

final
sent
1/11/2012

November 12, 2012

Mr. Stefan Gildermeister
Director, Health Economics Program
Minnesota Department of Health
85 E. Seventh Place, Ste 220
St Paul, MN 55101

Re: Public Interest Review, Request for Information

Dear Mr. Gildermeister,

We received your letter dated October 9, 2012 requesting additional information regarding our application requesting an exception to the hospital moratorium so that we may serve our community better by adding twelve (12) psychiatric beds for the mentally ill elderly in our community and surrounding area.

Each item is addressed (as requested) under the sections outlined in your letter. Please contact us as needed for additional information or clarification. Thank you.



Ms. Katie Lundmark

Vice President for Long Term Care

Perham Health

735 3rd St SW

Perham, MN 56573

PROJECT BACKGROUND

Business Relationship between Perham Health, Perham Living, Behavioral Health Concepts and Sanford Health

- 1) Perham Health is a public, non-profit health care organization owned and governed by 10 rural townships and 3 communities (Perham, Dent, and Richville) all within a geographic area known as a Hospital District. The legal name for this health care organization remains as the Perham Hospital District. For marketing and ease of name recognition, the Perham Hospital District is generally known as Perham Health. Perham Living is a subsidiary of Perham Health which includes the Senior Care Campus of the nursing home, home care, senior housing and the space what is currently referred to as the Old Hospital.
- 2) Perham Health is located in the city of Perham (population 2,985)¹, in the northern portion of Otter Tail County in west central Minnesota. The Hospital District population estimate is 15,000 people, covering a total area of approximately 180 square miles. The service area expands beyond this with an estimate of an additional 10,000 people.
- 3) The following demographic factors are of significance and unique for this rural area: 1) high number of persons employed in industrial and agricultural occupations, 2) steady increase in job and career opportunities for young families, 3) considerable population variances related to seasonal tourism influx, and 4) an increase in retirement age population.
- 4) Perham Health is fully owned by the Perham Hospital District and includes a 25-bed critical access hospital, three primary care clinics, pharmacy, a 96 bed skilled nursing facility (Perham Living), home care agency and two senior housing buildings (Perham Living). Perham Health is managed by Sanford Health and also leases physicians from Sanford to work in Perham's hospital and three medical clinics. The governing board is comprised of one representative from

¹ U.S. Census Bureau, 2010

each of the 10 townships, 3 communities and one “at large representative. The Hospital District was established in 1976 under Minnesota Statutes 447.31 through 447.37 to provide hospital care, skilled-level nursing home and home care services to the 13 municipalities noted prior. Prior to formation as a Hospital District, the hospital was originally established in 1902 and run by the Franciscan Sisters. In 1968, a local group known as the Memorial Hospital and Homes Association took over the hospital facilities and operations. In 1976 the Hospital District was formed and continues in its ownership and governance. This grass roots representation, leadership and ownership has nurtured and maintained a strong history of community pride and involvement for the operations of Perham Health. The newly constructed hospital and clinic facility opened its doors in January 2012, marking the community hospital’s 110th year of operation. In early 2012, Perham Health engaged Behavioral Health Concepts (BHC) to assist them with a needs analysis regarding geriatric psychiatry services in the area. BHC has assisted several Minnesota hospitals to establish mental health services; North Country Health in Bemidji, Unity Hospital in Fridley and United Hospital in St Paul. The company specializes in partnerships with hospitals on a short term basis to help them better serve the needs of its communities. One of BHC’s regional vice-presidents lives in Minneapolis and will be involved with assisting Perham Health should the application be approved.

5) Organizational Chart may be found in Attachment B

6) Timeline for project implementation When approved, Perham Health is ready to move forward with construction. The space is currently vacant, architectural drawings are complete and ready for review by Fernando Nacionales at the DOH. Design details would occur, we then anticipate construction to take between four and six months to complete. We will be using local contractors and trades people for construction. Perham Health has been approved for financing to implement this service and is financially able to cover construction costs estimated at

\$1,000,000.00. The board stands ready to approve and the bid process will follow, taking about three weeks. Reference floor plan included in original application (attachment B in original). We will work with the state, CMS, and the fiscal intermediary for licensing. The unit could open when state and CMS approval, a new NPI number is received, and staff are hired and trained.

- 7) Zip Code Request Attachment A provides a detailed list of the surrounding area zip codes which will make up the facility's primary service area.

ANTICIPATED SERVICE PROFILE

- 1) Services to be Provided Inpatient services to be provided to geriatric psychiatry patients include active psychotherapy, recreational therapy, activity therapy, occupational therapy, individualized therapy and family therapy. This patient population is often acutely medically AND psychiatrically ill and cannot be cared for in a setting other than acute care. Typical diagnoses seen in this population are: (acute episodes of) depression, delirium (often medication induced), psychosis, schizophrenia, acute dementia with behaviors, suicidal ideations with or without plans. The severity of these issues often requires acute psychiatric care in a safe, locked environment. For approximately 60% of these individuals, co-morbid conditions are present such as diabetes, CHF, kidney failure, etc. and require medical care along with psychiatric care. An internist or geriatrician serves as co-medical director of the program along with a boarded psychiatrist. Both physicians have been identified and are excited about serving the Perham community in this capacity.
- 2) Security Provisions The unit will be designed to support and the staff trained to care for acutely ill and complex psychiatric patients. The unit is not indicated for the chronically mentally ill population. Security measures will include locked doors, high visibility and sight lines, trained staff, a seclusion room if needed, video cameras at exits, ADA bath areas, active therapy rooms

and low stimuli patient rooms together with a healing environment. The Minnesota licensed architect is an expert in designing psychiatric spaces for the elderly. There is a complete Policy and Procedure Manual guiding safe patient care per CMS and State of MN guidelines.

- 3) Barriers to Access and Admission Criteria Van transport will be available if needed for admissions and discharge ease of access. Perham Health accepts all patients in need of care regardless of their ability to pay. Most patients in need of geriatric psychiatry services are covered by Medicare. Co-morbid conditions are often present in this population. These conditions are only one reason why an acute care setting is required.
- 4) Payer Mix and Age Distribution Approximately 65% of patients in the age group with high need are covered by Medicare. An additional 20% may have a managed Medicare product that the proposed unit will accept as well. 15% may be Medicaid, be commercially insured, or will not have coverage. Area data² reflects that the median age of the target patient population is 68. Life expectancy for men is 76.5 years and 81.5 years for women in Minnesota. By 2012 there will be close to 800,000.00 elderly Minnesotans.

NEEDS FOR HOSPITAL

- 1) Shortage of Inpatient Beds The nearest tertiary care center (Level 2 Trauma Center) is Sanford Health located in Fargo, ND and 70 miles from Perham Health. Surrounding hospitals include: Essentia Health St. Mary's - Detroit Lakes is located 20 miles west, Tri-County Hospital located in Wadena 25 miles east, and Lake Region Healthcare located in Fergus Falls 47 miles southwest of Perham. Area resources within the above noted geographic area for inpatient psychiatric care do NOT include an environment conducive to the geriatric population when experiencing an

² Minnesota State and County Quickfacts
County Level Data, Minnesota, Aging 2030 Report
Minnesota State Demography Center, 2011

acute psychiatric episode. The in-patient mental health unit with Sanford Hospital in Fargo focuses primarily on a younger population. Similar is the focus with Prairie Psych, also located in Fargo, ND. The Bridgeway Unit (Behavioral Health) associated with Lake Region Healthcare in Fergus Falls has some experience with the geriatric population; but also tend to focus their treatment priorities, environment and modalities on a younger population that –than what is considered geriatric.

- 2) Transfer Detail Average Wait Times This data has not been tracked in a significant way by Perham Health because they do not have a psychiatric program at this time. Emergency Department staff report significant wait times when weather is poor and when mental health facilities in the metro are full.
- 3) Lack of Community Based Behavioral Health Services Area nursing homes, home health care and assisted living staff have consistently shared frustrations and concerns for those they serve, that when a mental health crisis arises for this vulnerable population; there are limited resources in the Ottertail, Wilkin, Becker, Wadena, Hubbard, and Clay County region that can adequately provide a restorative, therapeutic, inpatient mental health care setting – specifically designed to meet the needs of the geriatric population. As society as a whole ages, we have experienced a notable trend that the “old-old”, those older than 85 years old, are challenged with various co-morbidities and come into nursing home settings generally in a more frail state than the trends noted even 10 years ago. This places higher vigilance on staff to ensure safety for such a vulnerable population. When another nursing home resident’s mental health needs elevate to the point where there is verbal and physical aggression symptomatic of an acute psychiatric episode; nursing homes strive to both protect other resident’s from these outburst, but are keenly desirous to find a setting that can adequately treat the elder with the acute psychiatric need. Presently, there are inadequate resources for our region to meet these needs. It has also

been our experience and voiced by members of the Otter Tail County Vulnerable Adult Team that the special vulnerabilities of the elderly during an acute psychiatric episode demand specialized settings. We have had minimal success in getting anyone accepted in a Community Behavioral Health Hospital thru the State Operated Services-MDH with high concerns that the younger populations in these settings have greater issues of physical violence; therefore placing the elderly in a more vulnerable setting rather than being of a therapeutic nature. Medical acute care hospitals are not set up to admit anyone purely due to an exacerbation of psychiatric needs. Unfortunately, rural and metro emergency departments have become the first point of entry for many of these scenarios and are challenged in finding appropriate in-patient, psychiatric settings.

- 4) Demographic Projections According to 2010 U. S. Census Data, the population in the District's primary service area has increased approximately 3% since 2000. An influx of retirees choosing to relocate to the lakes area has developed into a consistent demographic pattern for the Perham Health service area. The Minnesota State Demographic Center projects continuation of this growth pattern, estimating another 3-5% population increase for Otter Tail and Becker County by 2020. The Perham Health primary service area involves an approximate 20-25 mile radius from Perham circling the northern portion of Otter Tail County and extending into portions of Becker, Wadena, Otter Tail, Hubbard and Wilkin Counties.

EFFECTS ON OTHER FACILITIES

1) Expected Staffing Needs (Reference CMS Form 437)

Number of Physicians			
SPECIALTY	FULL-TIME (A)	PART-TIME (B)	CONSULTING (C)
Psychiatry		1	
Neurology			1
Other* (Family Practice/Internal Medicine)		1	1

Staffing also includes Social Workers and Activity Therapists. OT/PT/Speech by consult.

Number of Nursing Personnel (<i>Full-Time Equivalent</i>) Increases with increased census				
SHIFT	R.N.	L.P.N.	AIDES	OTHER
Day	1	1	1	
Evening	1	1	1	
Night	1	-	1	

Average bed-size of adult patient ward 10 beds

R.N. Duty Roster (<i>Full-time Equivalent</i>) For at least one complete week							
SHIFT	SUN.	MON.	TUES.	WED.	THURS.	FRI.	SAT.
Day	1	1	1	1	1	1	1
Evening	1	1	1	1	1	1	1
Night	1	1	1	1	1	1	1

2) Current and Future Staff 25 FTE's have been added to the staff of Perham Health in the past year with little to no affect on neighboring facilities. For this program, 15.0 FTE's will be added

when at full census. Generally, medical-surgical nursing staff with good medical skills are hired and trained regarding the psychiatric components of the role. An intensive training program held prior to opening the unit is required of all direct patient care staff.

3) Uncompensated Care and Charity Care Policies

Perham Health will provide services at no- or reduced cost to patients within its service area in Minnesota, who qualify for the Community Care Program. Patients with incomes at or below 200% of the United States Department of Health and Human Services poverty guideline will receive a 100% reduction of their payment responsibility. Patients with income between 200-400% of the poverty guideline will be given a discount based on a sliding scale. Assets are considered in the calculation of the income of the patient, with the exception of the patient's principal residence. Patients must make their financial need known to appropriate personnel and be engaged in filing appropriate and complete applications. The Community Care Program is available to those patients without health care benefits from any source as well as to those who have coverage for health care costs through a government program, commercial insurance or other health benefit plan but continue to have a remaining balance after benefits have been applied to the charges.

Attachment A

Zip Code	Distance from Perham in Miles	Population Over the Age of 55
56573	0	1,536
56571	10	764
56576	10	481
56567	10	1,148
56528	11	632
56544	11	1,425
56587	11	453
56518	15	80
56527	18	235
56551	19	866
56501	19	4,729
56502	20	0
56515	21	1,421
56570	22	331
56593	22	0
56482	22	2,100
56477	22	737
56578	22	288
56586	23	608
56572	23	1,733
56464	24	1,206
56534	24	392
56511	25	472
56588	26	177
56524	26	268
56453	27	175
56478	27	0
56481	30	556
56554	30	825
56575	30	205
56324	31	320
56577	31	0
56537	31	5,273
56521	31	145
56591	31	0
56533	32	43
56569	32	261

56361	32	787
56437	33	362
56538	33	0
56470	34	1,975
56434	34	41
56309	38	538
56589	39	466
56354	39	348
56479	39	1,446
56579	39	408
56446	40	492
56552	40	80
56326	40	470
56549	40	1,093
TOTAL POPULATION OVER 55 YEARS OF AGE		38,391

According to the U.S. Census Bureau the populations in the above zip codes will increase between 1% and 10% between the year's 2010 and 2020.

According to the U.S. Census Bureau:

Persons over the age of 65 years make up 13.1% of the Minnesota population.

Persons over the age of 65 years make up 20.4% of the population in the counties listed from the above zip codes. These counties include Otter Tail, Wadena, Douglas Hubbard, Becker, and Wilkin County.

Community Based Behavioral Health Hospitals are located in Fergus Falls, Wadena and Alexandria. These facilities are not able to meet the needs of the geriatric population. Referrals to these state run facilities originate with Anoka Regional Treatment Center in Anoka, MN. Typical patients are those that are court ordered, chronically mentally ill, awaiting trial or lack of funds.

Attachment B

Organizational Chart

