

August 1, 2023  
Brooke Cunningham, Commissioner  
MN Department of Health  
*Submitted electronically*

Commissioner Cunningham,

Pursuant to Minnesota Statutes Section 144.553, Subd. 1, I am writing to provide the Minnesota Department of Health with notice that Allina Health and a joint venture partner intend to seek an exception to the state bed moratorium law to build and operate a 100 bed post-acute inpatient rehabilitation facility (IRF) for adults, to be located in the Twin Cities metropolitan area and to serve patients across the state and region.

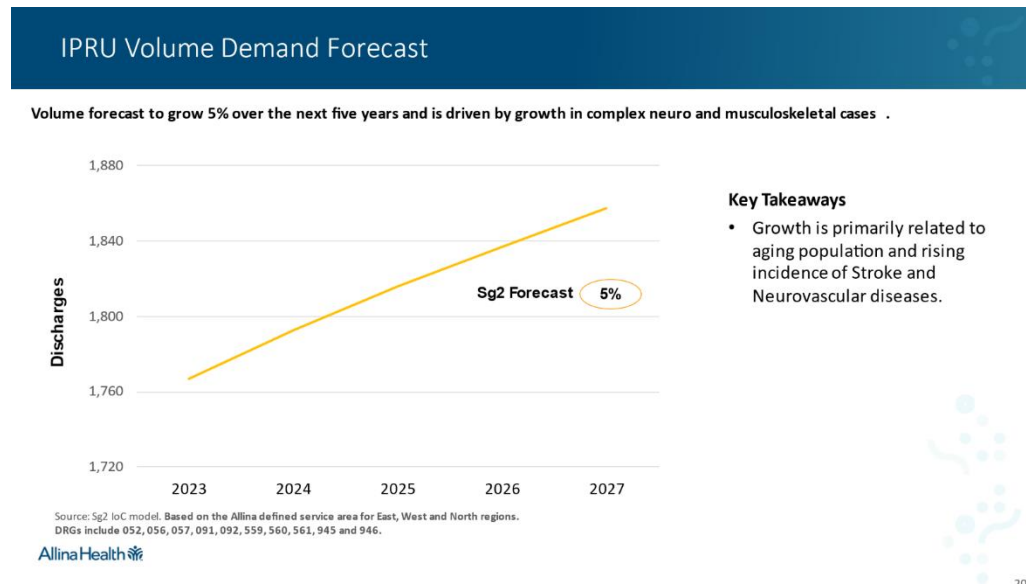
Allina Health, an integrated health system, is dedicated to the prevention and treatment of illness and enhancing the greater health of individuals, families, and communities throughout Minnesota and western Wisconsin. We serve our communities by providing exceptional care as we prevent illness, restore health, and provide comfort to all who entrust us with their care. As a not-for-profit health care system with 28,000 employees, Allina Health cares for patients from beginning to end-of-life through our 90+ clinics, 12 hospital campuses, 15 retail pharmacies, specialty care centers and specialty medical services providing home care, senior transitions, hospice care and emergency medical transportation services.

Through our Courage Kenny Rehabilitation Institute (CKRI), Allina Health is one of the largest providers of a full continuum of rehabilitation services in the state spanning post-acute inpatient rehabilitation, outpatient services, as well as wrap around community-based services for those we serve. We recognize that there will continue to be a need to create additional access to services as our population ages and our region grows. Post-acute care includes rehabilitation services that individuals receive after a stay in an acute care hospital if additional monitored rehabilitation services are necessary before a patient can safely return to their home environment. Settings include inpatient rehabilitation facilities (IRF), long-term care hospitals, skilled nursing facilities and home health agencies. The need for a robust post-acute continuum of services is vital not only for the health of the individuals served, but also a critical step-down resource that allows for the continued medically necessary care for a stable patient while also opening access to valuable acute hospital beds for patients who require inpatient admission.

Access to inpatient rehabilitation beds provides a unique post-acute treatment environment with a specialized interdisciplinary team that delivers ongoing medical care and meaningful rehabilitation with functional improvement that supports patients' goals of returning to their community and living purposeful lives. For example, a meta-analysis published in *Stroke*, a well-respected journal published by the American Heart Association, found strong evidence that organized, interprofessional stroke care not only reduced mortality rates and the likelihood of institutional care and long-term disability but also enhanced recovery and increased independence in activities of daily living (ADLs).

IRFs are a specific subset of inpatient care that provide a regulatorily distinct episode of care to individuals with high medical acuity and who have rehabilitation needs following an injury, accident or medical condition. Care is provided by a team of rehabilitation experts including doctors, nurses, therapists, psychologists, behavioral therapists and social workers. IRFs require individuals to participate in intensive therapy services that provide unique programming to an acute patient population which allows them to fully focus on their health and rehabilitation. Strong medical outcome and functional improvement allows patients to return to the community sooner and with a lower rate of rehospitalization following an IRF stay.

Minnesota’s access to IRF beds is below the national average and needs to grow to not only meet current need, but also to account for predicted population growth. The Twin Cities region currently has 151 IRF beds, of which 55 are allocated to Allina Health. Based on national and state utilization statistics, demand for IRF beds is estimated at 192 beds. Considering population growth and aging, demand is predicted to grow by at least 5% to 212 beds by 2027.



Adding IRF beds will allow for increased access to Minnesota's acute hospital beds for patients in need of inpatient admission. In 2022, Minnesota hospitals placed approximately 2,500 patients on wait lists because they did not have available acute hospital beds. This lack of access to acute hospital beds was driven in part by decreased access to non-community discharge locations such as IRFs, skilled nursing facilities or long-term acute care hospitals (LTACH). Creating capacity with an IRF will be one important tactic in improving hospital flow and ensuring patients receive care in the most appropriate care setting.

## **Project Description**

The purpose of this project is to build a 100 bed, freestanding, inpatient rehabilitation facility via a partnership between Allina Health and an established post-acute rehabilitation partner to be named that will create more access for patients, decompress hospital boarding and discharge challenges, and improve patient flow throughout Minnesota's acute care hospitals. We continue to make progress in finalizing an agreement with a partner who will enable our shared vision for a best-in-class inpatient rehabilitation facility with demonstrated expertise and financial support. The freestanding facility will serve patients from across Minnesota and the region who are ready to be discharged from the hospital setting but who still require complex skilled rehabilitation services. This facility will serve a critical role in supporting acute hospital length of stay efforts that are vital to delivering quality care for patients while also lowering readmissions.

This project is seeking an exemption from the Minnesota Bed Moratorium during the 2024 Minnesota legislative session with design and construction beginning as soon as possible, and a goal to begin serving patients in 2026.

This IRF will benefit the community by providing evidence-based, coordinated and intensive rehabilitation services for patients across Minnesota and the upper Midwest region. The new facility will accept referrals from all providers for patients who meet IRF medical-necessity admission criteria.

The beds Allina Health requests would provide comprehensive acute inpatient rehabilitation services. Other options for outpatient rehabilitation services at the facility will be assessed as part of the design build process. In alignment with national norms for this type of facility, the new facility will not have an emergency department or provide any intensive care or acute medical care services outside the IRF service line.

Because this project is a partnership with Allina Health and another entity, we interpret state law to require a bed moratorium exception for creation of 100 new inpatient rehabilitation beds. When the new facility opens in 2026, Allina Health will repurpose our existing inpatient rehabilitation beds from Federally Classified Rehabilitation beds (16 beds at United Hospital and 39 beds at Abbott Northwestern Hospital) to Federally Certified beds included in the Minnesota Licensed Bed Capacity of 603 licensed beds at United Hospital and 972 licensed beds at Abbott Northwestern Hospital. The new facility would partner with Allina Health providers for all primary and consultative medical direction with the majority of medical direction and provider staffing coming from the Physical Medicine and Rehabilitation provider group.

The partnership will allow for a first of its kind in Minnesota, freestanding facility that will be designed with operational efficiencies and best-in-class outcomes and experience to support patients on their care journey. The proposed 100 bed IRF would increase Minnesotans' access to

post-acute beds with the reclassification of existing beds at United Hospital and Abbott Northwestern Hospital. Projecting Allina Health's current utilization rates of its 55 beds, the increase in bed count would allow for an additional 1,000 patients a year to be served in this post-acute setting while increasing access in acute hospital units to admit to those repurposed vacated beds. In addition to providing care to more patients, access to appropriate rehabilitation care is an upstream, preventative measure that increases a patient's likelihood of return to functioning in the community while decreasing their likelihood of rehospitalization or additional complications.

The COVID-19 pandemic and the ongoing recovery period has only highlighted the need for increased capacity throughout the care continuum, especially in the acute care and rehabilitation settings. This facility will support the community's access to appropriate care settings to ensure the right care at the right place at the right time by improving access in multiple care settings while promoting seamless connections for patients throughout their rehabilitation journey.

Sincerely,

Brian LeLoup  
Vice President  
Courage Kenny Rehabilitation Institute, part of Allina Health