

July 31, 2012

Dr. Ed Ehlinger, Commissioner
Minnesota Department of Health
625 Robert St N
PO Box 64975
St Paul, MN 55164-0975

Dear Commissioner Ehlinger,

Please find enclosed an application from Perham Health in Perham, MN requesting a public interest review of our proposal to establish a free standing hospital with 12 psychiatric beds on our property adjacent to our nursing home located at 735 3rd St SW, Perham, MN.

It is our intent to seek an exception to the moratorium law permitting these 12 beds to be used as inpatient psychiatric beds primarily for our elderly population. You will also find attached, letters of support from our legislators and physicians both of whom realize the need for this service in our local area.

Should the Department of Health staff have need for further information, please direct questions to Ms. Katie Lundmark, Vice President of Long Term Care, Perham Health at:

Email address: katie.lundmark@perhamhealth.org
Mailing address: 735 3rd St SW Perham, MN 56573

This project is of some urgency as you will note from our application content and we very much appreciate your review and response.

Sincerely,

Chuck Hofius
Chief Executive Officer

MDH Application for 12 Inpatient Psychiatric Hospital Beds under a New Licensed Facility in Perham, Minnesota.

Description of PerhamHealth; Existing Services and Governance

Organizational Structure of Hospital, Ownership

Perham Health is comprised of a licensed critical access non-profit 25-bed hospital, a 96-bed nursing home, a home health care agency and three clinics. The Perham Hospital District owns the facility. The District is comprised of the following townships: Pine Lake, Corliss, Gorman, Dead Lake, Perham, Dora, Otter Tail, Rush Lake, Star Lake, and Edna, and the communities of: Perham, Richville and Dent. Perham Health has been in a managed relationship with Sanford Health since 1985.

History

Representatives of the Franciscan Order in Little Falls looked to Perham at the turn of the 20th century as a possible location for a health facility. Originally named St. James Hospital, Perham Health was established in the year 1902, after an investment of \$12,000 and a significant amount of donated labor. The Franciscan Sisters established traditions and ideals that are honored to this very day. Their dedication still inspires us, just as the values they instilled all those years ago still hold true.

For over 60 years, the Franciscan Order ran the hospital and gave care to the neighboring residents. In 1968, the Memorial Hospital and Homes Association took over the hospital facilities and operations. The Perham Hospital District was formed in 1976 and is a governmental entity with a 14 member board of trustees. The board represents three cities, ten townships, and an at-large position.

For the past century, many changes have been made to Perham Health. We have gained new services, doctors, innovative technologies, and facilities. We have also developed a vast network of medical professionals and services from our affiliation with Sanford Health.

In order to continue to promote health and wellness, we began construction on a brand new facility in 2009. The \$38 million facility covers 120,000 sq ft and provides patients and their families with the support and care they need in a comfortable healing environment. We designed our building to support patient- and family-centered care, future growth, energy efficiency, and sustainable practices. The new Perham Health opened its doors in January 2012, during our 110th year of operation.

Current

As a major employer, Perham Health is a significant contributor to the economic and social vitality of this community. The governance of the organization is by the Board of Trustees, whose members are elected by the townships and communities in the District.

Perham Health annually provides care for 758 inpatients including Swing bed and OB, and 5177 emergency room patients. Perham Health provides inpatient, outpatient, swing bed, surgical, diagnostic, emergency, and rehabilitation services to our clients. As a community hospital, Perham Health provides and/or coordinates a wide range of services for adults and children, obstetrical and newborn care, emergency services, outpatient diagnostic services, physical and occupational therapy services including occupational health services for area businesses, and ambulatory cardiopulmonary rehabilitation and chiropractic services.

Perham Living includes a 96-bed skilled long-term care facility, a home health care agency and sixty six units of senior housing. Perham Living provides a full-range of services for the residents in long term care including rehabilitative care, custodial care, care of residents with compromised cognitive abilities, total care for those with chronic debilitating illness, and terminal care. *Attachment A*

The Board of Trustees of Perham Health performs the governing functions for the organization. The Board of Trustees is responsible for:

- .. Establishing policy
- .. Providing for organizational management and planning
- .. Maintaining quality patient care
- .. Financial planning and monitoring of financial resources
- .. Receiving and acting on Medical Staff recommendations; requiring a process to assure the competence of all who provide patient care
- .. Requiring a process for a supporting organization-wide quality improvement, management of safety, risk, utilization and infection control

Project Description

Perham Health, formerly St James Hospital opened in 1902 at 635 3rd St SW in Perham, MN as an acute care hospital. As demand for services outpaced the capacity of the existing building, Perham Health built a new hospital and clinic that opened in January of 2012.

The former hospital building is the site of the proposed mental health beds. The building meets Minnesota DOH code and will be retrofitted if approved, for the safe care of elderly patients with psychiatric illness.

Benefits to the Community

There is a distinct shortage of adult and geriatric mental health acute care beds in the entire state and particularly in the west/northwest portion of greater Minnesota. The shortage of beds coupled with frequently inclement weather half of our year, patients wind up with long waits in the emergency room either waiting for weather to clear or waiting for an open bed in a unit in another city. This is distressing for families as well.

“The Elderly are an underserved population in terms of psychiatric help.

“A six-month study of non-institutionalized elderly people showed that 20% suffered from diagnosable and treatable psychiatric illness.

“By 2025, there will be nearly 63 million people 65 years and older living in America (an increase of 80% from year 2000).

“The National Institute of Health reports that depressed older adults have the highest risk of suicide of any age group studied.

“Many of the elderly with various symptoms of mental illness have not undergone objective mental assessment by mental health professionals.

“Elderly in need of psychiatric care are currently cared for in a “medical” bed in this area. Hospital case managers frequently refer to a geriatric psychiatry program outside of the community.

Ambulance runs from the Perham Health emergency department for behavioral/psychiatric issues have increased year over year indicating demand and lack of local inpatient services.

Project Cost, Local Investment, and Jobs Creation

We anticipate a \$1,000,000 start-up budget including construction. Perham Health has engaged *Behavioral Health Concepts*, a national psychiatry program management company with Minnesota based employees to assist us with the DOH process and management of the unit should our application be approved. BHC has managed similar programs with AllinaHealth, Mille Lacs Health System, and Northland Hospital in Bemidji.

We will use a local architect and contractor and hire local trade’s persons to build and renovate our existing hospital building recently vacated when we moved into the new hospital/clinic facility in Perham.

Once open, the program will employ approximately (FTE) 4.0 RN's, 4.0 CNA's, 4.0 LPN's. A local physician will be appointed to become medical director overseeing the medical concerns of the patients and a Minnesota based psychiatrist will join the staff as Program Medical Director. In addition, the unit will support additional clerical staff, housekeepers, and dietary staff. We have engaged a local psychiatrist to serve as Medical Director and a Perham Health gerontologist to serve as medical consulting physician should we move forward.

Site Description

The Perham Living vacated hospital space is a one level brick building with approximately 40,000 sq feet attached to the Perham Nursing Home. The building is located near downtown Perham, Minnesota near Highway 10. *Attachment C*

Demand for Project

The graph represents typical flow into the emergency department of patients in need of psychiatric care including wait times for transfer to another facility.

<u>Admit Time</u>	<u>Transfer Time</u>	<u>Chem.Dep.</u>	<u>Psych. Dx.</u>	<u>Transfer To</u>
19:50	00:50		X	Prairie
22:51	23:56		X	Sanford
22:38	01:45		X	Prairie
17:55	21:30		X	Prairie
18:09	21:25		X	Bridgeway
04:40	09:10	X		Prairie
19:22	21:05		X	Sanford
15:51	19:05	X		Sanford
23:31	01:22		X	Bridgeway
03:20	05:35		X	Prairie
01:30	03:30	X		Prairie
01:14	04:00		X	Sanford
22:39	00:33			Sanford
19:16	01:45	X		Fergus Detox

Primary Service Area

Several factors have been analyzed to determine the area of service that will best meet the needs of the community. Ease of use, consumer choice and transportation are key considerations.

Service Area Demographics:

The United States Census Bureau estimates that the population in Minnesota will increase by 0.8% each year up to 2030. The total populations for Wadena, Hubbard, Douglas and Clay counties will increase by 0.7% each year.

Acuity levels:

Many individuals suffer from depression and other types of mental illness. Alcohol and substance abuse also play a factor for many people in ways to “self medicate”. Utilization of mental health services will depend on education and services available. Programs that have easy access for the community and can provide ongoing education with treatment options will see an increase in utilization. At this point in time it’s undetermined on what impact the new Federal Health Care Plan will have for citizens, but it is estimated that there will be a higher demand for service.

Existing Programs:

There are four mental health programs catering to the psychiatric needs population within a 100 miles area of Perham:

- | | |
|-----------------------------------|--------------|
| 1. Lake Region Healthcare | Fergus Falls |
| 2. Lakewood Health System | Staples |
| 3. St. Joseph Medical Center | Brainerd |
| 4. Sanford Bemidji Medical Center | Bemidji |

Each of these programs varies in the range and area for the scope of service that they provide. These units may focus on the geriatric population, adult, children and adolescents. At various times each program may be full with a wait time for an available bed. Each unit has their own specialized admission criteria and may not meet the needs of the caller due to financial, co-morbid health issues or a lack of transportation.

This number does not include the Community Behavioral Health Hospitals located in Bemidji, Baxter, Fergus Falls, and Alexandria. The CBHH facilities care for patients that are court ordered, awaiting trial, chronic mentally ill or lack of funds and are contraindicated for the elderly population due to their vulnerability.

Current Obstacles to Receiving Services:

The patients’ primary care physician provides very limited mental health service. The doctor is able to prescribe medication, but is not able to meet the patients’ need of counseling and therapy at the inpatient level. Depending on which community the consumer lives, the driving distance could be of over 100 miles. This does not include the type of care that consumer may require i.e. geriatric, child, adult or adolescent. The type of service may also vary with specialized units that deal with eating disorders, sexual abuse or drug and alcohol issues. Winter weather

conditions play a role in determining the speed and access of services that might be available at the time. Road closures in rural areas can last days.

Estimate of Utilization

The expected average daily census of the program once approved and based on demand data from the surrounding area and the hospital itself is 9. Average length of stay is anticipated to be 12 days. Population served is expected to be those 55 years of age and older.

Care Provisions for Low Income and Uninsured Persons

The Federal Government via Medicare and the State of Minnesota via its government based health plans cover these services today and we anticipate that will continue. As a result of mental health parity legislation and PPACA, we anticipate ongoing funding for those suffering from mental illness.

Plea for Consideration

It is our sincere hope that the Minnesota Department of Health will approve this application and guide us through the moratorium process.

Summary

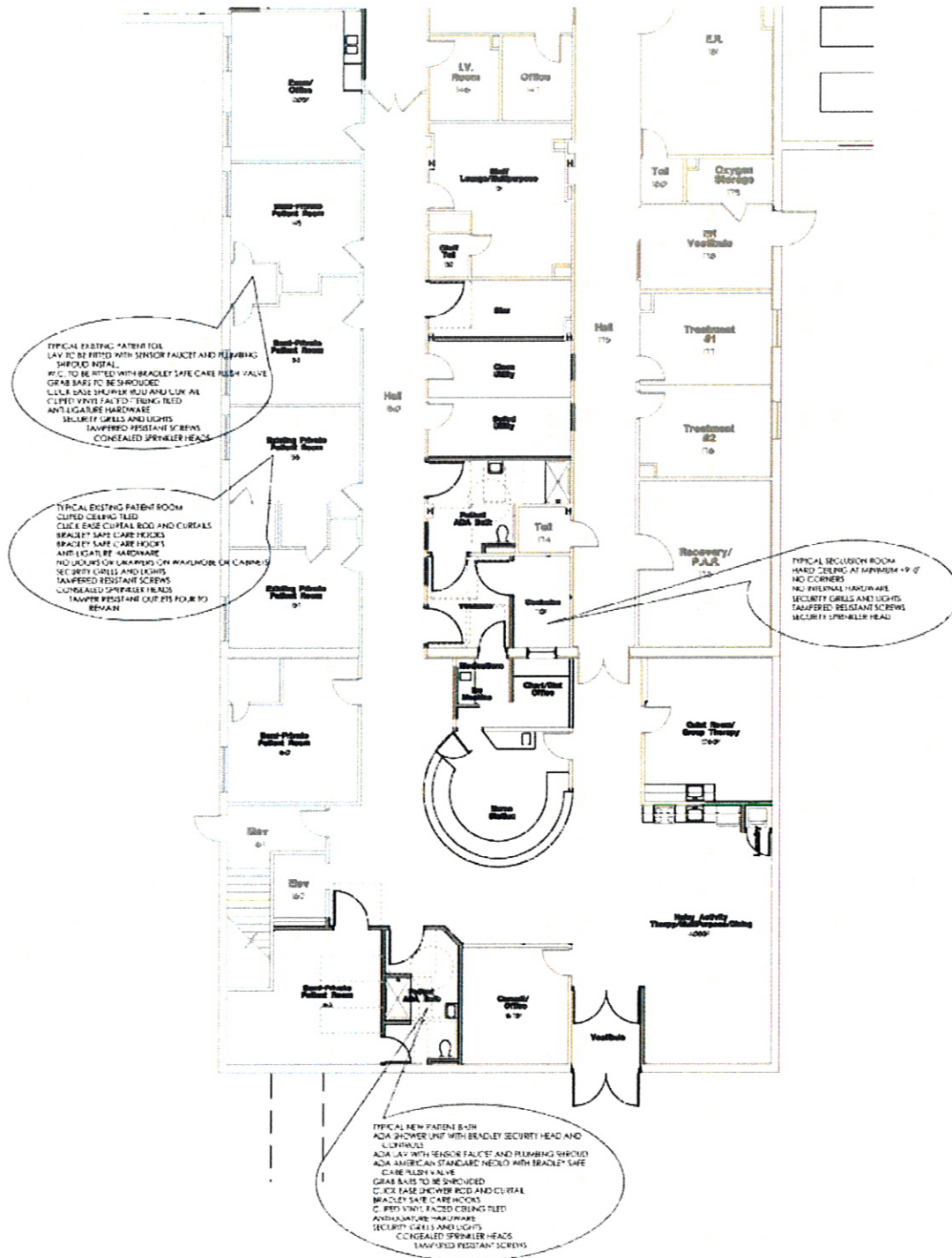
Approval of this proposal will provide much needed access for the citizens living within the Perham MSA to active treatment for those suffering from mental illness, dementia, Alzheimer's disease and depression.

As our physicians and legislators have attested, this type of acute care is desperately needed in our region of greater Minnesota.

Attachment A



Attachment B



Attachment C



Jane Winston, M.D.
Sanford Health Perham
1000 Coney St. W.
Perham, MN 56573

July 2, 2012

Commissioner Edward Ehlinger, MD, MSPH
Minnesota Department of Health
P.O. Box 64975
St. Paul, MN 55164-0975

Dear Dr. Ehlinger:

This letter is in support of Perham Health's application to add 12 psychiatric beds to their hospital license.

I practice Family Medicine and Geriatrics in Perham. I'm also a Certified Medical Director in Long Term Care. The greatest need I identify for a Geriatric Behavioral Health Unit in our community is to improve care for elderly patients with dementia and behavior problems.

The most common reason I see for families to seek nursing home or assisted living placement for family members with dementia is due to behavior problems. Patients with significant behavioral disturbances are often managed in the general nursing home setting with antipsychotics, using them as in effect as chemical restraints.

2010 Centers for Medicare and Medicaid Services (CMS) statistics indicated 39.4% of nursing home residents with cognitive impairment and behavior problems, but no diagnosis of psychosis; received antipsychotic drugs. In 2005 and 2008 the Food and Drug Administration (FDA) issued "black box" warnings against prescribing antipsychotic drugs for patients with dementia, cautioning that the drugs increased dementia patients' mortality, and advised health care professionals that antipsychotics are not indicated for the treatment of dementia-related psychosis.

I read with interest the recent CMS announcement of the Partnership to Improve Dementia Care, which involves federal and state officials, nursing homes and other providers, advocacy groups and caregivers, and has the goal to reduce the use of antipsychotic drugs among nursing home residents by 15 percent before year's end. The CMS initiative includes training that emphasizes high-quality care for nursing home patients, and making data on antipsychotic drug use at nursing homes available on the website Nursing Home Compare. The initiative also suggests nonpharmacologic alternatives to antipsychotics such as exercise, outdoor time, pain management, and planned activities for patients.

These are challenging goals for local nursing home staffs to achieve, especially in the absence of expert consultation regarding implementing nonpharmacologic measures and care plans for residents with dementia related behaviors.

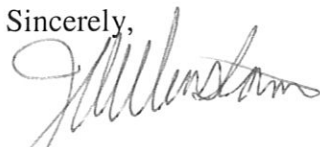
As a fellow in geriatrics in Phoenix Arizona, I spent 2 months on the inpatient Geriatric Psychiatry Unit in the community hospital in the retirement area of Sun City West. Numerous nursing home residents were referred there for management of dementia related behaviors. Led by a psychiatrist, the interdisciplinary team worked intensively with patients and their families to develop care plan recommendations for the nursing home that often included reduction or discontinuation of antipsychotic medications.

The addition of a Geriatric Behavioral Health Unit in Perham would bring a full time psychiatrist to our community, and serve as a similar resource for regional nursing homes. Dementia patients often can't express their needs, and Perham's location would meet the needs of elderly residents for acute psychiatric care close to home, and allow families to participate in their treatment.

The population of those aged 65 years or older in the U.S. is expected to double by 2030. About 14 percent of this segment of the population has some form of dementia. As the number of elderly area residents with dementia grows, establishing a Geriatric Behavioral Health Unit in Perham now is essential for effective planning for their long-term care needs.

Thank you for your consideration of this worthwhile program.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Jane Winston', written in black ink.

Jane Winston, M.D.

Mark Murdock
State Representative

District 10B
Becker, East Otter Tail and Wadena
Counties



Minnesota House of Representatives

COMMITTEES: TRANSPORTATION POLICY AND FINANCE
COMMERCE AND REGULATORY REFORM
EDUCATION REFORM

June 22, 2012

Commissioner Edward Ehlinger, MD, MSPH
Minnesota Department of Health
P.O. Box 64975
St. Paul, MN 55164-0975

Re: Perham Health Request to MDH for an exception to the bed moratorium.
Adding 12 psychiatric beds.

Dear Commissioner Ehlinger:

I write today to express my total support for the addition of 12 inpatient, acute beds to Perham Health Hospital District on the Perham Living Campus for the purpose of providing acute psychiatric care for the residents of District 10B in and around Perham, Minnesota.

This area is underserved in this regard and mental health care is desperately needed in this community. This addition will enhance our entire district.

I may be reached at 218-371-1357, or 218-296-4293 for further information, or clarification as needed.

Sincerely,

A handwritten signature in cursive script that reads "Mark".

State Representative Mark Murdock
House District 10B



Minnesota State Senator Gretchen Hoffman
124 State Capitol Building
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155-1606



Senate

State of Minnesota

June 22, 2012

Re: Perham Health Request to MN DOH for an exception to the bed moratorium. Add 12 psychiatric beds.

Dear Minnesota Department of Health,

I write today to express my total support for the addition of 12 inpatient, acute beds to Perham Health Hospital District on the Perham Living Campus for the purpose of providing acute psychiatric care for the residents of District 10 in and around Perham, MN.

This area is underserved in this regard and mental health care is desperately needed in this community.

I may be reached at 651-296-5655 for clarification as needed.

Sincerely,

A handwritten signature in cursive script that reads "Senator Gretchen Hoffman".

Sen. Gretchen M. Hoffman



Bill G. Ingebrigtsen
Senator District 11
303 State Capitol Building
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155-1606
(651) 297-8063
sen.bill.ingebrigtsen@senate.mn



Senate

State of Minnesota

June 22, 2012

Re: Perham Health Request to MN DOH for an exception to the bed moratorium. Add 12 psychiatric beds.

Dear Minnesota Department of Health,

I write today to express my total support for the addition of 12 inpatient, acute beds to Perham Health Hospital District on the Perham Living Campus for the purpose of providing acute psychiatric care for the residents of District 10 in and around Perham, MN.

This area is underserved in this regard and mental health care is desperately needed in this community.

I may be reached at 651-297-8063 for clarification as needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Ingebrigtsen", written over a large, stylized flourish.

Sen. Bill Ingebrigtsen

