

Email reply dated August 27, 2021

Dear Stefan & Team,

Attached please find supplemental information in response to your previous letter.

Thanks and have a nice weekend!

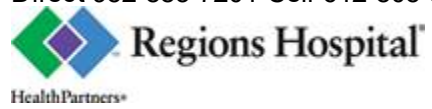
-James

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**8/27/21 Regions Hospital Public Interest Review Update - Supplemental Information**

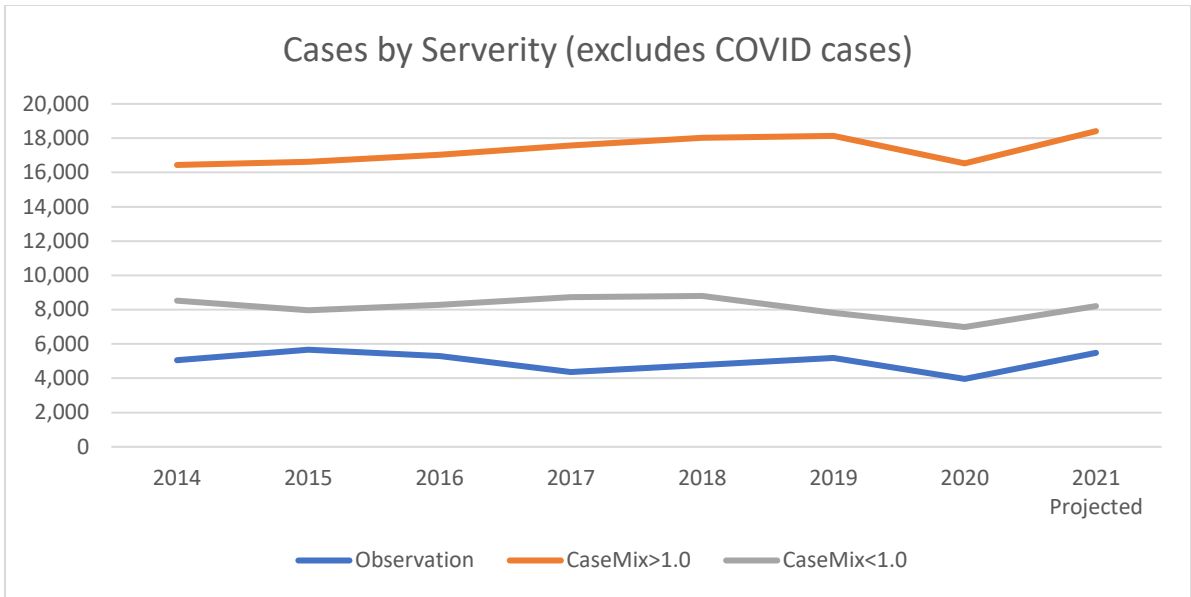
**(1) Whether the new hospital beds are needed to provide timely access to care or access to new or improved services**

- a. Please provide any projections of estimated future inpatient care that were used to determine that 12 medical-surgical beds per year would be needed in the next three to four years. In your response, please include:**
- i. Assumptions and methods used, including optimal or target occupancy levels,**
  - ii. Sources of input data, and**
  - iii. Considerations, if any, related to the on-going COVID-19 pandemic.**

Regions needs additional beds to serve the existing needs of the patients in our service area, not to add materially different services. Regions 2018 Public Interest Review was conducted using baseline data from 2014-2016, and much has changed since then. First, Regions has seen the severity of illness of its patient population increase, as measured by the CMS case mix index, and its growth in cases have primarily been of higher intensity, which require a longer length of stay. Second, St. Joseph's Hospital, located approximately four blocks from Regions, has undertaken significant changes including the closure of medical surgical inpatient beds and its emergency department. Bethesda Hospital, formerly a long-term acute care hospital located approximately 2 blocks from Regions has been converted into a shelter for those experiencing homelessness. While Bethesda was primarily for long term rehabilitation, its closure left fewer discharge options for area hospitals, leading to more inpatient days in other area hospitals. Therefore, demand on Regions' existing bed capacity is greater due to fewer inpatient beds in St. Paul, higher severity cases, and longer average lengths of stay.

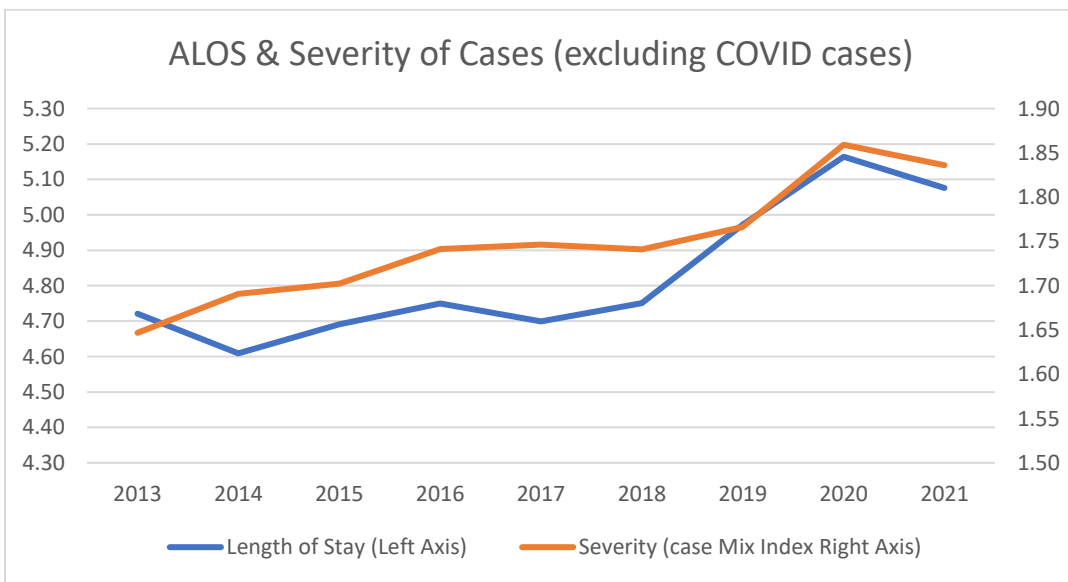
**Growth in Higher Severity Cases**

In the last five years Regions has seen growth in higher severity cases and a flattening of lower severity cases. Note: the graph below excludes all COVID cases and projects 2021 based on the 4 months of March – June.



Growth in Average Length of Stay (ALOS)

The results of this rise in severity is well measured by the case mix index and this is contrasted to the average length of stay in the below graph. This graph shows a rising length of stay, which creates more inpatient bed need.



According to Minnesota Hospital Association data, St Joseph’s cared for 8,600—9,300 medical and surgical patients per year between 2014-2019. This excludes obstetrics and mental health. Of those patients, 15 percent were from the five zip codes contiguous to Regions Hospital. Fifty-two percent were inside the 694/494/280 east metro service area. Regions estimates many of these patients will continue to need services in their local area based on the 2021 growth in the emergency room and admissions that Regions is already experiencing. Our 45 new bed license proposal assumes a conservative estimate of 15% of former St. Joseph’s patients receiving care

at Regions. Regions is targeting an average 85% bed occupancy level with the new beds as seen in the chart below:

	2015	2020	2025
<b>2018 Bed Request</b>			
MedSurg Cases	18,290	19,876	21,290
MedSurg Days	85,416	94,809	102,407
MedSurg Average Length of Stay	4.67	4.77	4.81
MedSurg Average Daily Census	234	260	281
MedSurg Bed Need	275	306	330
<b>Added Cases - Regions Growth</b>			
Added Cases - St Joseph			1,335
Higher Length of Stay due to Severity		0.39	0.39
<b>New Request</b>			
MedSurg Cases	18,290	19,876	22,625
MedSurg Days	4.67	5.16	5.20
MedSurg Average Length of Stay	85,416	102,561	117,652
MedSurg Average Daily Census	234	281	322
MedSurg Bed Need	275	331	379
<b>Added Med Surg Bed Need at 85% Occupancy</b>			
	-	25	49

### Occupancy Levels

We submitted data showing average occupancy levels at Region well above 85 percent in the last submission but as a follow up below is a snapshot of Regions' occupancy at 6:00am each day this week:

8/27/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	334	96.8%	1	<b>335</b>	<b>97.1%</b>
<b>Med/Surg:</b>	282	96.9%	1	<b>283</b>	<b>97.3%</b>
<b>ICU:</b>	52	96.3%	0	<b>52</b>	<b>96.3%</b>
<b>Mental Health:</b>	97	98.0%	3	<b>100</b>	<b>101.0%</b>

8/26/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	332	96.5%	13	<b>345</b>	<b>100.3%</b>
<b>Med/Surg:</b>	291	100.3%	12	<b>303</b>	<b>104.5%</b>
<b>ICU:</b>	41	75.9%	1	<b>42</b>	<b>77.8%</b>
<b>Mental Health:</b>	95	96.0%	0	<b>95</b>	<b>96.0%</b>

8/25/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	334	96.8%	1	<b>335</b>	<b>97.1%</b>
<b>Med/Surg:</b>	282	96.9%	1	<b>283</b>	<b>97.3%</b>
<b>ICU:</b>	52	96.3%	0	<b>52</b>	<b>96.3%</b>
<b>Mental Health:</b>	97	98.0%	3	<b>100</b>	<b>101.0%</b>

8/24/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	338	98.0%	15	<b>353</b>	<b>102.3%</b>
<b>Med/Surg:</b>	284	97.6%	14	<b>298</b>	<b>102.4%</b>
<b>ICU:</b>	54	100.0%	1	<b>55</b>	<b>101.9%</b>
<b>Mental Health:</b>	99	99.0%	1	<b>100</b>	<b>100.0%</b>

8/23/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	339	98.5%	17	<b>356</b>	<b>103.5%</b>
<b>Med/Surg:</b>	288	99.3%	17	<b>305</b>	<b>105.2%</b>
<b>ICU:</b>	51	94.4%	0	<b>51</b>	<b>94.4%</b>
<b>Mental Health:</b>	99	100.0%	4	<b>103</b>	<b>104.0%</b>

8/22/21- 6:00am

<b>% OCCUPANCY</b>					
	<u>Current Occp</u>		<u>Request</u>	<u>Total Occp</u>	
<b>Med/Surg/ICU:</b>	336	97.4%	6	<b>342</b>	<b>99.1%</b>
<b>Med/Surg:</b>	291	100.0%	6	<b>297</b>	<b>102.1%</b>
<b>ICU:</b>	45	83.3%	0	<b>45</b>	<b>83.3%</b>
<b>Mental Health:</b>	99	100.0%	1	<b>100</b>	<b>101.0%</b>

**b. In your proposal, you reference “significant closures and service line changes at other hospitals in St. Paul”. Please provide greater detail what specific changes necessitate the 45-bed expansion. Please respond to the following questions:**

**i. What are the specific closures or line changes at other nearby hospitals that will cause patients to receive care at the new beds at Regions instead of those hospitals?**

In November of 2020 Bethesda Hospital, a long-term acute care hospital in St. Paul closed, reducing discharge options for patients in need of long-term acute care putting additional pressure on existing inpatient beds in the area.

In December of 2020 St. Joseph’s Hospital in St. Paul closed its emergency department that had over 24,000 patient visits in 2019. St. Paul’s remaining emergency departments will have to absorb some portion of those visits putting additional pressure on limited inpatient bed capacity.

**ii. Are there unique services that will now be provided at Regions that are no longer provided at other nearby hospitals?**

Regions needs additional bed license capacity to accommodate increasing patient volumes in existing service lines. Regions has already seen increased emergency department volumes in 2021 and will need to expand emergency department capacity to meet that demand.

**iii. Have there been agreements among Regions and other area hospitals related to these closures and service line changes so that specialized services are not unnecessarily duplicated and are provided in sufficient volume to ensure the maintenance of high quality care?**

Regions collaborates closely with other area hospitals to make the best use of existing bed capacity, particularly during the pandemic. The 45 new bed licenses are needed to address current higher than optimal occupancy levels for a level one trauma center by increasing capacity of existing services lines.

**(2) The financial and staffing impact of the new hospital beds on existing acute-care hospitals with comparable services**

**a. Please describe whether and how the 45-bed expansion might affect the financial position of other hospitals serving patients from the East Metro Area.**

We do not anticipate a significant impact to other hospitals financial position. Regions' new 45 bed licenses equal only a fraction of the bed capacity changes in St. Paul given the hospital closures and service line changes outlined above.

- b. Please provide detailed information on the potential impact of the 45-bed expansion on the ability for nearby hospitals to maintain staff including, at least, the following information:
  - i. A staffing plan for the phased addition of the 45 inpatient beds including the count of full-time equivalent positions per bed for physicians, registered nurses, other nursing staff, as well as other staff, including community health workers.

We project the 45 new beds will translate to approximately 150 new FTEs once fully staffed.

- ii. To the extent possible, estimate how the expansion will impact existing staffing vacancies, current or recent length of time to fill positions at other nearby hospitals.

Regions, like other area hospitals is constantly recruiting to fill open positions, training staff internally, and working with educational partners and other community stakeholders to increase the overall pipeline and advancement of health care professionals.

- iii. **The expected (approximate) added costs, as applicable for estimated compensation costs(salaries and benefits) once beds are fully operational.**

Approximately \$15 million annually for 150 new FTEs

- (3) The extent to which the new hospital or hospital beds will provide services to nonpaying or low income patients relative to the level of services provided to these groups by existing hospitals in the region**

Regions is one of the largest charity care providers in the state and the largest in the east metro, providing approximately \$20 million in charity care annually. About 30 percent of Regions patients have Medicaid coverage and about 5 percent are uninsured.

- i. **Please notify MDH about whether Regions Hospital, like other hospitals in the state, has entered into an agreement with the Minnesota Attorney General related to hospital billing and collection practices for patients without health insurance. As part of your response, please let us know the dates and terms for any agreement.**

In 2005, Regions Hospital entered into an agreement with the Minnesota Attorney General related to hospital billing and collection practices for patients without insurance including a provision that patients without insurance coverage will not be charged more than the hospital would be reimbursed by its largest insurer for those with health insurance. The agreement was renewed in 2007, 2012, and 2017, and the current term of the Agreement remains in effect until July 1, 2022.