

February 1, 2022

Commissioner Jan Malcolm
Minnesota Department of Health
P.O. Box 64975
St. Paul, MN 55164-0975

Dear Commissioner Malcolm:

Enclosed please find Children's Minnesota's ("Children's") submission of a plan under Minn. Stat. 144.552(a)(1) to increase our number of licensed hospital beds by twenty-two, all of which new beds will be dedicated to pediatric mental health inpatients. We respectfully request expedited review of our plan for purposes of making a recommendation to the Minnesota state legislature to approve of our expansion as described herein.

These twenty-two hospital beds will be located within Children's new pediatric inpatient mental health unit on our St. Paul campus. Children's has long provided robust outpatient mental health services and more recently has worked to integrate behavioral health across our various inpatient and outpatient service lines. We have now determined that it is critical to expand that continuum of care to include inpatient treatment, and are planning to open the inpatient unit in the Fall of 2022. This expansion will enable us to help address the current and growing crisis of unmet pediatric mental health care needs in our community and state. It will also support our longer-term objective to provide comprehensive services to better support children and their families throughout their care journey.

Thank you for considering this application. Please don't hesitate to reach out at any time if we can be of help in answering questions or providing additional information.

Sincerely,



Marc Gorelick, MD
President and Chief Executive Officer

Below is Children’s plan under Minn. Stat. 144.552(a)(1) to add twenty-two hospital beds to our St. Paul campus to become a new pediatric inpatient mental health unit. This plan will cover the statutory factors that the department and legislature are to consider and is grouped into four sections: (1) need for the project; (2) project background and a description; (3) potential impacts on existing hospitals and their staff; and (4) impacts on non-paying and low-income patients.

I. Factor #1: Need for the Project

A. General overview

Our community and our state is experiencing a lack of access to mental health services for kids and teens. This is not a new problem, but has become increasingly urgent over the past two years. In October of last year, the American Academy of Pediatrics (“AAP”), the Children's Hospital Association, and the American Academy of Child and Adolescent Psychiatry, together representing over 200 pediatric hospitals and 77,000 physicians, declared that the pediatric mental health crisis has become a “national emergency.” Minnesota hospitals have seen unprecedented increases in the number of kids seeking emergency department care for mental health needs: “Hospitals tell us they simply don't have room,” Gertrude Matemba-Mutasa, assistant commissioner for the MN DHS Community Supports Administration has remarked. “You have children in numbers that [hospitals have] never seen before, showing up to the emergency departments.”

B. Children’s experience

In 2019, Children’s transferred 607 patients to other facilities for inpatient mental health care—of which 115 were sent outside of the Twin Cities Metro area to greater Minnesota, Iowa, Wisconsin, North Dakota, and South Dakota. Note that this encompassed over thirty-seven percent of young children under age twelve being sent away from their support systems, families, and home communities.

In 2020, Children’s transferred 668 patients to other facilities for inpatient mental health care—of which 82 were sent outside of the Twin Cities Metro area.

In 2021, Children’s transferred a staggering 863 patients to other facilities for inpatient mental health care—of which 116 were sent outside of the Twin Cities Metro area. In 2021, our average length of stay was 1.87 days while kids awaited inpatient mental health placement externally to receive the services needed. We had 163 kids who boarded in our Emergency Department or hospital for greater than five days while awaiting transfer to an inpatient mental health unit (our longest length of an inpatient stay was 107 days in 2021 for a child awaiting inpatient mental health services). Such boarding is distressful for patients and staff and diverts critical hospital space and services from their intended use.

The foregoing data reflects the accelerating growth in need for pediatric inpatient mental health services and current gap in capacity. Our new unit is positioned to meet this broad demand and start to fill this gap. Moreover, there is an additional and deeply pronounced gap in care for pediatric mental health patients who also have medical comorbidities—kids with complex medical conditions who also have mental health needs. With our hundreds of pediatric subspecialists, this is a void that Children’s is particularly well-positioned to address and meet these needs of our community’s most vulnerable.

C. Potential consequences of unmet pediatric mental health needs

The consequences of a lack of access to the appropriate level of mental health care can be devastating to children, including alarming increases in suicidality. According to the Minnesota Student Survey:

- One quarter of all Minnesota students (23%), more than ever before, report having long-term mental health, behavior, or emotional problems. This is an increase from 18% in 2016. (The rates have more than doubled for eleventh grade females.)
- Reports of suicide ideation also increased for all grade levels. Twenty-four percent of eleventh graders reported seriously considering suicide at some point in their lives, an increase from 20% in 2013.
- Even more alarming: 1 in 10 students in 11th grade reported attempting suicide.
- Disparities are present with minority populations. LGBTQ+ children are three times as likely to consider and four times as likely to attempt suicide as heterosexual students. According to a 2019 report released by the AAP, “Black children, particularly Black boys 5 to 11 years of age, have experienced an increase in the rate of suicide deaths; and in Black children ages 5 to 12 years, the suicide rate was found to be 2 times higher compared with their white counterparts.”

The COVID-19 pandemic has profoundly impacted the mental health of children and teens. The pandemic has worsened the access problem that Minnesota kids and teens already faced. With long term and periodic short term switches to distance learning in many school districts in Minnesota, access to school-based mental health resources has been curtailed. In a 2020 national Harris Poll of respondents ages 13-19, 64% believe that “the experience of COVID-19 will have a lasting impact on their generation’s mental health.” The Harris Poll results show that seven in ten teens have experienced struggles with mental health during the pandemic, leading to concerns that these issues will become more severe over time—42% have worries about becoming severely depressed or anxious and 26% contemplating suicide.

II. Project Background and Description

A. Background

Children’s is one of the largest freestanding pediatric health systems in the United States—with two hospitals, nine primary care clinics, seven rehabilitation and nine specialty care sites. As an independent and not-for-profit system (since 1924), Children’s has a long history of providing mental health care to children and adolescents.

We have designed our mental health services to complement our top-rated pediatric specialty and primary care services, operating the state’s largest psychology program integrated within pediatric sub-specialty service lines.

- Children’s currently offers outpatient mental health services in our specialty outpatient clinics (Psychological Services, Psychiatry, Developmental Pediatrics, the Center for the Treatment of Eating Disorders, and so on). Additionally, Children’s embeds mental health clinicians within five of our nine primary care clinics.
- On the inpatient side of our system, Children’s integrates mental health care within our hospital units. We provide inpatient medical stabilization services to support kids with eating

disorders, psychology/psychiatry care to patients across our inpatient service lines (e.g., neurosurgery, cancer and blood disorders, etc.), and we have mental health social workers who assess children with acute mental health needs in both of our two Emergency Departments.

Supported by a robust hub of psychologists, neuropsychologists, psychiatrists, advanced practice nurses, and licensed clinical social workers, we've built a strong foundation that serves over 7,000 youth with mental health needs annually.

B. Location and configuration within our system

Children's new inpatient mental health unit will be located on our St. Paul hospital campus and easily accessible from all parts of the wider metropolitan region. The St. Paul campus is also the location of our mental health outpatient hub and our inpatient medical stabilization program for eating disorders, which creates efficiencies and convenience for staff and patients. Of the twenty-two new beds, fourteen will be used for adolescent patients or will constitute swing beds for any pediatric mental health inpatient age group. The remaining eight beds will be dedicated to care for younger children under age 12 who require inpatient hospitalization. This will be the first such service for this younger age range in the East Metro.

Note that Children's is not adding a unique emergency department associated with or specific to our new mental health inpatient unit. Children's is engaging in minor renovations to our existing emergency departments on both of our hospital campuses in order to accommodate our addition of inpatient mental health beds and the resulting expansion of these services. For example, ED renovations will improve the care environment for these particular types of patients such as increasing safe room capacity, creating a therapeutic atmosphere, etc.

C. Operational details and relationships

Within the new inpatient unit, Children's will provide the routine hospital-based services required of all inpatient units within the standard of care. For example: radiology and other clinical service lines typical of a hospital setting; lab, pharmacy, child life specialists, social workers, music therapy, rehab, interpreters, etc. We will also build and extend relationships with employed and independent physician groups to provide the additional sub-specialty, hospital-based services needed for this particular unit.

As a freestanding pediatric healthcare organization, Children's is a member of the Children's Hospital Association and has well-established relationships across the United States with pediatric hospitals that have inpatient mental health services. Leveraging the knowledge and expertise from these external healthcare systems, which is customary in our subspecialized industry, will allow Children's to excel in providing pediatric-focused inpatient mental health care.

D. Current and projected future statistics and demographic data

Based on surveys of our current demand for mental health care, we anticipate that referrals to our new pediatric mental health inpatient unit will primarily come from the eleven county metropolitan area. That said, Children's is proud to be a provider of pediatric health care to patients from every single county in Minnesota. We expect that these new mental health inpatient beds will similarly draw from (and serve as a critical resource to) the statewide population. As is our current practice, we anticipate that admissions to our new mental health unit will come from many sources—directly through our Emergency Departments, as transfers from outside

hospitals, and through direct admission from outpatient providers.

Below is a summary estimate of Children’s current demographics for mental health care services. Note that we don’t have *inpatient* mental health data as we currently don’t provide those services. We are therefore summarizing emergency department and outpatient information for mental health care needs as close approximations. We pulled the following information from our Electronic Medical Record to understand our most current mental health utilization trends.

Children’s anticipates the new pediatric mental health inpatient unit will reflect these same demographics.

➤ 2021 – Children’s Emergency Department data where reason for the visit is mental health need(s)

2,194 encounters across our two EDs, with 1,791 unique patients served.

Breakdown by age:

- <2: 1 Patient
- 2 to <6: 39 Patients
- 6 to <12: 292 Patients
- 12 to <19: 1,423 Patients
- 19+: 36 Patients

Breakdown by gender:

- Male: 625 Patients
- Female: 1,166 Patients

Breakdown by race/ethnicity:

- White/Caucasian: 884 Patients
- Black/African American: 272 Patients
- Hispanic/Latino: 185 Patients
- Multi Race: 150 Patients
- Declined to Answer: 129 Patients
- Asian: 74 Patients
- Unknown: 44 Patients
- Other: 26 Patients
- American Indian/Alaskan Native: 24 Patients
- Native Hawaiian/Pacific Islander: 3 Patients

Utilization of Children’s Emergency Departments for mental health reason(s) in 2021 by zip code:

Patient Zip Code	# of patients
55106	88
55117	58
55118	44
55016	43
55075	40

55104	39
55076	36
55107	34
55128	34
55119	33
55113	32
55044	31
55124	31
55130	31
55109	30
55125	26
55082	25
55110	25
55068	23
55411	23
55129	22
55112	21
55123	21
55102	20
55038	18
55105	18
55103	17
55077	16
55122	16
55408	16
55417	16
54016	15
55033	15
55116	15
55421	15
55443	15
55014	14
55024	14
55311	14
55407	14
54017	13
55126	13
55303	13
55404	13
55419	13
55449	13
55115	12
55127	12
55330	12
55379	12
55430	12
55432	12
55304	11
55406	11
55448	11
54022	10

55025	10
55108	10
55337	10
55372	10
55420	10

In addition, there were 173 zip codes represented with fewer than 10 patients accessing one of our Emergency Departments for a mental health need in 2021.

Below is a summary of Children’s current demographics for mental health care outpatient services:

➤ 2021 – Children’s outpatient mental health data

27,957 encounters, with 6,136 unique patients served.

Breakdown by age:

- <2: 71 Patients
- 2 to <6: 831 Patients
- 6 to <12: 1,945 Patients
- 12 to <19: 2,718 Patients
- 19+: 571 Patients

Breakdown by gender:

- Male: 3,417 Patients
- Female: 2,719 Patients

Breakdown by race/ethnicity:

- White/Caucasian: 3,081 Patients
- Black/African American: 1,296 Patients
- Hispanic/Latino: 667 Patients
- Multi Race: 277 Patients
- Declined to Answer: 255 Patients
- Asian: 160 Patients
- Unknown: 246 Patients
- Other: 104 Patients
- American Indian/Alaskan Native: 42 Patients
- Native Hawaiian/Pacific Islander: 8 Patients

We project being able to serve upwards of 1,000 youth annually in our twenty-two bed inpatient unit. As mentioned previously, we anticipate that the demographics of patients served by our new unit will reflect the foregoing demographic break down in the current patient population relying upon Children’s for mental health care.

In addition, Children’s estimates an average length of stay in our new mental health inpatient unit that is aligned with the community standard of approximately 7 days. In 2021, our average length of stay was 1.87 days while kids awaited inpatient mental health placement externally to receive the services needed. Opening our new unit should materially reduce this length of stay within our hospitals. Moreover, the community capacity that we are adding should also reduce lengths of stay at referring hospitals.

E. Integrated continuum of care expansion: phases and timelines

As stated previously, Children's has determined the need to urgently expand our services to include dedicated inpatient mental health beds. The shortage of inpatient beds for Minnesota children is a longstanding problem and been exacerbated by the COVID-19 pandemic. To meet the current urgent need, we anticipate opening the inpatient unit in the fourth quarter of 2022. We know, however, that inpatient beds alone cannot address the mental health resource gap in our community. Children's new unit is a critical part of an enhanced and integrated mental health strategy, intended to support children along their care journey. This strategy includes:

1. A new intensive outpatient day program (referred to as the "Partial Hospitalization Program") that we opened in Lakeville in 2021. This program serves adolescents ages 12-18 by providing intensive mental health programming on weekdays as an alternative to hospitalization, which allows kids to return home in the evening and on the weekends.
2. Expanding our Integrated Behavioral Health ("IBH") program to embed mental health clinicians in all nine of Children's primary care clinics in 2022. IBH provides immediate access to mental health services where families are most comfortable receiving care—their primary care clinic. This program is focused on screening for mental health needs and provides early intervention and connection with necessary services.
3. Children's has partnered with a not-for-profit, community-based mental health organization to provide in-home crisis therapy for children and adolescents who are in need of immediate care. This program will bridge transitions in care and will be available to kids who are seen in our Emergency Department, inpatient mental health unit (once it opens), or Partial Hospitalization Program with a focus on providing alternative care options to youth in mental health crisis. This partnership and care offering is anticipated to begin in the first quarter of 2022.
4. Adding a second intensive outpatient daytime / Partial Hospitalization Program in the East Metro that will treat younger children in addition to adolescents; again, as an alternative to being hospitalized where appropriate. This is a key offering at the intermediary level of care that will allow children to transition from inpatient to outpatient services and work to keep kids out of the hospital. This service will open in the first quarter of 2023.

III. Factors # 2 and #3: Potential Impacts on Existing Hospitals and their Staff

A. Potential financial impacts on other hospitals

Currently, pediatric patients in the eleven-county metropolitan area primarily receive inpatient mental health services at any of about eight hospital facilities. A growing percentage (below 5% in 2018 and over 10% in 2021) must travel outside of the metropolitan area to receive this care. This indicates the unmet need for these services within the primary service area for this project.

In addition, pediatric patients outside of the metro area must travel to receive inpatient mental health care more than twenty percent of the time. This fact, combined with the steady growth in market share of non-metro hospitals, indicates a growing unmet demand for these services in greater Minnesota as well. Children's is a provider of pediatric health care for kids and teens in

every Minnesota county and will continue to serve in this critical role when we open our new inpatient unit.

In its January 28, 2022 Public Interest Review evaluating a PrairieCare proposal to add inpatient mental health beds, the Minnesota Department of Health concluded that “Our analysis of high rates of occupancy, boarding at other hospitals in both inpatient and emergency settings, denied transfer requests, and long distances traveled by patients all point to significant shortages across the system of care that affect patients, families, and their providers.” At the same time that there is unmet demand, the Department point out that “pediatric inpatient mental health services represent less than one percent of overall revenue generated from patients at hospitals with similar services”—which two factors combined means that any potential losses experienced by hospitals within the same primary service area as Children’s would likely be minimal.

Children’s is well positioned to take on some of this demonstrated unmet need, which should not have a material, negative financial impact on other hospitals.

B. Potential impacts on other hospitals’ staffing

Children’s acknowledges the current staffing challenges facing the health care industry and continues to implement strategies to address this concern. For the new inpatient unit, we anticipate adding approximately two physicians/psychiatrists, twenty-five nurses, and seven social workers . This relatively minimal number of new employees needed for the proposal should minimize the impact on other health systems. We believe any such risk is further reduced by the fact that Children’s hiring needs tend to be highly specific given that we are an exclusively pediatric system. Since we only care for children, a substantial number of whom are medically complex, Children’s will be focusing its hiring on pediatric-specific sub-specialty expertise for much of our staff. We believe these factors, and the modest number of new hires, should not substantially impact the staffing needs of existing facilities in the state.

Additionally, Children’s works extensively to train our existing staff members for promotional opportunities, recruit diverse candidates to fill vacant positions from throughout the region and country, and utilize the new talent pool of recent graduates as potential candidates from across Minnesota and surrounding states’ institutions of higher education. We believe that through utilizing these resources, the benefits realized by Minnesota’s children through expanded access to inpatient mental health services will outweigh any potential staffing impacts on existing facilities that may be associated with the proposal.

IV. Factor #4: Impacts on Non-paying and Low-income Patients

Children’s proudly serves all children, regardless of ability to pay. Currently, approximately 46 percent of our patients are insured through the Medicaid program. Because Medicaid broadly covers low-income children in Minnesota, Children’s sees relatively few uninsured patients compared to adult systems. As a result of low Medicaid reimbursement rates, Children’s experiences substantial financial losses each year. In 2020, we experienced a shortfall of \$111M due to these low reimbursement rates. In addition, Children’s provides charity care to uninsured or underinsured children and families who cannot afford care. In 2020, this support totaled over \$2.6M in charges for over 1,900 patients.

Children’s anticipates its patient population for the new inpatient unit to be substantially similar to its overall patient population, with similar financial losses resulting from Medicaid underpayment.

Children's offers a number of resources to low-income families including families who need assistance paying for medical care. These resources include financial counselors who assist families with pursuing Medicaid coverage, discounts for uninsured patients or sliding fee payment options. Children's also offers a number of programs including our Community Connect Program that helps address social conditions impacting children's health through customized resource navigation connecting families to essential community resources such as food, transportation, housing support and early childhood education. Children's also provides support, through its Healthcare Legal Partnership, via a full-time attorney on each hospital campus to help families with legal issues that are impacting their ability to maintain their child's optimal health. Through its Family Resource Center, Children's provides hands-on help to support families with resources such as meal coupons, parking vouchers, transportation vouchers, personal care items, etc. Finally, Children's maintains robust financial assistance policies and practices in accordance with federal law and our agreement with the Minnesota Attorney General's office related to billing and collection practices.

Conclusion

Kids and teens across our state have long experienced challenges in accessing mental health care. This tough reality was exacerbated by the pandemic, which threatens to have a lasting impact on the mental health of our youth. Given the depth of our pediatric sub-specialty expertise that serves kids from every corner of Minnesota, Children's is in a unique position to help fill this demonstrated gap in care, all the way up to the most medically complex kids with mental health needs. As the pediatric mental health crisis continues to present a "national emergency," Children's is eager to expand our mental health continuum of care to include inpatient services in order to help address these demonstrated, urgent, and unmet needs of Minnesota kids.