affected and to what magnitude?

- As you have noted in your application, the hospitals closest to Regions (St. Josephs and United) both have licensed beds that are not being used. Can you articulate Regions' view of the benefit to the public from adding additional capacity to the East Metro area when some surge capacity already exists? Which areas of care delivery might this capacity be lacking?

We are happy to answer any questions you may have as you address this request for additional information, or about the public interest review process in general. Please contact Alisha Simon in the Health Economics Program at 651-201-3557 or alisha.simon@state.mn.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stefan Gildemeister', written over a horizontal line.

Stefan Gildemeister
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