

***Delaware Health Resources Board
Meeting Minutes
Thursday, February 25, 2016 2:30 PM
DelDOT Administration Building
Farmington/Felton Conference Rooms
800 Bay Road
Dover, Delaware 19901***

Board Members Present:

Bill Love, Chair; Lynn Fahey; Leighann Hinkle; David Hollen; Dennis Klima; Vincent Lobo, MD; Scott Perkins; Jill Rogers; Yrene Waldron; and Gina Ward.

Board Members Absent: Mark Thompson and John Walsh.

Staff Present: Helen Arthur; Laura Howard; Marlyn Marvel; Joanna Suder; and Latoya Wright.

Call to Order and Welcome:

Chairman Bill Love welcomed the Board members and called the meeting to order at 2:30 p.m.

Action

January 28, 2016 Meeting Minutes

Dennis Klima made a motion to approve the January 28, 2016 meeting minutes. Leighann Hinkle seconded the motion. There was a voice vote, from which David Hollen and Dr. Vincent Lobo abstained. Motion carried.

Christiana Care Women's and Children's Services Transformation Application

Mr. Love stated that Christiana Care submitted an application to transform the Women's and Children's Center in their hospital. The estimated capital expenditure is \$268 million. The Review Committee for this project included Leighann Hinkle, who served as the chairperson, Yrene Waldron and Dennis Klima,

The Report was distributed to the Health Resources Board members for their review.

Ms. Hinkle provided the Board with the project summary and background information.

Christiana Care Health System (CCHS) seeks to improve the way they provide care for the community by constructing a Women and Children's facility capable of supporting and transforming maternity and neonatal services on the Christiana Hospital campus. The proposed project is both a replacement facility for current services, particularly the Neonatal Intensive Care Unit (NICU), and a right sizing and reconfiguring of maternity space to effectively provide care for the birth volume of their community. Additionally, the project provides a significant opportunity to expand the number of private rooms at Christiana Hospital. The need to construct a new facility is driven, in large measure, by Christiana's current inability to provide a single family room (SFR) design for their NICU in the existing facility. The maternity care today is "wedged" into space that was built for a lower volume of deliveries, different regulatory standards and a different model of care. In today's environment, Christiana Care finds it difficult to provide patient and family centered care in the existing space.

Currently, the maternity and neonatal services are provided in the Women's Building, across three inpatient towers and the NICU is in 21,000 square feet next to the operating rooms.

The current NICU can accommodate about 50-60 babies. In addition, there is an admitting area that can manage 4 additional babies and two isolation rooms with 2 beds each. In total, there is capacity to manage 58 critical care babies. At 70 sq. ft. per bassinet, the current NICU provides less than one half the space that is required by today's hospital facility standards. Christiana states overcrowding leads to increased opportunity for hospital-acquired infections, poor family satisfaction, less parent involvement in their baby's care and a high stress environment for families and staff. New NICU facility standards have increased square footage requirements per bassinet and include a new configuration, which is a single family room design.

This design allows each family to have their own private room. Christiana proposes to design a single family room NICU unit capable of meeting the needs of Delaware families for the foreseeable future. A schematic design has been envisioned for a 66-room single family room NICU and a 10-room continuing care nursery for less acute babies.

The NICU is to be built on two levels in a separate building. The new building would be located in front of, and connected to, the Women's Building. However, this location for the NICU would be a challenge for mothers coming to see their babies from the current Mother-Baby units and for emergency staff responding to critical newborn conditions. Therefore, due to the building's location as well as additional space needs in Labor and Delivery and Triage, this proposal includes additional levels to the proposed building. The additional levels co-locate the Mother-Baby units vertically to the NICU and provide for the additional space needed.

In addition, the applicant has experienced challenges due to their limited number of mother-baby rooms, the current size of the rooms and infant security requirements. The number of mother-baby rooms needed for 6,500 deliveries is 65 rooms. Christiana currently has 54 rooms.

The mother-baby room is 277 sq. ft. with a 38 sq. ft. bathroom. Today's recommended space allocation is 300 sq. feet with the bathroom recommended to be 70 sq. ft.

The application states, the proposed Women and Children's Services Transformation project provides for an exit of maternity and neonatal services from the Christiana patient towers. This provides significant opportunity for the Christiana Hospital to become mostly a private bed hospital by converting patient rooms vacated by the maternal child services and medical surgical beds. Adding this capacity can improve outcomes, increase safety, and meet the service quality expectations of patients and their families.

Ms. Hinkle went through each of the seven criteria, briefly summarizing the Review Committee's findings.

Criterion 1: The relationship of the proposal to the Health Resources Management Plan

This proposal allows Christiana Care to more effectively manage the needs of the maternal-child population. The proposed construction of the women's tower will enhance the quality of care to patients by offering services in a state-of-the-art setting with adequate capacity, new technology, and improved efficiency. The redesigned units will facilitate a process of care that reduces redundancy, allows for privacy and makes it easy for patients to access care with the health system. Christiana Care provides services regardless of ability to pay. In fiscal year 2014 Christiana Care provided \$27 million in indigent care compared to \$26.8 million the previous year. The applicant asserts the percentage decline reflects the fact that many more individuals qualified for Medicaid coverage as a result of the Affordable Care Act.

Christiana Care has a long history of providing quality care to patients irrespective of their ability to pay. They provided a chart shows the impact of providing care to both Medicaid beneficiaries and indigent patients over the past five fiscal years. The percentages represent the respective share of total gross revenue for each of these patient groups.

The indigent percentages listed in the table are for the entire hospital and the decline in indigent care is a result of individuals qualifying for Medicaid as a result of the Affordable Care Act. They also provided the patient payer mix data for the 6,469 baby deliveries at Christiana Care. That was for Fiscal Year 2015, of which 37 percent were Medicaid patients.

Christiana Care states they are a tertiary perinatal center and the only one in their region.

Christiana Care has an opportunity to influence the health of Delaware's future population by focusing on the needs of women and children before illness is set on a trajectory not easily changed. Christiana Care's guiding principles in developing the facility plan are:

- Single family room NICU design
- OB bed capacity to managed expected volume today and in the future
- Clinical integration across the service line
- Flexibility and size to allow program innovation and new care models
- Targeted improvements that deliver value in:
 - Patient experience
 - Safety and Quality
 - Staff Experience
 - Efficiency

Thirty one Obstetricians in New Castle County have admitting privileges at Christiana Care. They also have two to four OB/GYN providers on site 24 hours per day seven days per week.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Discussion

Mr. Love stated that it is his understanding from the report that they are not currently meeting current standards of care due to the limitations of the space that they currently have. They are also concerned about the growth in demand and their ability to meet that growth in demand.

Ms. Hinkle stated that is correct. It is a right sizing and reconfiguration.

Mr. Love stated that they have looked at different options and, of the options they have looked at, Christiana Care has found that this option is the most effective.

Ms. Hinkle stated that is correct. In developing this proposal they looked at some other alternatives, including other space on their campus, and expansion of the Middletown campus and the Wilmington Hospital. This option is the most effective.

Ms. Waldron asked if there was a palliative care program there. A representative of Christiana Care stated that they have a palliative care team for the NICU.

Dave Hollen stated that with the Affordable Care Act the indigent care percentages are decreasing.

Action

Mr. Hollen made a motion that the Board approve the Review Committee's recommendation that the application meets criterion one. Gina Ward seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion II: The need of the population for the proposed project

Ms. Hinkle stated that the application notes that families in New Castle depend on Christiana Care to provide approximately 81% of the New Castle County maternity and neonatal intensive care services. Nationally, birth rates decreased after the recession of 2008 but now are increasing as the economy has improved. Christiana Care states they are the only hospital in the state that can provide level four obstetrical inpatient care with the capability to handle both the mother and the critically ill newborn. The Neonatal Intensive Care Unit admits approximately 1,100 critically ill newborns per year from all areas of Delaware and the surrounding region. The need for obstetric and neonatology services is projected to grow over the next 10 years, due to:

- Busier OB offices leading to limited access for urgent office visits
- Higher complications of birth in some populations
- The increasingly litigious nature of obstetrics
- The goal of decreasing planned inductions and C-sections

Christiana Care is currently implementing and developing programs for Neonatal Abstinence Syndrome (NAS), a growing high risk neonatal condition resulting from infant's withdrawal from opiates which were taken by the mother during her pregnancy. The new facility will provide needed space to offer special programs, however Christiana Care will not wait until the building is complete to address this issue. Christiana Care has recently developed programming in conjunction with Brandywine Counseling to provide prenatal care to moms with addiction problems. In the new tower, Christiana will be able to offer group prenatal care, parenting classes, mental health services, and continue to provide special wrap around programs for at-risk moms. Christiana is transforming their care to meet ongoing patient care needs such as diabetes, obesity, depression, and high blood pressure which can be detrimental to pregnancy.

Christiana Care asserts that population of New Castle County is expected to grow slightly less than one percent a year over the next five years. The county's population of women age 18-44 is projected to grow slightly in the next five years. If Christiana includes the secondary market, the population of women age 18-44 is expected to grow 1.6% over the next five years. While there have been less teenage births in recent years through large public health

efforts in Delaware, the maternal age for child birth is increasing and with increasing maternal age we see increasing complications such as hypertension, fetuses small for gestational age and birth defects.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Action

Dr. Lobo made a motion that the Board approve the Review Committee's recommendation that the application meets criterion two. Mr. Hollen seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

Ms. Hinkle stated that Christiana Care states they are the only regional birthing hospital with a level III+ NICU which serves as a referral facility for patients with neonatal and obstetrical complications. Christiana Care states this project does not duplicate services in Delaware because Christiana Hospital is the only level IV obstetrical hospital with a level III+ NICU capable of caring for mothers and infants that are ill.

The construction of the women's tower will meet current and future service needs in the most cost-effective and efficient manner. The proposal is estimated to result in a \$14.7 million increase in operating expenses. This equates to approximately 1% of Christiana Care's total operating cost. The impact on Christiana Care Health Services annual operating cash flow once the project is on stream is \$4.1 million, since \$10.1 million of the expense increase relates to depreciation.

Christiana states they have a strong financial position generating operating margins of approximately 6%. The operating expense increase related to the project is approximately 1% of Christiana Health Services which can be absorbed and will not require adjustments to the rates of charges for services.

During the analysis, Christiana Care studied several major strategic alternatives to the proposed initiative. These alternatives included:

- Modifications within existing Christiana Hospital (multiple scenarios)
- Relocation of, or augmenting, the service line at Wilmington Hospital
- Constructing a facility at the Middletown campus

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Discussion

Ms. Ward stated the other places in the area with labor and delivery services are Saint Francis Hospital and there are NICUs at A.I. DuPont Hospital for Children. She asked if Christiana Care is assuming that patients may choose to go to them versus these other places. She asked if it will affect the utilization of what is available at the other institutions.

Ms. Hinkle stated that the application states that they were not expected to increase their market share. They plan to right size by building to their current capacity.

Mr. Love stated that the application states that there will not be any increased costs for services.

Mr. Klima stated that there will be increased costs but it is relatively minor in the whole scheme of things and will be easily absorbed by existing resources. Mr. Love stated that it would not have an impact on the patient cost.

Action

Lynn Fahey made a motion that the Board approve the Review Committee's recommendation that the application meets criterion three. Mr. Hollen seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

Ms. Hinkle stated that Christiana Care is a regional provider that serves the obstetrical, emergency and general medical needs of its patients. Christiana Care states the project will not impact the existing providers in the market because they are adjusting their facility to meet current standards of care and plan to meet the needs of the current patient volume. No additional market share is expected.

Christiana Hospital offers a full neonatal and adult air and ground transport team to the entire state of Delaware and surrounding regions. In Delaware, patient referrals for obstetrical services are received from Bayhealth Medical Center, St. Francis Hospital, Beebe Healthcare, and Nanticoke Memorial Hospital. Critically ill children and neonates requiring multiple pediatric specialists are referred to A.I. DuPont Hospital for Children or Children's Hospital of Philadelphia. In addition, referrals are received from freestanding urgent care centers and from physician offices.

Christiana Care utilizes an independent practice known as the Delaware Center for Maternal Fetal Medicine (DCMFM) that manages high risk deliveries and coordinates transports to the hospital.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Action

Mr. Hollen made a motion that the Board approve the Review Committee's recommendation that the application meets criterion four. Dr. Lobo seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion V: The immediate and long term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

Ms. Hinkle stated that they included in schedule 7 "Changes in Staffing" which illustrates the impact upon staffing by personnel category for the first year of operation following completion of the project. This proposal includes the addition of 39 FTEs, increasing Christiana Care Health Services total FTEs to over 10,500.

The Review Committee noticed that the increases in FTEs were in the Crafts and Service Codes category and asked the applicant for the definition of these categories. The Crafts category represents mechanics, electricians and technicians. The Service Codes job category represents 14 service assistants in food and nutrition to transport / deliver food, .5 safety specialist, 16 service assistants in environmental services and 1 materials management tech / service assistant.

The Christiana Care Women and Children's Services Transformation Project will require an investment of \$260 million. The project will be funded in its entirety with cash. Construction and architectural/engineering fees will be \$227.5 million and equipment will cost \$32.5 million. Christiana Care Health System maintains an AA Bond rating and has retained this credit worthiness since October 2011. The use of operating cash to fund the project will not affect this rating.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Discussion

Ms. Ward asked how they are adding 39 FTEs without increasing the overall cost of care.

Mr. Love stated that the overall cost may increase but per patient cost will not increase.

Mr. Klima stated that the costs will increase, but they will be absorbed.

Jill Rogers stated that they made a commitment not to increase the rates that they are charging insurance companies or patients.

Action

Yrene Waldron made a motion that the Board approve the Review Committee's recommendation that the application meets criterion five. Dennis Klima seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.

Ms. Hinkle stated that we talked about that the proposal is expected to result in a \$14.7 million increase in operating expenses, which equates to approximately one percent of Christiana Care's total operating costs. The impact on Christiana Care's annual operating cash flow once the project is on scheme is \$4.1 million and \$.1 million of the expense increase relates to depreciation.

Christiana states they have a strong financial position generating operating margins of about six percent. The operating expense increase related to the project is about one percent of Christiana Care services which can be absorbed and will not require increased charges for services. We just discussed the increases in staffing in the last criterion.

They remitted a statement of revenue and expenses which looks at the first two years of operation in 2020 and 2021. In 2020 their net operating revenue would be \$120,867,944. Total operating expense in that year is \$121,544,747, which would give them a loss in that first year of \$676,803.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Action

Mr. Hollen made a motion that the Board approve the Review Committee's recommendation that the application meets criterion six. Ms. Fahey seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

Ms. Hinkle stated that the applicant states this project will better position Christiana Care for meaningful competition as a regional provider of care. This project enhances Christiana Care's ability to compete with the major Philadelphia and Baltimore health systems, while consistently demonstrating their commitment to care for Delaware residents in need.

With regard to single family room NICUs, private room NICUs have been shown to decrease complications, improve outcomes while enhancing the engagement of parents and family in the care of their infant.

With regard to the expanded triage, it is critical that a pregnant woman and her unborn baby are assessed in a timely manner upon presenting to the hospital.

With regard to the additional labor and deliver rooms and mother-baby rooms, Christiana does not have enough bed capacity to meet their obstetrical demand. Beds are unavailable they and are forced to provide services to mothers in the Triage Unit. It is essential the applicant have the capacity to manage the volume.

Infant security will be enhanced with fewer resources due to the structure of the units and the limited and monitored entrances. Nurses will travel fewer miles in search of supplies and equipment. The configuration, lighting and adjacencies will allow for an improved work environment which supports quality and safety for the patients at Christiana Care.

The application notes, projects improving the health status of Delawareans are essential to lowering health care costs. Wellness and preventive services will be provided to the community and to their employees. A state of the art women and children's facility will provide these opportunities and enhance education for health professionals and the community.

The applicant will focus on key areas in order to address increasing volume, changes with health care reform, improvement in customer service and advancements in evidence-based practice, safety and quality care. Christiana Care notes that examples of programmatic changes in development now are providing a 24/7 neonatologist, breast feeding support, clinical benchmarking, and implementation of clinical information systems. To support population health, Christiana is developing a structure for clinical integration of care for women and children across the system.

Single family room configuration is the new standard of care in NICUs and parents have an expectation for privacy. Emerging technology requires more physical space.

Transformation opportunities include:

- Improve critically ill neonatal outcomes with enhanced developmental care
- Increased infant security with centralized visitor check-in
- Standardize medication administration and distribution
- Offer a walking path for pain control and stress reduction for women in labor
- Offer an exercise area for antenatal patients to prevent deconditioning
- Combine units for efficiency and better collaboration
- Co-locate ambulatory programs for multidisciplinary care that is more effective for patients at risk for maternal and neonatal complications.

Ms. Hinkle stated that the Review Committee found that the application meets this criterion.

Ms. Rogers stated that, given that they are the only place that provides this level of care, it would make sense that they would have a positive impact on quality.

Action

Mr. Hollen made a motion that the Board approve the Review Committee's recommendation that the application meets criterion seven. Dr. Lobo seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Action

Dr. Lobo made a motion that the Health Resources Board approve the Review Committee's recommendation that this application meets the requirements of the Health Resources Management Plan. Ms. Fahey seconded the motion. There was a vote by show of hands; ten in favor. Motion carried.

Nemours Alfred I. duPont Hospital Application

Mr. Love stated that Nemours submitted an application to purchase a PET MRI scanner with an estimated capital expenditure of \$5.5 million. The Review Committee for this project included Dr. Vincent Lobo, who served as the chairman, Jill Rogers and Dave Hollen.

Dr. Lobo stated that Nemours wants to install a PET scan MRI. A PET scan MRI makes no radiation. Currently they are sending patients to Christiana Care with the CT PET scan. With CT there is a tremendous amount of radiation; particularly to the head and body. They want to have a PET scan, which is a Positron Emission Tomography/Magnetic Resonance Imaging that results in less radiation to the child and less harm to the child.

They also plan to do research on autism and epilepsy, and using the PET scan could be part of their program.

Criterion 1: The relationship of the proposal to the Health Resources Management Plan

Dr. Lobo stated that the PET MRI is projected to experience annual growth from use in a variety of patient populations to reach over 600 studies per year by the third year of the use of the technology. These include clinical populations such as Neurology, Neurosurgery, Oncology, Cardiac as well as Neuroscience research in areas such as Autism and Epilepsy. One of the program's primary goals is to focus on root cause and treatment of Autism. Nemours states there is concern for increased autism in the Delaware population. Nemours expects to receive a high level of support from the community. In addition, this technology will be vital to building the Epilepsy Surgery program for children with medically refractory epilepsy in the state. Also Nemours will expect referrals nationally and internationally for specialized PET tracers they will utilize. Additional utilization of the MRI component of the technology is projected to add an additional 1500 studies in that period. This combined patient volume supports both competency and expertise in the technical components, as well as the professional interpretations of the studies. The application notes, in addition, PET and MRI technology is ever-evolving and more agents are being developed, so the expectation is that more indications for clinical and research PET will become available.

Dr. Lobo stated that the Review Committee found that the proposal meets criterion one.

Discussion

Dr. Lobo stated that it is extremely inconvenient and costly to take a sick patient out of the state to Texas or Michigan for treatment. Mr. Hollen stated that the cost includes lost wages, hotels, food, airfare, and other travel expenses.

Mr. Love asked if a lot of families actually do that. Dr. Lobo stated that if the technology is there and they need it he is sure they would do it.

Mr. Hollen stated that this is state of the art technology.

Mr. Love stated that to get a similar service they would now have to go to Texas or Michigan.

Dr. Lobo stated that Nemours states, as with the use of any out of state provider, it is a financial as well as a logistical burden on the patient's and families to travel out of state for this technology. At the time of the application, the only established PET MRI units in an exclusive Pediatric environment are in Texas with another planned for installation in Pennsylvania. This presents access limitations due to the number of patients for whom the technology is beneficial and the limitations in scheduling. In addition to issues with patient access, Nemours' clinical team is not in a position to collaborate effectively with out-of-state providers to plan for continuing clinical care. By providing the PET MR in Delaware, patients and families will appreciate cost savings and convenience by limiting travel, expense, and stress associated with leaving Delaware for care. Practitioners at Alfred I duPont Hospital for Children provide the specialty care for these patient populations. The in-state availability of the technology allows both clinical and imaging specialists the opportunity to collaborate which improves patient outcomes.

Mr. Klima asked if the applicant indicated where in Pennsylvania the technology is being planned for. Dr. Lobo stated that they did not.

Scott Perkins stated that the summary says that the only established PET MRI units in an exclusive pediatric environment are in Texas and one is being planned in Pennsylvania. He asked if there are any close to Delaware that are not in pediatric environments. Dr. Lobo stated that he does not know.

Dr. Lobo stated that there are no PET MRIs in Delaware. Christiana Care has provided a letter of recommendation that they are in favor of the PET MRI.

Mr. Love asked if the PET MRI is new technology. Dr. Lobo stated that it is new technology.

Ms. Rogers stated that one of the questions that the Review Committee had was the advantage of an exclusive pediatric environment versus other environments. The thinking was that the specialists would have a higher skill level in the pediatric area.

Dr. Lobo stated that the care would be provided in Delaware. Continuity of care is important. Nemours currently is only able to provide care to individuals up to 21 years old.

Ms. Waldron asked, if this is going to be the only PET MRI in Delaware, if they would foresee opening the services to other hospitals to send people to them. Dr. Lobo stated that the Review Committee asked them if they could provide care to older people due to the high number of Delawareans with Alzheimer's. They responded that at this time they cannot.

Mr. Perkins stated that the PET MRI is not just better because it does not have the radiation associated with it. It is actually an increase in technology with a better image.

Ms. Rogers stated that the lower radiation is a point that the Review Committee took note of as well because children were going to be exposed to less radiation.

Dr. Lobo stated that to gain insight on the costs of providing these services within the state verses outside of the state, the Review Committee requested Nemours' fee schedule and the cost of services outside the state of Delaware. Nemours provided tables with fee schedules for Nemours PET Professional Fees and PET Procedure Fees.

Mr. Perkins asked how the cost of PET MRI scans compare with CT scans. Dr. Lobo stated that they did not request that information because they are not asking for CT scans. This is a completely different modality. There is no comparison. CT is less expensive.

Ms. Waldron stated that Medicaid requested an additional \$28 million from the Joint Finance Committee, much of which had to do with the overriding costs for pediatric care. There are currently two Managed Care Organizations in Delaware, United and Highmark. Only Highmark is contracting with Nemours. She asked if there were discussions about how this might affect the cost of care or future negotiations to try to bring another Managed Care Organization to the state.

Dr. Lobo stated that the Review Committee discussed Medicaid.

Ms. Rogers state that, if a PET scan generally falls within the \$3,000 to \$6,000 range, it looks like Nemours is at the high end of that.

The Board was concerned about the impact of the proposal on overall costs.

Action

Ms. Fahey made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion one. Mr. Klima seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion II: The need of the population for the proposed project

Dr. Lobo stated that the application states the PET MR scanner in Delaware will allow Nemours to provide benefits of PET technology without exposure to high levels of radiation. Nemours states PET CT provides radiation from both the CT and the PET component, whereas PET MR provides radiation from the PET component. There are existing providers providing PET scanners in Delaware, however they are PET/CT scanners. Nemours does not currently have a PET CT scanner. Patients requiring these services are referred to Christiana Medical Center for the PET CT. Nemours desires to install the first PET/MR scanner in Delaware. The MRI capability of the scanner will increase Nemours's MRI capacity which is currently constrained with only two MRIs currently in operation. The Review Committee inquired about the advantage of having three MRI scanners upon approval of the application. Nemours states having a third MRI scanner will better accommodate their patients and allow for their teams to use the scanner for research purposes as well. The existing two MRI scanners are currently used at approximately 85% capacity. The additional scanner will assist with managing patient's needs and allow for research opportunities. The application states the new equipment will improve the quality of local health care by developing newly efficient diagnostic procedures for children, specifically those with epilepsy and neurodevelopmental disorders.

Nemours states their patients are currently receiving PET scan services at Christiana Medical Center or the Children's Hospital of Philadelphia. Nemours states this creates a negative impact due to scheduling conflicts and services are often not provided in a timely manner.

The Review Committee requested clarification regarding the clinical advantages of providing PET MR scanner services in Delaware. Nemours states that patients will be able to get testing services in a timely manner without the need to travel to another hospital. The scan and sedation in younger children will be managed by their providers who are able to communicate and collaborate effectively with the child's primary and specialty care teams. The availability of the test within the state assures better access for patients.

Nemours states having PET MRI more readily available may increase its use at an earlier stage in the disease discovery phase and the clinical outcome would be improved. For specific populations in addition to the discovery of metastatic disease at the molecular level, PET MRI is necessary to improve the detection of functional abnormalities including seizures and developmental conditions such as autism. Nemours asserts that PET MRI is beneficial in the appropriate clinical management regarding planning for neurosurgical interventions and disease staging.

Dr. Lobo stated that the Review Committee found that the proposal meets criterion one.

Discussion

Mr. Love stated that currently the only other hospital to provide this service is in Texas and maybe Michigan.

Dr. Lobo stated that having this equipment in Delaware where the pediatricians are to follow up will make a big difference from being treated in Texas or Pennsylvania without having the continuity of care.

Ms. Rogers stated that clinically it allows for earlier detection and lower radiation exposure.

Mr. Hollen stated that this will also decrease the patient transportation costs.

Action

Mr. Klima made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion two. Ms. Hinkle seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

Dr. Lobo stated that the applicant states PET MRI scanners are not available in Delaware. The only Pediatric PET MRI is located in a children's hospital in Texas. The state of Delaware currently provides PET/CT scanner services to the existing population. Providing the PET MR in Delaware will eliminate the need to travel outside the state for service. The Review Committee requested clarification regarding current processes for sending patients outside the state for PET MR services when an urgent clinical need exists. Nemours states, PET MRI is typically not a diagnostic procedure for management of urgent clinical needs. However, when their patients require a PET scan, staff informs the patient of available options in the region. In Nemours

experience, they find that pediatric patients/families prefer to send their children to a specialized pediatric provider for this level of care.

Dr. Lobo stated that the Review Committee found that the application meets criterion three.

Discussion

Ms. Rogers asked what regional options exist.

Mr. Love stated that the option would be the PET scan MRI, which is the new technology. A person would go to Texas, Michigan, or possibly Pennsylvania.

Dr. Lobo stated that Nemours is currently sending patients to Christiana Care for CT PET scans, which is a radiation problem. The other thing they are going to be dealing with is repetitive scans and radiation is detrimental to the patient; especially a child.

Ms. Rogers stated that the regional PET options are PET CT as opposed to PET MRI.

Action

Mr. Klima made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion three. Ms. Fahey seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

Dr. Lobo stated that the application notes that Nemours is the only existing Pediatric health care provider in Delaware providing comprehensive care for the children of Delaware. Nemours has long-standing arrangements as a pediatric care provider with hospitals within the state. They also provide in-hospital pediatric care and consultation. Nemours intends to collaborate with other organizations throughout the state to improve clinical outcomes.

The Review Committee requested further insight on the collaboration with other organizations to improve clinical outcomes. Nemours intends to collaborate with local universities, pediatric institutions, Children's Oncology Group, Christiana Care, Thomas Jefferson University Hospital and other clinical partners. Beyond the Delaware valley, they will collaborate with other epilepsy surgery centers such as Cleveland Clinic and Detroit Children's Hospital to evaluate the impact of MR PET on improving clinical outcomes.

The Review Committee requested information on Nemours' involvement with value based payment models, the proportion of Nemours' population that is covered under value based payment arrangements with third-party payers, the proportion of total reimbursements made under these payments and does Nemours have targets for moving into those arrangements. Nemours states their involvement with value based payment models as a percentage of their total reimbursement is less than two percent. They are engaged with the work involving the State Innovation Model (SIM). They are also engaged in conversations with health insurance plans such as Highmark Delaware in regards to making changes to their payment system. Those conversations shall conclude during the second half of calendar year 2016.

Dr. Lobo stated that the Review Committee found that the application meets criterion four.

Discussion

Mr. Hollen stated that letters of support were received from Christiana Care, University of Delaware and Autism of Delaware.

Mr. Love asked Dr. Lobo if he recalled what the letter of support from the Autism of Delaware said. Ms. Wright stated that Nemours did not include the letter in their application. They sent it as a separate attachment. She will send it to the Board members.

Action

Ms. Hinkle made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion four. Mr. Klima seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion V: The immediate and long term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

Dr. Lobo stated that schedule 11 Sources of Financing in the application provides the funding detail for the proposal. The estimated cost of the equipment is approximately \$5.5 million. The applicant's investment includes \$4,200,000 cash on hand and \$4,000,000 in fund raising. Nemours has recruited an internationally prominent epilepsy specialist and a nationally known autism researcher. The PET/MR scanner will allow these individuals, neurologists, neurosurgeons, developmental specialists, and others to offer state of the art care for children in Delaware. The application notes the new equipment will have an impact on the creation of jobs. Grants awarded to Nemours based upon the equipment will result in direct and indirect benefits to the region allowing the hiring of workers in sophisticated, new technology-based areas that are highly compensated. Funds will also enable the launch of cutting edge research cores that will attract, develop, and retain leaders along with their research teams and inventions in Delaware. The application also states these programs will attract highly qualified graduate and undergraduate students who will work with primary investigators of their respective projects. Nemours states this will create additional jobs in the region, but it also helps to subsidize the education of top students in the area. Local businesses will benefit by contracting to provide the construction of the new clinical space.

Dr. Lobo stated that the Review Committee found that the application meets criterion five.

Discussion

Ms. Rogers stated that it was clear that they have the resources.

Action

Mr. Perkins made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion five. Mr. Klima seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.

Dr. Lobo read the following information to the Board members:

Financial Impact (first full year of operations):

- Estimated effect on annual expenses: \$ 1,976,959 (salary/benefits for new staff)
- Estimated effect on annual revenues: \$ 2,074,126 (net revenue)
- Estimated effect on individual charges: \$ 5,310,200 (gross technical fees for additional MRI/PET volume and professional fees for interpretation)

Dr. Lobo stated that the Review Committee found that the application meets criterion six.

Discussion

Ms. Rogers stated that the Committee asked for additional information about A.I DuPont's overall participation in the State Innovation Model (SIM) work and value based payment models and that information was provided under criterion four. One of the follow up questions was how much of their business is tied to value based payments and their response was less than two percent. In the context of the innovation work and the larger work that is happening in Delaware, the Board would like to see them moving toward those value based payment models more quickly than they are. It is encouraging that they are working on the SIM work and they now have a representative on the Delaware Center for Health Innovation Board. Ms. Rogers stated that the Board should include an affirmative statement to them about the importance of that continued movement with its decision.

Mr. Love asked if the Board should add this as a condition. Ms. Rogers stated that the Board should just positively note their participation.

Action

Mr. Klima made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion six. Ms. Fahey seconded the motion. There was a vote by show of hands; eight in favor, one abstention. Motion carried.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

Dr. Lobo stated that Nemours is Medicare/Medicaid certified and is accredited by the Joint Commission on the Accreditation of Health care Organizations. The application states the use of PET/MRI technology will improve their ability to diagnose and manage patient care as it augments current diagnostic imaging tools. Imaging technology has implications in many disorders. PET scanning offers advantages opposed to other imaging technology. It provides information about the biochemical and molecular function of the brain and other organs, rather than simply identifying their structure.

PET images are produced by labeling certain naturally occurring molecules with special radioactive labels. As these substances are used by the body, positrons are released. Detectors within the machine identify the positrons and an internal computer creates a color image of the organ. Areas with a lot of the labeled molecule are bright while those with fewer are darker. Nemours states this technology is useful in many circumstances. For example, in neurology, it can be used to identify a specific brain area that is responsible for a patient's seizures. Additionally, researchers, and neuroscientists are using PET scans to understand how the brain works in patients diagnosed with depression, autism, and other disorders. The technology is a significant advancement to biomedical research because it allows non-invasive and quantitative comparisons of anatomical, functional and metabolic tissue measures.

The Review Committee inquired if Nemours will plan to provide PET MR Services to the Alzheimer's population. Nemours states as a pediatric facility, they cannot provide care to patients greater than age 21, with the exception of limited conditions that arise in childhood.

Dr. Lobo stated that the Review Committee found that the application meets criterion seven.

Action

Ms. Hinkle made a motion that the Health Resources Board approve the Review Committee's recommendation that the application meets criterion seven. Mr. Klima seconded the motion. There was a vote by show of hands; seven in favor, two abstentions. Motion carried.

Action

Ms. Rogers made a motion that the Health Resources Board approve the application submitted by Nemours Alfred I duPont Hospital for Children and positively note their participation in the State Innovation Model (SIM) work and encourage them to continue; specifically value based payment. Ms. Hinkle seconded the motion. There was a vote by show of hands; eight in favor, one abstention.

Updates

Health Resources Management Plan Update

A compendium of the revisions to the Health Resources Management Plan was distributed to the Board members for review, along with a copy of the most recent iteration of the draft Health Resources Management Plan.

Mr. Love stated that the Board members were welcome to submit further comments to the staff and they will be incorporated in the draft that is used at the retreat.

Mr. Love stated that they are recommending revisions to the plan in two stages. The first stage would be to make changes to the plan that the Board approves that do not require legislative approval. Once the Board approves the draft it needs to go to public hearing. The Board will need to discuss any comments received during the public hearing and incorporate them in the plan if approved. Next it will go to the Health Care Commission for approval. The stage one plan would be finalized by the end of June.

Then the Board would put together stage two revisions to the plan which would incorporate any additional changes that would require legislative approval. This would be finalized during the fall and proposed to the incoming administration.

This will be discussed further at the retreat. The agenda will include stage one and stage two changes and a discussion about the value of the CON process and the impact it has on quality and cost.

The retreat is scheduled on Monday, March 14 from 1:00 to 4:00 p.m. at the Department of Transportation Administration Building in the Farmington/Felton conference room.

Mr. Love stated that the goal is to complete the stage one revisions to the plan at the retreat for the Board to formally approve as a draft at the March meeting. A public hearing will be held in April and the public comments will be reviewed at the April meeting. The stage one draft of the plan will be finalized and presented to the Health Care Commission for approval at the May meeting. At that time the Health Care Commission will also be given an outline of the changes to be incorporated in the stage two draft, as well as give a sense of what the Board is thinking of the impact of the CON process in Delaware on health, quality and cost. After that is approved the Board will continue working to finalize stage two before the January legislative session begins.

Ms. Suder stated that the Secretary of Health and Social Services must also approve the changes to the plan.

Upcoming Items Before the Board

Notice of Appeal – Post Acute Application

Mr. Love stated that a notice of appeal has been filed in Superior Court by Bayhealth Medical Center appealing the Board's decision granted on December 17, 2015 to approve Post Acute's CPR application to construct a 34 bed inpatient rehabilitation facility in Dover DE. The documents were distributed to the Board members for review.

Notice of Intent – Cataract and Laser Center

Mr. Love stated that Cataract and Laser Center, a licensed ambulatory surgery center located in Newark, has submitted a Notice of Intent to relocate their facility to a new medical office building in Newark to enhance efficiency and patient access. The Notice of Intent was distributed to the Board members for their review.

Other Business

There was an opportunity for other business and there was none.

Public Comment

There was an opportunity for public comment and there was none.

Next Meeting

The next Health Resources Board meeting will be held in the Farmington/Felton Conference Rooms on the first floor of the Department of Transportation Administration Building, 800 Bay Road, Dover on Thursday, March 24, 2016 at 2:30 p.m.

Adjourn

David Hollen made a motion that the meeting be adjourned. Dr. Vincent Lobo seconded the motion. There was a voice vote. Motion carried.

The meeting adjourned at 4:20 p.m.

Guests Attending

Joyce Breinlager	Christiana Care Health System
Michelle Clark	Bayhealth Medical Center
Charles Constant	Dover Behavioral Health Services
Kristy Hull	Delaware Surgery Center
Rebecca Kidner	RB Kidner, PA
Sherry Monson	Christiana Care Health System
David Paul	Christiana Care Health System
Suzanne Raab-Long	DE Healthcare Association
Hiran Ratnayake	Christiana Care Health System
John Rhodes	Christiana Care Health System