

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

**DATE: 28 August 2007**

**TIME: 2:30 PM**

**LOCATION: Health Policy Forum**

**ATTENDANCE:**

**Committee-I: Present: Victoria Almeida, Esq., (Vice Chair), Edward F. Almon, John W. Flynn, Amy Lapierre, Thomas M. Madden, Esq., Robert J. Quigley, DC, (Chair), Robert Ricci**

**Not Present: Joseph V. Centofanti, M.D., Robert S.L. Kinder, M.D., Robert Whiteside**

**Other Members Present: Robert Hamel, R.N., Larry Ross**

**Staff: Valentina Adamova, Michael K. Dexter, Joseph G. Miller, Esq.**

**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 2:35 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. Minutes of 6 March 2007 and 15 May 2007 were approved as submitted. 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 a vote of six in favor and none opposed (6-0) 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: Almon, Flynn, Kinder, Lapierre, Madden, Quigley.**

## **2. General Order of Business**

**The first item on the agenda was the application of Rhode Island Specialty Hospital, LLC [RehabCare Hospital Holdings, Inc. (80%), Landmark Health Systems, Inc. (20%)] for a Certificate of Need to establish a 40-bed Long Term Acute Care Hospital on the second floor of the Rehabilitation Hospital of Rhode Island.**

**There was discussion regarding the applicability of the Hospital Conversion Act. The applicant noted that final determination will need to be made by the state agency with regards to the applicable reviews. Mr. Goulet, legal counsel to the applicant, noted that 20% of Landmark Medical Center (“LMC”) is not being converted and thereby**

does not meet the criteria. Staff noted that organizational changes to the parent entities are important and requested that the applicant address the impact of the CON application. Mr. Goulet answered that LMC is leasing the space to a new entity. With regards to any additional affiliates, Mr. Goulet noted that a change in ownership application will be filed in the next 30 days which would then be considered a conversion. Mr. Goulet noted that the real estate would continue to be owned by LMC. He also noted that when the conversion application is filed the conversion would be from a for-profit entity to another for-profit entity. Ms. Lapierre requested that this information be provided in written form to the Committee.

The applicant made a presentation with regards to the CON application. The applicant stated that RehabCare is a publicly traded company that operates hospitals. The proposal would involve 40 beds, 448 annual admissions, capital costs of about \$3.8 million dollars, and operating costs of about \$6 million dollars. The project would be implemented July of 2008. Rehabilitation Hospital of Rhode Island (“RHRI”) sought out entities that matched their corporate culture and RehabCare was brought to the table as a potential candidate. The applicant noted that it would have its own set of employees for operational purposes of the LTCH.

Staff asked about the scope of the Support Services Agreement. The applicant responded that this agreement is for the support services that RehabCare provides to its other wholly owned and joint venture

**relationships. It is a support structure for over seeing operations in all of the RehabCare branches.**

**The applicant stated that the patients seen at LTCH would be those that need skilled medical attention once a day or more. Ms. Lapierre asked how a LTCH is different from a skilled nursing facility. The applicant responded that in skilled nursing facilities the doctors come in only 3 times a week but in a LTCH facility these patients need daily physician attention. Ms. Lapierre asked how is a LTCH facility is different from inpatient hospital care. The applicant responded that inpatient care is designed to have the patient treated and cured over a short time and do not use extended care techniques and do not have daily physician attention after the acute care period is over.**

**Staff asked if there are patients in Rhode Island's hospitals waiting for an extended acute level of care. The applicant replied that yes there are people waiting for this kind of care. The applicant noted that the average length of stay at LTCH is 25 days.**

**Staff noted that the differences in patients that come to an extended care facility should be presented in a patient case study or case mix data because this would be helpful in understanding the role of the extended care facility. The applicant responded that this is possible and the data exists. Staff asked if hospitals in Rhode Island are failing patients in the areas of neglect and appropriate lengths of stay. The applicant explained that they do not know and do not have**

**this data. The applicant noted that a lot of incentives for the actions of hospitals are related to money, and, therefore, some patients are not referred to as quickly to an extended care facility or do not receive the most appropriate care.**

**Mr. Ross noted that it is important to know in a LTCH how long a patient has already been in an acute care hospital setting. The applicant agreed.**

**The Chairman asked about the criteria of 3 hours of physical therapy a day needed to be in a LTCH facility and how that would affect bed availability. The applicant responded that the criteria, set out by Medicare, was for the rehabilitation centers. This criterion is why people come to LTCH because they cannot do 3 hours a day of physical therapy. The applicant explained that usually patients in LTCH can do anywhere from 15 to 90 minutes of physical therapy. The applicant noted that there is only 1 other hospital in Rhode Island that provides long-term care services and 3% of all persons that are hospitalized require admission into an LTCH facility.**

**The applicant noted that ventilator patients are a good example of patients who would be served at a LTCH. The applicant stated that some of these patients cannot be weaned off the ventilator and need monitoring, intervention, and care beyond what nursing homes or hospitals can provide. The applicant noted that hospitals also have strict monetary guidelines under Medicare and Medicaid and have an**

**incentive to get people out of the hospital.**

**The Chairman asked if LTCH on average give more care than an acute care hospital. The applicant answered yes. The Chairman asked if the costs are the same. The applicant answered, yes because they both use about the same amounts of resources.**

**The applicant noted that there are about 400 LTCH facilities in the United States, 9 of which are in New England, including the 1 LTCH certified facility in Rhode Island, Eleanor Slater, which usually serves around thirty to thirty-five patients annually.**

**The applicant also noted that the ALOS at LTCH is 25 days. These lengths of stay are driven by reimbursement systems. According to the applicant, there are 1,174 patients with the potential to use LTCH services in Rhode Island based on their average length of stay in Rhode Island hospitals. The 40 beds being proposed were calculated to be an appropriate amount.**

**Staff noted that the applicant is showing a need of more than double the proposed amount of beds. Staff asked if this the applicant plans to convert more space at RHRI to meet the needs of LTCH patients. The applicant responded no that the RHRI area would still be run as a rehabilitation hospital.**

**Staff asked if the applicant could show how other hospitals in Rhode**

**Island would support this program at a future meeting. The applicant agreed.**

**Ms. Lapierre asked why the hospital would have mostly double bed rooms despite the trend towards single bed rooms. She asked if this would cause concern with patients with infections. The applicant replied the floor plan did it not make it feasible to convert the double bed rooms to single bed rooms. The applicant agreed that it is best to have single beds but most infections are quarantined no matter what the capacity. The applicant noted that there would be an ICU level of care on the floor for those who need it. Ms. Lapierre asked what percentage of the 1,147 patients are eligible for rehabilitation services as well. The applicant responded that those patients were excluded from the estimate.**

**Staff noted that most of the business comes from referrals and most income comes from third party payers and this bring up the question of who makes the decision after discharge where a patient goes and will the third party payer pay the difference between an LTCH and a skilled nursing facility. The applicant responded that a doctor decides what level of care the patient receives based on the needs of the patient and what is most cost effective.**

**Staff noted that the payer mix is projected at 74% Medicare and that this does not align with the payer mix in an acute care hospital. The applicant responded that usually the age of the patient is a large**

**factor in Medicare reimbursement and since a lot of LTCH patients are elders is drives the form of reimbursement.**

**The Chair noted that the trend in healthcare is moving from double beds to single bed occupancy and requested the applicant to fully explain their reasoning behind this choice at a future meeting. Mr. Ross asked why the architect's fees represent over 13% of the renovation costs and where LMC is getting \$763,000 in equity. He noted that further justification of the estimate of the cost of supplies should be included at a later date. The applicant responded that these figures can be justified and the change of effective control application should address a lot of these concerns.**

**Staff noted that the Department has acquired a consultant who will provide a report to the Committee on this application.**

**There was no further business the meeting was adjourned at 4:25 PM.**

**Respectively submitted,**

**Valentina D. Adamova, MBA**