

**Minutes of Meeting
Health Services Council
Project Review Committee-I**

DATE: 21 February 2006

TIME: 3:00 PM

LOCATION: Health Policy Forum

ATTENDANCE:

Committee I: Present: Victoria Almeida, Esq, (Vice Chair), Edward F. Almon, John W. Flynn, Robert J. Quigley, DC, (Chair), Robert Ricci

Not Present: Joseph V. Centofanti, MD, John Keimig, Richard Lepine, Robert S.L. Kinder, MD, Robert Whiteside, John Young

Excused Absence: Robert L. Bernstein

Other Members: Present: Larry Ross

Staff: Valentina D. Adamova, Michael K. Dexter, Andrea Therrien (Intern), Donald C. Williams

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Time Extension for the Minutes Availability

The meeting was called to order at 3:05 PM. The transcripts of the 10 and 17 January 2006 Project Review Committee-I meetings were authenticated with modifications. The Chairman noted a correction on page 294 of the 10 January 2006 transcript which identified his as stating that 'this is an emergency procedure' whereas he actually stated that PET/CT was not an emergency procedure. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by five in favor and none opposed (5-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting in favor were: Almeida, Almon, Flynn, Quigley, Ricci.

2. General Order of Business

The first item on the agenda was the application of Rhode Island Hospital for a Certificate of Need for a bed upgrade through the construction of the addition of three floors above the Bridge building, renovation of the Jane Brown North building and 10th floor of the Main building, and decanting of the Jane Brown South building.

Staff provided a summary of the application. The applicant presented a PowerPoint presentation. To a question regarding capacity, the applicant replied that it has 608 beds in operation and that there are two holding areas and three- and four- bed rooms only used when absolutely needed. The applicant noted that in the winter the hospital usually runs at 96-97% occupancy rate.

Staff asked if elective surgeries had to be postponed due to the full capacity of the hospital. The applicant replied that they have not had to do that yet and are trying to avoid it at all costs. The applicant stated that there is increasing pressure on OR capacity, however, due to the length of new specialty procedures. The applicant mentioned that patients are sometimes held in the recovery and emergency room.

To a Committee question, the applicant discussed how the phasing of the construction would occur. The applicant responded that the proposed rooms would be similar to those of Newport Hospital. The applicant stated that current staff had input into the proposal. The applicant noted that mid January to May, and mid-September to November are peak occupancy rates for the hospital. Mr. Flynn asked if occupancy patterns were the same across the state. The applicant replied that they are the same because Rhode Island Hospital (“RIH”) is the endpoint for all diversions. The rate in growth of admissions at RIH is not as great as the rate of growth of admissions at other

hospitals in the state, but the rates represent general growth.

The Chairman asked if the applicant provided shell space when planning this project. The applicant replied that they did not, but space was provided in the Bridge Building project in order to expand and some of that space has already been used for other projects. The applicant noted that if RIH found a need to build another level, they could not do so over the Bridge Building because it would violate weight capacity limits. They would have to build over the Davol Building or construct a new building.

Mr. Ross asked the applicant about the number of ICU beds on the 10th floor. The applicant stated that there is a total of 36 beds on the tenth floor, 16 of which are CCU beds and 20 of which are step-down beds. With advances in cardiology, the need for CCU beds has decreased while the need for step-down beds has increased. Mr. Ross also asked why the applicant decided to relocate beds to the Bridge Building. The applicant responded that the intent was to get more acute cardiology services closer together and closer to the emergency department to ease the transportation of patients.

The Chairman asked if this project was approved by the city. The applicant responded that the project was part of RIH's institutional master plan that it has to file this fall. The applicant needs to respond to stipulations of the project pertaining to circulation, parking, and traffic control. They also have to file for zoning variance as well

because the construction is over 75 feet. The applicant anticipates the city's approval of the project. The Chairman asked the applicant if the project had been approved by the Lifespan Board. The applicant responded that both the Lifespan Board and the RIH Board had approved the project.

With regards to funding, the applicant stated that it has been raising equity through proceeds of the endowment and interest from day-to-day operations. There will also be fundraising throughout the construction. The applicant mentioned that the endowment exists to help the hospital as well as the community the hospital serves. Since the project is beneficial to the patients and the community, the applicant believes that it is a good use of their resources. The Chairman requested that the applicant bring their financial representative to the next meeting.

Mr. Flynn expressed concern that there was too much focus on capital and not enough focus on the operating expenses and affordability. He asked the applicant where their revenue is coming from. The applicant replied that there are 4,000 Rhode Islanders who can go out of state for care, but treating them here is more cost-effective. They also cut expenses by choosing to build above the Bridge Building instead of constructing an entirely new building. The applicant also stated that they consider expenses and affordability by having a fixed amount of money to spend on a project and making sure that amount would be sufficient. They also claimed that they

have the financial practicality in that they know the limits as to what they can do with that amount money.

The Chairman asked the applicant how it arrived at this \$60 million cost and if they were comfortable with that figure. The applicant offered to share the variety of cost-estimating options they investigated. They also added that the construction market is presently very volatile. They believe that the amount is fair and has a fair amount of contingency in it.

Mr. Flynn asked a question pertaining to where RIH will get their extra nursing staff. The applicant responded that they had more difficulty finding nurses to work the night shifts rather than the day shifts. However, enrollment into nursing schools and programs has increased and RIH has participated in recruiting nurses from overseas. The applicant said it had a good nurse retention rate. Mr. Ross requested that the applicant explain how much staffing is directly related to the new beds and space at the next meeting.

Mr. Ross inquired about the future plans for Jane Brown South. The applicant said it intends to use it to enhance the psychiatry department by creating more administrative offices and making space for the outpatient psychiatry program in order to reduce pressure on the inpatient services. These plans and its details have not been finalized.

Mr. Ross also asked for an explanation as to why the \$40 million worth of items are only being depreciated over 21 years. He was also concerned about the size of the contingency factor (33%) of the capital cost. The applicant responded to the latter question by explaining that the 33% is on a base that is 18 months old. With the costs rising 10-12% per year, the applicant did not want to mislead the committee about the construction cost increase in any way.

The Chairman asked the applicant to provide a schematic showing the changes to the walking distance from the parking lot to the PET.

A site visit to Rhode Island Hospital was schedule for Tuesday, March 14, 2006 at 2pm.

There being no further business the meeting was adjourned at 4:30 PM.

Respectfully submitted,

Valentina D. Adamova