MICHIGAN DEPARTMENT OF COMMUNITY HEALTH (MDCH)
HOSPITAL BED (HB)
STANDARD ADVISORY COMMITTEE (HBSAC) MEETING

Wednesday November 16, 2011

Capitol View Building
201 Townsend Street
MDCH Conference Center
Lansing, Michigan 48913

DRAFT MINUTES

I. Call to Order

Chairperson Casalou called the meeting to order @ 9:38 a.m.

A. Members Present:

James Ball, Michigan Manufacturer's Assoc.
Ron Bieber, United Auto Workers (UAW)
Robert Casalou, Chairperson, Trinity Health
Heidi Gustine, Munson Healthcare via conference call
Patrick Lamberti, POH Medical Center
Nancy List, Covenant Healthcare
Robert Milewski, BlueCross BlueShield of Michigan (BCBSM)
Doug Rich, Ascension Health
Jane Schelberg, Vice-Chairperson, Henry Ford
Kevin Splaine, Spectrum Health
David Jahn, War Memorial
Conrad Mallett, DMC

B. Michigan Department of Community Health Staff present:

Jessica Austin
Joette Laseur
Tania Rodriguez left @ break
Brenda Rogers

II. Declaration of Conflicts of Interest

None.

III. Review of Agenda

Motion by Mr. Splaine and seconded by Mr. Ball to accept the agenda as presented. Motion carried.

IV. Review of Minutes of October 19, 2011

Motion by Mr. Mallett and seconded by Vice-Chairperson Schelberg to accept the minutes as modified. Motion carried.

V. Unused Beds Workgroup Update

Vice-Chairperson Schelberg gave a brief presentation of the unused bed(s) workgroup (see Attachment A).

Discussion followed.

Motion by Mr. Ball and seconded by Mr. Mallett to accept all 3 proposals (relocation, replacement & acquisition).

A. Public Comment:

Dennis McCafferty, Economic Alliance for Michigan (EAM)
Robert Meeker, Spectrum Health
Penny Crissman, Crittenton Hospital

Discussion on motion continued.

Motion Carried in a roll call vote of 9- Yes, 3- No, and 0- Abstained as follows:

Yeas: Gustine, Rich, Milewski, Ball, Mallett, Splaine, Casalou, Jahn, Bieber.
Nays: List, Schelberg, Lamberti.

Motion by Mr. Milewski and seconded by Mr. Lamberti to delegate the drafting of the language to the Department and share with the SAC. (Ms. Schelberg, Ms. Gustine, Mr. Rich, Ms. List, Bob Meeker, Melissa Cupp, & Brie Hanlon will work with the Department.) Motion Carried in a vote of 10- Yes, 2- No, and 0- Abstained.

Mr. Rich gave a brief presentation on another methodology; "CON Commission Hospital Bed Standards Advisory Committee Hospital & Bed need proposal" (See attachment B).

Discussion followed.

Mr. Lamberti shared proposed relocation language (See attachment C).

Break @ 11:05 a.m. – 11:26 a.m.

Motion by Mr. Lamberti and seconded by Mr. Splaine to accept the proposed relocation language.

Discussion on motion followed.

B. Public Comment

Robert Meeker, Spectrum Health
Dennis McCafferty, EAM

Motion failed in a roll call vote of 1- Yes, 11- No, 0- Abstained.

Yeas: Lamberti.
Nays: Gustine, Rich, Milewski, Ball, List, Mallett, Splaine, Schelberg, Casalou, Bieber, Jahn.

Motion by Mr. Rich to adopt Mr. Rich's proposal. Motion Failed due to lack of a second.

VI. Bed Need and Hospital Group Methodologies - Review of Proposed Language

Mr. Milewski gave a brief overview of the progress of the subarea and bed need methodology workgroup (see Attachment B).

Discussion followed.

Motion by Mr. Milewski and seconded by Mr. Mallet to approve the entire package of proposals with no change to critical access hospitals. Motion Carried in a unanimous vote 12- Yes, 0- No, 0- Abstained.

VII. Public Comment

None.

VIII. Next Steps & Future Agenda Items

Chairperson Casalou will present the HBSAC final report to the Commission at its December 15, 2011 meeting.

IX. Future Meeting dates

A. December 20, 2011 (only if needed pending Commission action at its December 15, 2011 meeting.

X. Adjournment

Motion by Mr. Ball and seconded by Mr. Splaine to adjourn the meeting @ 1:05 p.m. Motion Carried.

Hospital Bed Workgroup Charge #6

Jane Schelberg

November 16, 2011

Workgroup Members* and Attendees

- Allen Tucker
- Andy Ball
- Nancy List*
- Jane Schelberg* (chair)
- Arlene Elliot
- Bret Jackson
- Brie Hanlon
- Carrie Linderoth
- David Jahn*
- Dennis McCafferty
- Eric Fischer
- Jennifer Sheldon
- Jim Ball*
- Jim Gilson
- Karen Kippen
- Melissa Cupp
- Monica Harrison
- Natalie Kellogg
- Paul Delamater
- Penny Crissman
- Rob Casalou
- Robert Meeker
- Sean Gehle
- Steven Szelag
- Terry Gerald
- Larry Horvath

Meetings Held
08/03/2011
08/31/2011
09/12/2011
09/26/2011
10/12/2011
11/02/2011

Workgroup Charge

Consider the proper number of beds for Michigan's population given demographic (aging and health of the population) concerns and consider concepts that link occupancy to inventory thereby allowing for reduction of "excess" beds.

Example: Determine the "appropriate" occupancy and if over a defined period of time bed capacity remains below that figure, unused beds must be released.

Workgroup Progress

At the 10/19/11 meeting, the HBSAC :

- Reviewed and accepted the proposal for Replacement.
- Asked the Charge 6 workgroup to develop proposals for Acquisition and Relocation based on the same format.

Overview of Today

- Review Rationale/Exclusions that apply to all proposals
- Review Replacement Proposal
- Present Acquisition Proposal Discuss/Approve??
- Present Relocation Proposal Discuss/Approve??
- Review Next Steps

RATIONALE

(Replacement, Acquisition, Relocation)

To avoid unintended consequences that may result from instituting a standard which reduces excess beds, these proposals would limit the pool of hospitals at risk for bed reduction to only those with a three (3) year average adjusted occupancy below 40%

EXCLUSIONS/LIMITATION

(Replacement, Acquisition, Relocation)

EXCLUSIONS

- critical access hospitals
- rural county hospitals
- micropolitan county hospitals
- long term acute care hospitals (LTACH)
- hospitals with less than 25 beds
- Sole Community Hospital as designated by CMS

ADDITIONAL LIMITATION

- Standard would not allow bed reduction/right sizing to below 25 beds

Replacement (from HB SAC meeting 10/19/11)

In order to obtain CON approval for replacement of acute care hospital beds, a hospital with average adjusted occupancy of below 40% during the most recent three (3) years, must de-license sufficient beds to raise its adjusted occupancy to 60%.

Proposal: Acquisition

In order to obtain CON approval for acquisition of an acute care hospital with average adjusted occupancy of below 40% during the most recent three (3) years, an applicant (the new owner) must agree to de-license sufficient beds to raise its adjusted occupancy to 60%, if it fails to achieve at least 40% average adjusted occupancy in the third year after acquisition.

Proposal: Relocation

In order to obtain CON approval for relocation of acute care hospital beds from a hospital with average adjusted occupancy of below 40% during the most recent three (3) years, the hospital (source hospital) must de-license the number of beds required for the source hospital to be at 60% adjusted occupancy after the relocations. A receiving hospital may not, after the relocations, have an adjusted occupancy below 40%. The source hospital may file multiple CONS at one time for relocations to more than one hospital.

Definitions

Replacement beds in a hospital*" means hospital beds that meet all of the following conditions; (i) an equal or greater number of hospital beds are currently licensed to the applicant at the licensed site at which the proposed replacement beds are currently licensed; (ii) the hospital beds are proposed for replacement in new physical plant space being developed in new construction or in newly acquired space (purchase, lease, donation, etc.); and (iii) the hospital beds to be replaced will be located in the replacement zone.*

Acquiring a hospital*" means the issuance of a new hospital license as the result of the acquisition (including purchase, lease, donation, or other comparable arrangements) of a licensed and operating hospital and which does not involve a change in bed capacity unless otherwise provided in these Standards.*

Relocate existing licensed hospital beds*" for purposes of sections 6(3) and 8 of these standards, means a change in the location of existing hospital beds from the existing licensed hospital site to a different existing licensed hospital site within the same hospital subarea or HSA. This definition does not apply to projects involving replacement beds in a hospital governed by Section 7 of these standards.*

Next Steps

- Address Legal Issue:
  - Is a hospital bed license an asset?
  - Can the CON Standards require that a hospital de-license beds?
- Develop Standard language

Hospital Subarea & Bed Need Methodology Workgroup Update

Bob Milewski

November 16, 2011

Review of Workgroup Progress

- The workgroup presented its proposals for revised Hospital Group and Bed Need methodologies at the October SAC meeting, where they were unanimously approved.
- Language development and review between MSU Geography, workgroup members, and the Department has been ongoing since that time.
- Six topics emerged which the workgroup felt required SAC guidance and attention.

Topic 1: Limited Access Areas (LAAs)

- The Commission previously established limited access areas (LAAs) to identify sectors of the Michigan population without adequate access to hospitals. They are defined as contiguous areas of more than 50,000 population, more than 30 minutes driving time from the nearest hospital with 24-hour emergency services.
- The current LAA methodology is inconsistent with the proposed bed need methodology—LAA's require population projections, and proposed bed need does not.

LAAs Continued

- MSU Geography developed an alternative proposal to define LAAs as having at least as many projected patient days as the state average for 50,000 people.

- The workgroup supported the revised proposal for Limited Access Areas. The language can be found in Section 4(2) of the Working Draft of the standards (pages 6-7).

Topic 2: Non-Groupable Hospitals

- According to the new methodology, hospitals that do not have MIDB data on file will not be included in the running of the Hospital Group methodology. Rather they will be listed as “Non-Groupable”.

- Questions emerged as to how this would impact the acquisition of a hospital that was not grouped within the standards.

Non-Groupable Hospitals Continued

- It was proposed that in order for a CON related to a non-groupable hospital to be approved, the hospital must agree to immediately submit its MIDB data for the past 3 years and for all future years. The hospital would then be placed in a hospital group the next time the methodology is run.

Topic 3: Data Discrepancies

- There were 5 hospitals included in DCH's current hospital list (Current Standards Appendix A) that were not included in the data MSU used to model the proposed methodologies.

- The workgroup and MSU were asked to revisit MIDB data to determine the "story" on these hospitals.

Data Discrepancies Continued

- A review of MSU's data revealed that:
  - Kindred Hospital was a naming issue-the same MIDB code was used for three different hospital names
  - Henry Ford Macomb-Mt. Clemens reports its MIDB data through Henry Ford Macomb-Clinton Township
  - Forest Health Medical Center had no MIDB code associated with its facility
  - Brighton Hospital had no MIDB code associated with its facility
  - Great Lakes Specialty Hospital only appeared in the 2009 MIDB

Resolution to Data Discrepancies

Based upon decisions made when creating the Hospital Group methodology:

- The naming issues for Kindred Hospital will be addressed and the hospital will be placed in the appropriate hospital group.
- Henry Ford Mt. Clemens will be placed in the same Hospital Group as the hospital in which its data is reported (Hospital Group 3).
- Forest Health Medical Center will be placed in Non-Groupable Hospital.
- Brighton Hospital will be placed in Non-Groupable Hospital.
- Great Lakes Specialty Hospital Oak's one year of data will be used to place it within the appropriate hospital group.

Topic 4: Inclusion of Appendix in Standards

- The workgroup discussed whether it would be appropriate for the Hospital Group and Bed Need Appendices (Currently Appendix A and C) to be placed online, rather than within the standards language. This would provide ease of reference to access the most recent data.
  - The workgroup does not have a recommendation but wanted to bring the issue up to the SAC for consideration.

Topic 5: Critical Access Hospitals

- The workgroup agreed previously that a critical access hospital would be permitted to add beds up to their 25 bed maximum, regardless of bed need within their Hospital Group. This language is not yet included in the standards.
  - The workgroup is looking for guidance from the SAC as to how this could be reflected within the standards and any unintended implications it might have?

Topic 6: Need for 2010 MIDB Data

- It is critical to remember that the proposed methodologies were run for *illustrative purposes* and with 2009 MIDB data, as that was the most recent data available to MSU Geography.

- If the methodologies were to be adopted, their first official running would use 2010 MIDB data. As such, the workgroup hopes to have this data prior to the December SAC meeting, in order to more fully reflect the output of the proposed methodologies.

Next Steps

- MSU, workgroup members, and the Department will continue to resolve discrepancies among the current list of hospitals.

- Any decisions or recommendations made by the SAC today will be added to the working draft of the standards.