



Minnesota  
Department  
of Health

PROTECTING, MAINTAINING AND IMPROVING THE HEALTH OF ALL MINNESOTANS

March 9, 2017

The Honorable Matt Dean  
Chair, Health and Human Services Finance Committee  
Minnesota House of Representatives  
Room 401, State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155-1606

To Representative Dean and committee members:

In the summer of 2016, PrairieCare, a privately held organization delivering inpatient and partial hospitalization services to mental health patients under 18 years of age, submitted a plan to the Minnesota Department of Health (MDH) to expand bed capacity at their existing psychiatric hospital in Brooklyn Park, Minnesota. Under the proposal, PrairieCare would raise the number of licensed beds from 50 to 71 beds by converting 21 beds from single to double-occupancy status.

Minnesota Statutes, Section 144.552, requires that MDH must conduct an assessment of proposals from any hospital seeking to increase its number of licensed beds or an organization seeking to obtain a hospital license, to determine whether the plan is in the public interest.

The purpose of this letter is to provide policy-makers with MDH's preliminary findings in recognition of the legislative schedule. The findings are based on quantitative analyses of actual and projected capacity and demand for pediatric inpatient psychiatric services in the hospital service area; discussions with Minnesota experts on the delivery system for pediatric mental health care; and public comments received on the proposal. Based on the review, MDH finds that **PrairieCare's 2016 proposed hospital bed expansion is in the public interest.**

A complete review typically requires 90 days (or up to six months in extenuating circumstances). We anticipate delivering the complete review by March 15, 2017 after the closing of the review period afforded to hospitals whose data were used in the analysis. We do not expect the preliminary findings to change.

The Minnesota Department of Health has based its findings on the following conclusions:

- The supply of pediatric psychiatric inpatient hospital beds in Minnesota is limited, leading to capacity constraints at many hospitals providing these services at certain

points throughout the year. These constraints lead patients to travel outside their region of residence and receive care in hospitals without specialty psychiatric units.

- The financial impact on other hospitals and health care costs, more generally, is expected to be modest since the proposed expansion in hospital beds is small, revenue from psychiatric services is a small share of total patient revenue, and the expansion requires no new major capital investments.
- The hospital bed expansion is expected to serve low-income and non-paying children and adolescents, albeit at slightly lower levels than other hospitals. However, the policies in place for free and discounted care are comparable to policies employed by other hospitals.
- The use of double-occupancy beds in pediatric psychiatric inpatient settings is common in Minnesota, and does not appear to have documented negative impacts on overall patient experience. However, systematic data to evaluate this is currently not available in Minnesota.
- Despite ongoing innovations to the mental health care environment in the state, it is not clear that they will be able to free up bed capacity bottlenecks in the immediate future.

MDH has reached its conclusion about this proposal despite factors that might change the availability and distribution of psychiatric care capacity for children in Minnesota in the upcoming years.

1. Maple Grove Hospital, after six years in operation, is in a strategic planning process that may include working towards meeting the requirement from the Minnesota Legislature that they provide inpatient psychiatric services (see Minnesota Statutes, Section 144.551 subd. 2 (b)(20)(iv)(C)). This hospital does not currently provide inpatient psychiatric care.
2. The addition of Psychiatric Residential Treatment Facilities (PRTFs) to the mental health continuum of care, which will be available in mid-2017. While they offer a different level of care, their availability may reduce lengths of stay for acute psychiatric needs.

In its deliberations about whether and under what conditions to grant an exception to the hospital bed moratorium for the 2016 PrairieCare proposal, the Legislature may wish to consider if patients and family care givers could benefit from clearly and publicly articulated policies that (1) define criteria for determining when patients are eligible for double-occupancy inpatient care; and (2) provide a mechanism for opting out of double-occupancy care.

Lastly, through our work on four projects involving the expansion of mental health capacity in Minnesota, we have observed that Minnesota has been limited to viewing questions of mental health capacity largely in an ad-hoc fashion and through the narrow lens of specific proposals. In the service of weighing future proposals to expand inpatient mental health capacity, the Legislature may wish to systematically consider the broader context of mental illness, socio-demographic and economic factors, social support needs and strategies for prevention or early diagnoses in Minnesota.

The Honorable Chairs of Health and Human Services Committees

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If you have questions or concerns regarding this study, please contact Stefan Gildemeister, State Health Economist, at 651-201-3554 or [stefan.gildemeister@state.mn.us](mailto:stefan.gildemeister@state.mn.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Rydrych". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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