

April 12, 2022

Ms. Trudi Noel Trysla
Chief Administrative Officer and General Counsel
Fairview Health Services
2450 Riverside Avenue
Minneapolis, MN 55454

Submitted via email

Dear Ms. Trysla,

This letter is to provide formal notice that as of April 12, 2022, the Minnesota Department of Health (MDH) has received sufficient information to *begin* a public interest review, as required by Minnesota Statutes, section 144.552, regarding the proposed 144-bed mental health hospital in Saint Paul, Minnesota.

We anticipate that this review will take the full 150 days permitted under the above-mentioned section of Minnesota Statutes. However, given that we are completing another review that was received prior to the submission from Fairview Health Services and Acadia Healthcare (Fairview/Acadia), our review may extend past that window.

To successfully conduct our review and consider all relevant factors, we ask that Fairview/Acadia provide the clarification on information submitted as part of the public interest review proposal and in response to our earlier questions:

General Project Description

- The MDH letter sent to Fairview Health Services on February 3, 2022 sought to receive information on how the new standalone facility would differ from St. Joseph's Hospital. The response received indicated that a very low proportion of patients were transferred to other hospitals from the mental health unit at that hospital but did not clarify how many of those patients received *medical care* at St. Joseph's hospital.
 - Please clarify the number and proportion of patients seen between 2019 to 2021 at St. Joseph's hospital for their mental health needs who were also treated for their chronic conditions or other acute care needs that could not be managed in the new hospital.
- The MDH letter sent to Fairview Health Services on February 3, 2022 asked, in light of concern over reimbursement levels, how this new hospital expects to generate revenue in excess of expenses. The response reiterated a previous statement that "reimbursement of mental health services is insufficient to cover the cost of inpatient care," and further described how staffing and other operating expenses would be lower than inpatient mental health units at medical-surgical facilities.
 - Please provide detailed information on how the care model at the new facility would reduce fixed and or variable costs sufficient to generate revenue in excess of expenses. Please separately detail the expected effects associated with not operating an

emergency department, exclusively delivering mental health services, changing the staffing model, modifying the patient mix or other factors specific to the care model you described.

Timely Access to Care or Access to New or Improved Services

- The MDH letter sent to Fairview Health Services on February 3, 2022 inquired about the admissions criteria for the new hospital in the context of planned or unplanned admissions. The response noted that there will be a medical screening and triage process in order to determine medical necessity.
 - Please provide detailed information on the screening process and the admissions criteria for the new hospital including the definition that will be used for 'medical necessity'.
- The MDH letter sent to Fairview Health Services on February 3, 2022 requested that Fairview/Acadia share the projection model and assumptions used to estimate growth in inpatient demand. The list of Diagnosis Related Groups (DRGs) used in the model included a broad list of mental health, substance use disorders and post-operative care.
 - Please provide details on the primary DRGs you anticipate care in the new hospital would cover, and which, if any, are unlikely to be included in care at the new hospital.
- The MDH letter sent to Fairview Health Services on February 3, 2022 asked how the source of transferred patients would differ from St. Joseph's Hospital. The response received stated that there is an expectation that there will be no difference. Nevertheless, this new hospital would not have an emergency department.
 - Please provide statistics that indicate the volume of mental health patient transfers at St. Joseph's that came via the St. Joseph emergency department, other emergency departments from the M Health Fairview System, and emergency departments from other health systems.
 - Please also confirm again that you expect to admit the same proportion of patients from emergency departments at the new facility even though it will not operate an emergency department.

Ability of Existing Hospitals to Maintain Staff

- The MDH letter sent to Fairview Health Services on February 3, 2022 requested detailed information on a staffing plan for the 200 full-time equivalent staff (FTE) at the new hospital. The response included many detailed positions; however a number of the categories could map to a range of staff classifications.
 - Please provide enumeration of the positions, or contracted services, that were not specifically identified in your response, such as counselors, psychologists, therapists, and security officers.

Provision of Services to Nonpaying or Low-income Patients

- The Fairview/Acadia response to the February 3, 2022, letter from MDH indicated that the new hospital will have dedicated patient flow procedures and metrics for all patients to track referral flow, and other intake activities.

- Please specify these procedures and metrics.
- Please clarify if the 69 percent of patients admitted to inpatient mental health and addiction care in the Fairview system is specific to enrollees in state public programs or includes other payers.
- Please enumerate how many inpatient mental health admissions at St. Joseph's hospital between 2018 and 2020 originated with law enforcement-involved emergency departments visits. Please indicate your estimates for these admissions at the new facility given the absence of emergency services.

Impact of the Proposal on the Staff at the Existing Facility

- The Fairview/Acadia response to the February 3, 2022, letter from MDH noted that there were 204 FTE related directly to the delivery of inpatient mental health care at St. Joseph's Hospital in February of 2022.
 - Please provide a detailed breakout of employee classifications, and minimum qualifications, for these 204 positions using categories similar to those planned for the proposed new hospital (including the additional clarification requested above).
 - Please describe any specific plans to transition care and service staff from St. Joseph's Hospital to the new hospital or other hospitals in the Fairview system. As required by Minnesota Statute, section 144.552, please specify provisions in place or plans related to maintaining job security and compensation, addressing impact from any potential layoffs, and offering retraining opportunities for staff.

If you have any questions about this request, please contact Alisha Simon by phone at 651-201-3557 or email at alisha.simon@state.mn.us, or Nathan Hierlmaier by phone at 651-201-3541 or by email at nathan.hierlmaier@state.mn.us.

Sincerely,



Stefan Gildemeister

Director, Health Economics Program

<https://www.health.state.mn.us/data/economics>