

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

DATE: 21 August 2007

TIME: 2:30 PM

LOCATION: Health Policy Forum

ATTENDANCE:

Committee I: Present: Victoria Almeida, Esq., (Vice Chair), John W. Flynn, Robert S.L. Kinder, M.D., Amy Lapierre, Thomas M. Madden, Esq., Robert J. Quigley, DC, (Chair), Robert Ricci

Not Present: Edward D. Almon, Joseph V. Centofanti, M.D., Robert Whiteside

Committee II: Present: Gary J. Gaube, Sen. Catherine Graziano, RN, Ph.D.

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 2:30 PM. The Chairman noted the availability of conflict of interest forms for any member who may have a conflict. Minutes of the 20 March 2007 and 12 June 2007 Project Review Committee-I meetings 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: Flynn, Kinder, Lapierre, Madden, 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 to establish pediatric and adult bone marrow transplantation services.

Staff briefed the Committee on the review status of the application, noting that the review commenced on 10 February 2007 and a public hearing requested by an interested party took place during the months of March through July of 2007, and concluded on 26 July 2007.

Ms. Almeida noted for the record her recusal from the application of Rhode Island Hospital.

Fred Macri, MD, Executive Vice President, Rhode Island Hospital (RIH) presented a PowerPoint presentation regarding the rationale for a bone marrow transplant (BMT) unit at RIH. Dr. Macri stated that 74% of cases in the region were treated outside of Rhode Island (RI) in 2005. Pediatric BMT service is not available in RI which creates an emotional/financial hardship for families required to seek care out of state.

Addressing affordability, Dr. Macri stated that a large percentage of patients are being seen outside of RI and healthcare premium dollars are being paid to out-of-state institutions. He noted that a program at RIH would keep payments and patients in the region, increase jobs and allow RIH to build its research portfolio, which would bring additional jobs to RI. He highlighted RIH as a regional academic medical center (AMC), as an economic driver for RI drawing 31% of all RI residents in FY2006 and 3,300 patients from MA and other states, and as generating \$44 million in out-of-state revenue. He also indicated hospitals in the Boston area are seeing an increase in patients from Rhode Island and Massachusetts towns bordering RI and are aggressively making plans to increase their patient base. Dr. Macri noted that in order to stay competitive as an academic center, RIH needs to build tertiary services and make key investments in

such services. He indicated that if appropriate services were offered at RIH then Southeastern MA patients would come to RIH for those services.

Staff asked Dr. Macri how many hospitals in Massachusetts consider any of the 19 towns identified by RIH or any part of Rhode Island as within their service area. Dr. Macri indicated that all of the major teaching hospitals in Boston would consider these towns, as well as Rhode Island, part of their service area.

Dr. Macri stated that sufficient demand exists for both the RIH program and Roger Williams Medical Center (RWMC) program, as the demand in the region is estimated at 75 adults and 9 children in FY2011. He indicated that RIH plans to treat 57% of total regional volume (N=40 adult; N=8 pediatric) once the program is fully implemented enabling RWMC to treat the 20-25 patients currently treated. Mr. Flynn asked if there is data showing how many RI patients are treated in Massachusetts hospitals. The applicant noted that this information was provided during public hearings.

Dr. Macri indicated that the construction of the facility would be divided into three phases with the end product being the entire 8th floor devoted to cancer patients. He noted that immuno-compromised patients would gain benefit from the same environmental controls provided to BMT patients, making the proposal more cost effective. He noted that the portion of the proposal which would benefit the

immuno-compromised patients could be completed without a CON but per regulations that portion of the project was included as part of the BMT application.

A Committee member noted the projected \$2 million in profit to be generated by the BMT indicating the program would be profitable. Dr. Macri affirmed, stating that when the program becomes fully operational the margin generated would be \$2 million dollars annually, requiring 56 staff to operate.

Ms. Lapierre asked Dr. Macri to identify how many high intensity oncology (HIO) patients are currently seen by RIH. That data was not available and was offered to be provided at a later date.

The Chair inquired regarding the establishment of a collaborative and cooperative approach with regards to the BMT services considering an existing program. He noted that the healthcare industry is in an era of collaboration and cooperation. Dr. Macri noted that when considering the \$5.5 million dollar cost, if the application for the BMT were not approved, RIH is still going to spend \$4.3 million to enhance the 8th floor oncology unit to create an environment for HIO patients consistent with the evolving standard of care for those patients.

Mr. Madden asked Dr. Macri to elaborate on a point included in his February presentation to the Committee regarding the reduction of cost for patients and insurers. Dr. Macri stated that a RI insurer

would pay higher costs to providers in Massachusetts as there is 8-10% differential in contract costs.

Ms. Lapierre noted that it was mentioned that both BMT and HIO patients would utilize the unit providing a total of 8 beds for pediatric and adult. Dr. Macri indicated that of the 8 beds at RIH 4 would be used for HIO and 4 for BMT patients. He noted that 2 pediatric beds would be on the fifth floor of the Hasbro building.

Ms. Lapierre inquired as to the cost for the pediatric beds. Dr. Macri noted that only minor modifications would be required which were detailed in the February presentation.

Ms. Lapierre noted the difference in opinion by RWMC regarding the BMT capacity in Rhode Island. She stated that in a letter, RWMC identified capacity for 84 bone marrow transplantations per year. Dr. Macri responded that he didn't see the issue as capacity due to the fact that RWMC has had capacity for 13 years. He indicated the referrals and strength of referral patterns to get the patients is necessary for success. He noted RIH only expects the unit to house four to five BMT patients and the request was made for eight beds for the purpose of the HIO patients.

Ms. Lapierre asked what conversations have taken place with United Healthcare (United). Dr. Macri noted that he expected United to agree to have patients seen at RIH once NDMP certification was achieved.

Kenneth Belcher, President and CEO of RWMC, addressed the Committee. He applauded the RWMC program as a high quality program with a dedicated multidisciplinary staff and ample capacity to deal with both the existing and projected level of patients, with no waiting period for treatment. He highlighted the financial challenges faced in RI, stating that the approval of a competing BMT program in the state would increase the financial challenge and suggested collaboration would be more appropriate than competition. He also noted that RWMC has reached out, and continues to reach out, to RIH affording the physicians that have left RWMC for RIH admitting privileges at RWMC. He encouraged the Committee to favor collaboration and set a precedence of utilizing existing programs rather than creating additional programs.

Mr. Flynn inquired if RWMC had addressed the issue of patients going out of state. Dr. Belcher indicated patients that could have been referred to RWMC have been referred elsewhere and that through further collaboration between the institutions a high number of patients would remain in state.

To questions regarding the physicians who have left RWMC for RIH, Dr. Belcher stated that they have admitting privileges at the RWMC program and that they have departed within the last 2 years.

Mr. Devereaux, legal counsel to RWMC, quoted the statute and

regulation definition of 'need' as "a substantial or obvious need for the specific new health care equipment." He noted that it is an absolute requirement that if the applicant cannot show an obvious need for the CON application, that it must be rejected as a matter of law. He asked the Committee to consider a recent statement of the Department on 30 March 2007 that "...the healthcare system must transition from one based on competition to one that is rewarded for collaboration and coordination." Mr. Devereaux stated that it was the obligation of the Committee to determine what is good and affordable to RI residents. He noted that the average of 24 BMT produced by RWMC per year was considered an admirable performance compared to other programs and that RWMC's program is doing better than the programs in New Hampshire, Vermont and Maine. He indicated the fact that Boston teaching hospitals are internationally renowned and that this could not be overlooked when considering the volume they attract as well as the fact that they are a model for collaboration. He noted that collaboration is a factor in the retention of volume. RWMC has membership in the NDMP, in order to hold that status it is necessary to have a specific number of allogeneic transplants per year. He noted it would be a devastating consequence to approve 2 BMT programs in RI with both not able to get into the bank of transplant donors. Mr. Devereaux stated that Mr. Zimmerman's testimony of 94.1 potential BMT cases was not a hard and fast calculation. To meet this projected need, 10 BMT beds would be required. He noted that if the 8 beds approved in the RIH's request, in addition to the 7 that currently exist at RWMC, those 15 beds would

be in excess of the projected need in Mr. Zimmerman's report. He stated there has not been an instance of a RI patient needing a BMT who was unable to get one. Need has not been demonstrated.

Mr. Devereaux addressed the pediatric need presented by RIH, noting this care is important but volume is necessary as well. He noted that Dr. Swartz indicated in her testimony that a stand-alone unit without an adult unit would not make sense.

Chairman indicated that the FY2006 BMT volume at RWMC had not been addressed. Mr. Devereaux noted that when the 3 physicians left RWMC referrals dropped. He stated that Dr. Macri's presentation indicating RWMC could still treat the 20–25 patients and RIH would treat 48 patients was inconsistent with the testimony of former RWMC employees and present RIH employee Dr. Weiner. Mr. Devereaux noted that Dr. Weiner stated in his testimony that he went over to RIH as he was afraid he wouldn't have a job because the other 2 physicians had gone over to RIH and was concerned whether there would be any work. Mr. Devereaux stated that the low volume in FY2006 at RWMC was due to the physicians who had transferred to RIH.

Mr. Devereaux closed his presentation noting centers of excellence in RI are necessary but all services do not have to be at RIH. He requested that the Committee set precedence for collaboration.

The Chairman noted Harvey Zimmerman, consultant for the Department, would make a presentation to the Committee at the next meeting.

There being no further business the meeting adjourned at 4:15 PM.

Respectfully submitted,

Loreen Angell