



Protecting, maintaining and improving the health of all Minnesotans

October 9, 2012

Ms. Katie Lundmark
Vice President for Long Term Care
Perham Health
735 3rd St. SW
Perham, MN 56573

Dear Ms. Lundmark,

This letter is to acknowledge that the Minnesota Department of Health (MDH) has received the application from Perham Health requesting an exception to the hospital moratorium to establish a freestanding hospital with 12 psychiatric beds at 635 3rd St. SW in Perham, Minnesota. Upon initial review of the application, we find that additional information is needed before MDH can consider this application sufficiently complete to proceed with the public interest review that is required under Minnesota Statutes, Chapter 144.552. In your response, please address each item detailed below so that MDH can address the criteria that it is required to consider under the law.

Project background

- Please provide information that describes the business relationship between Perham Health, Perham Living, Behavioral Health Concepts, and Sanford Health.
- Please provide an estimated timeline for implementation of the project, assuming the legislature were to grant the requested moratorium exception, including securing financing, obtaining adequate licensing, completing any necessary construction or build out, and opening the facility to patient care.
- Please provide a detailed list of ZIP codes that you anticipate will make up the new facility's primary service area.

Anticipated service profile

- Please detail what inpatient services the facility is anticipated to provide to geriatric psychiatric patients that could not or should not be provided in the existing acute care facility or long-term care settings. Please describe the expected diagnoses (DRGs) that will be treated, severity of behavioral illnesses, and the degree of medical co-morbidities that will be present.
- Please describe the extent to which the facility will care for patients with complex psychiatric needs or serious and chronic mental illness and what, if any, security provisions the facility will implement.
- Please describe in detail how the new facility would address barriers to accessing patient care that result from admission criteria at other inpatient facilities described in your application, including patient finances, presence of co-morbid conditions, and lack of transportation.

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- Please provide the anticipated payer mix at the new facility, as well as the age distribution of patients.

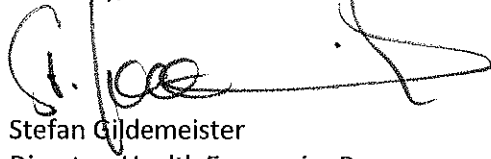
Need for hospital

- On page 4 of your application you describe a shortage of inpatient behavioral health beds. Please provide complete citations and data in support of the need for additional inpatient behavioral services in the community.
- Please provide data that detail the number of patients who in the past year had to be transferred outside the community for inpatient behavioral health needs and describe the behavioral health conditions that necessitated the transfer, as well as the average wait times in the Perham ER related to identifying available inpatient capacity elsewhere.
- Please detail the extent to which lack of community-based behavioral health services contributes to the need for inpatient hospital beds.
- Please provide data on demographic projections in the community, including changes in the age distribution, and describe the methods used to project future patient demand for inpatient services for behavioral health in the community.

Effect on other facilities

- Please describe the extent to which expected staffing needs for the new facility have been met and the process for recruiting the remaining needed staff with appropriate qualifications.
- Please identify the current and anticipated future staff for the proposed facility employed at neighboring facilities providing similar services in the region, as well as the extent to which they will continue to provide care at other facilities.
- Please describe what volume of uncompensated care will be provided by the new facility, both in total dollars and as a percent of operating expenses. Please detail whether and how charity care policies at the new facility will differ from those at the existing acute care facility.

Sincerely,



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