

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

DATE: 6 March 2007

TIME: 2:30 PM

LOCATION: Health Policy Forum

ATTENDANCE:

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

Not Present: Joseph Centofanti, M.D., Robert Ricci, Robert Whiteside

Excused Absence: John Keimig, Robert Kinder, M.D.

Other Members: Present: Larry Ross

Staff: Valentina D. 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 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 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: Almeida, Almon, Flynn, Lapierre, Madden, Quigley.

2. General Order of Business

The first item on the agenda was the application of the Long Term Acute Care Hospital of Rhode Island for a certificate of need to establish a long term acute care hospital in North Smithfield. Staff noted that in the mailing to the Committee additional responses to follow-up questions by the applicant were included.

The applicant made a PowerPoint presentation to the Committee. The proposal would establish a 40-bed long term acute care hospital (“LTACH”) that could accommodate 400 patients per year. The facility would be established by relicensing 40 out of 82 beds of the

Rehabilitation Hospital of Rhode Island (“RHRI”). The census of RHRI is approximately 38 patients and there is available capacity. The applicant stated that this would provide treatment in a lower cost setting. Per regulations, the average length of stay of patients would be at least 25 days. The only example of such a facility in Rhode Island may be Eleanor Slater Hospital with lengths of stay of 2 years and it uses about 3 beds for LTACH patients. The applicant stated that these patients require more intensive care and orientation towards getting home which is not available in nursing homes.

The applicant noted New Jersey and MedPac studies, which were used in the application.

A Committee member stated that based on the data of hospitalized patients in 2005, 80% have a length of stay of 15-24 days. The member noted his concern regarding the 25-day average. The applicant stated that the focus is more heavily on the longer stay patients. The applicant stated that they would give the committee an analysis of where the patients are coming from geographically.

With regards to reimbursement, the applicant noted that there is a lower level of reimbursement at LTACH compared to hospital. The applicant stated that LTACH is reimbursed under a DRG and it has a different base rate (around \$300,000) compared to an acute care hospital. The applicant stated that there have been some studies that show the difference and that they would submit those to the

committee.

A Committee member asked the applicant how they are going to finance the project. The applicant stated that the financing comes from a working capital grant. The Chairman requested that the applicant clarify the sources of financing.

A Committee member asked the applicant to clarify that there was no construction involved in this project at all. The applicant stated that only minor renovations would be done in the rooms.

A Committee member asked if there was a sale-leaseback agreement in place. The applicant explained that there was a possibility of a sale-lease back with Landmark to generate cash and stated that they are just describing options.

A Committee member asked the applicant what discussions they have had with other hospitals. The applicant explained that they have been communicating with hospitals' liaisons.

Staff clarified that leasing maybe part of a conversion and noted that the applicant would be licensed as a hospital if approved.

Staff noted that they would contact Facilities Regulation to identify whether the applicant would require any variances. Staff noted they have hired a consultant for this application.

To a question, the applicant explained that this venture would be an independently operating facility and the applicant contract management services.

Mr. Miller, legal counsel to the department, stated that he wanted to know where the term “Directors” was set forth in the by-laws. The applicant stated that they would address that issue.

A Committee member asked the applicant how they would increase the capacity. The applicant stated that they wanted to have a census of 5 patients for the first six months and after the demonstration period they would slowly ramp up.

A Committee member questioned whether the applicant should be creating a program that requires more RNs when there are not enough to supply the needs of the state. The applicant explained that in terms of recruitment, they have demonstrated that they have the ability to recruit from outside of RI, specifically from MA.

A Committee member asked the applicant what percentage of patients comes from outside RI. The applicant stated that they receive about 18% from MA.

The Chairman stated that the applicant will be sent follow-up questions.

Mr. Brooks, Director of United Nurses & Allied Professionals, asked what approach is taken to create a newly licensed hospital compared to the possibility of reclassifying beds under the license of RHRI. Staff explained that the applicant initially proposed to do so and that was deemed by the state agency to be inappropriate.

There was no further business the meeting was adjourned at 3:55 PM.

Respectively submitted,

Valentina D. Adamova, MBA