In the Matter Of:

Department of Health & Social Services

Bayhealth Freestanding Emergency Department Public Hearing

July 28, 2020

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DELAWARE HEALTH CARE COMMISSION

IN RE: Bayhealth Freestanding
Emergency Department Public Hearing

Virtual Meeting

Tuesday, July 28, 2020
9:30 a.m.

BEFORE: LEIGHANN HINKLE
PAMELA PRICE
DR. ELIZABETH BROWN

ALSO PRESENT:

JOANNA S. SUDER, ESQUIRE
Deputy Attorney General for
The Delaware Health Care Commission

LATOYA WRIGHT, MBA,
Manager of Statistics and Research

NICOLE GARLAND, VIDEO MONITOR

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MS. WRIGHT: Hello. Good morning, everyone.

This is Latoya Wright from the Health Resources Board and staff support.

We're here today, this morning to have the Bayhealth Freestanding Emergency Department Public Hearing.

We do ask that you please put your phones on mute and your computer speakers on mute if you are not speaking. It will avoid a lot of the background noise that we're hearing.

I'm going to do a roll call to see if we have our staff from the Health Resources Board on the line.

I will first introduce myself. Again, Latoya Wright.

We should have our Deputy Attorney General on the line, Joanna Suder.

MS. SUDER: Yes. I'm here.

MS. WRIGHT: And if we can have the Subcommittee Members introduce themselves.

MS. HINKLE: Hi. Good morning.

This is Leighann Hinkle.

MS. WRIGHT: Hi, Leighann.

DR. BROWN: And good morning. This is Dr. Liz Brown from DMMA.

MS. WRIGHT: Hi, Dr. Brown.

MS. PRICE: Hi. This is Pam Price.

MS. WRIGHT: Hi, Pam.

And we also have today on the line our court reporter, Gloria.

MS. SUDER: This is Joanna Suder, Deputy Attorney General, for the Health Resources Board.

Latoya, can you please mute everyone who is not speaking just so we can get rid of some of this background noise.

MS. WRIGHT: Yes. Everyone is going to have to -- I'm not sure if everyone has to unmute themselves once I do that. But I'm going to go ahead and mute all for right now.

MS. SUDER: Thank you.

This is Joanna Suder, Deputy Attorney General, again.

I believe Board Member Leighann Hinkle is going to get us started off today. And, then, I will take over from there.

So, passing it off to Leighann.

MS. HINKLE: Thank you. So, my name is Leighann Hinkle. And I'm the Chair of the Committee this morning.

Before I begin, I need to confirm some information.

So, Notice of Intent for the CPR Application was November 19, 2019.

The CPR Application was received on February 12, 2020.

A request for a Public Hearing was on March 9, 2020.

The Notice of Public Hearing was published in The Wilmington News Journal and The Delaware State News on July 10, 2020.

The written public comments were received from Bayhealth and Peninsula Regional Health System.

The court reporter has been requested and introduced. And we are now ready to begin.

So, again, my name is Leighann Hinkle. I'm a member of the Delaware Health Resources Board and Chair of the Certificate of Public Review Committee for Bayhealth Freestanding Emergency Department.

The purpose of today's hearing is for the Bayhealth Certificate of Public Review Committee to hear public comments on the application submitted by Bayhealth to construct a Freestanding Emergency Department on the corner of Route 9 and Hudson Road in Sussex County.

Upon consideration, this Committee will make a recommendation to the Health Resources Board for their final decision.

Joanna.

MS. SUDER: Thank you, Leighann. Joanna Suder, Deputy Attorney General for the Board.

Pursuant to Delaware law, 16 Delaware Code, Section 9305, Subsection 4, notice of the Board's intent to review a completed application was sent on March 6,

2020, directly to all healthcare facilities in the State and to others who request direct notification.

Notice was published on March 6, 2020, in The Delaware State News and The Delaware News Journal.

The notification identified the Applicant, indicated the nature of the application, specified the period during which a Public Hearing in the course of the review may be requested, and indicated the manner in which notice will be provided of the time and place of any hearing.

On March 9, 2020, the Delaware Healthcare Commission received a request for a Public Hearing from Beebe Healthcare.

At this time, I would like to have the following exhibits marked, which will become part of the record in this review.

Board Exhibit 1 is The Delaware News Journal and Delaware State News Affidavits of Publication of Notice of Intent to review completed application. Both were

submitted on March 6, 2020.

Board Exhibit 2. Notice sent directly to all healthcare facilities in the State and others who requested direct notification, also sent on March 6, 2020.

Board Exhibit 3. News Journal Affidavit of Publication of the notice of today's hearing. That was done on July 10, 2020.

Board Exhibit 4 was the Delaware State News Affidavit of Publication of notice of today's hearing. Also July 10, 2020.

Board Exhibit 5 includes written comments, which were received from Beebe Healthcare and Peninsula Regional Medical on behalf of Nanticoke Hospital.

Board Exhibit 6 is a Certificate of Public Review Application submitted by Bayhealth.

And Board Exhibit 7 is a copy of the Board's Points of Consideration.

I would like to ask the members of the Certificate of Public Review Committee

if they have received all of the application documents and read all of them.

MS. HINKLE: Yes. This is Leighann. I have.

DR. BROWN: Yes. This is Liz Brown. I have.

MS. SUDER: And Pam?

MS. PRICE: Yes. This is Pam Price. And I have.

MS. SUDER: The Board now invites representatives from the Applicant to step forward and provide a short presentation on the application and the proposed hospital -- proposed project. I apologize.

I ask that you please state your name before you begin speaking as we are keeping a record of all public comments received.

Nicole, I will pass it to you.

MR. VAN GORP: I guess I'll go ahead and get started.

My name is John Van Gorp. I'm a Senior Vice-President for Planning and Business Development at Bayhealth.

And thank you for the opportunity to discuss Bayhealth's application for a Freestanding Emergency Department, which is a component of a larger medical complex on Route 9 in Sussex County to bring additional primary care physicians, specialists and diagnostic services to area residents.

The Freestanding Emergency Department that we are proposing with this application not only improves access, quality and service, but reduces ED utilization and costs. And we're going to be presenting this in four parts.

Bill Strickland, our Chairman of the Board at Bayhealth, will convey the Board's vision for this project.

I will deliver a statement by Terry Murphy, President and CEO of Bayhealth, who is on medical leave and unable to participate, but to discuss our strategy of compliance with the Health Resources Management Plan.

Then, I will follow that up

with our formal presentation of the project and the need for this service.

And, then, Thom Herrmann, CEO of Intuitive Health, will discuss how this unique delivery model can reduce ED utilization and costs.

And now I would like to introduce Bill Strickland to kick us off.

MR. STRICKLAND: Thank you, John.

Good morning, everyone. My name is Bill Strickland. I am the Chair of the Bayhealth Board of Directors.

Back in early 2013, the Bayhealth Board requested of our Administration a vision to create for growing our presence in Sussex County and our ability to serve the residents of Sussex County.

Paramount in that vision was the improved access to quality healthcare. The strategy was well executed, resulting in a new hospital in Milford, which, by all measurables, has been a great success.

The second prong of that

strategic vision was to better serve the youth of Lower Delaware.

This fall, a Nemours Clinic on our Sussex Campus will be open to accomplish that objective.

And the third part of the strategic vision was the Route 9 Medical Complex.

As we go forward, it has been extremely gratifying for me to witness Bayhealth's leadership role in developing a plan and executing a plan to provide Lower Delaware with access to quality healthcare.

Now, as Board Chair, I'm more committed than I've ever been to seeing this vision become a reality.

The important part of this effort, we acknowledge, will be a balance between creating access to healthcare, quality healthcare, but also, importantly, reducing costs.

The proposed Hybrid ED as part of the multipurpose Route 9 Medical Complex, I think is a great example of that balance.

Our Board of Directors has unanimously approved the Hybrid ED and the Ambulatory Center.

And I respectfully request that the Committee approve our application.

At this point, I will turn it back to Mr. Van Gorp, who will be speaking on behalf of our CEO, Terry Murphy.

John.

MR. VAN GORP: I will now share a statement by Terry Murphy, our President and CEO:

I would like to thank the Review Committee for their time and consideration of our application for a Freestanding ED on Route 9.

Let me begin by stating that Bayhealth was listening, as our previous application from last year was being discussed by this body.

We take the role of health planning very seriously and feel that our current application fully addresses the Health Resources Management Plan by, one,

addressing community need and improving access.

Two, reducing healthcare costs.

And three, improving the overall quality of care to the people of Delaware.

First, regarding community need and access, our application addresses an unmet need in one of Delaware's fastest growing populations. An area with issues of access to care, Bayhealth is proposing a comprehensive approach to serving the healthcare needs of Sussex Countians through the development of our Route 9 Ambulatory Complex.

Our Route 9 strategy allows us to bring a comprehensive approach to care under one roof. We will improve access to much needed primary care services by recruiting up to six providers in the facility with a vision of expanded hours, and provide availability of same day appointments.

Bayhealth is investing heavily

to bring physicians to the community by introducing a Graduate Medical Education Program beginning in 2021 that will provide residency training and family medicine and internal medicine. We look for many of the doctors to stay in the community.

We will improve access by providing a wide variety of physician specialists at the site, including cardiology, orthopedists and general surgery.

Our physicians and patients will have full access to the Telehealth platform. Bayhealth has made significant investments to the Telehealth services to the community.

We will improve access to diagnostic services by providing CT, ultrasound, X-ray and a full service lab on site. And we will improve access for providing ED and walk-in services through the Hybrid ED.

All segments of this strategy will be coordinated to guide the patient to the appropriate level of care needed, all in

one convenient location.

Further, our complete system will support this campus and the community it serves.

Second, we believe our application addresses the most innovative way to control healthcare spending without sacrificing access for this part of Sussex County.

Our data shows that Bayhealth and its physicians have the lowest per member per month costs and the lowest emergency room utilization in the State in managing the health of our Medicare patients as part of a statewide Accountable Care Organization.

This ACO includes the other Delaware acute care hospitals who have the collective goal of improving quality but lowing costs.

This slide shows how Bayhealth compares to other ACOs across the country and how we compare to regular Medicare Fee for Service Programs with significantly lower utilization and costs.

Additionally, we are proposing an emergency care delivery model that includes a Hybrid Emergency Department that is a full scale Freestanding ED, that only charges emergency room rates for those who are true emergencies. All others will be charged a walk-in rate.

The result is real dollar savings to payors and improved access to the community it will serve. This is a model that is shown to reduce overall emergency room visits and healthcare spending in other markets, but will be unique to Delaware.

With our experience with managing ED utilization with our care partners in the eBright ACO and this new Hybrid ED delivery model, it addresses the cost issues without scarifying needed access for the fast growing and older population.

Third, we believe that this facility will positively impact healthcare quality by reducing overcrowding and the need for existing emergency rooms to go on diversion status.

In a recent Journal of Health Economies study entitled "Swamped: Emergency Department Crowding and Patient Mortality," authored by Lindsay Woodward from the University of South California, the study concluded by stating, "The results suggest that ED crowding expedites patient step. If the average patient is exposed to 10 percent fewer than other patients, this reduces the likelihood of dying in the next 30 days by 24 percent. It reduces the likelihood of dying in the next 6 months by 17 percent. ED crowding contributes to patient mortality."

We believe the Hybrid ED we are proposing not only preapproves access, quality and service, but reduces ED utilization and costs and addresses the Health Resources Management Plan. Bayhealth's best position to elevate the provision of healthcare services for Sussex Countians.

I thank this Committee for challenging us to rethink how we deliver care to our community. And we are excited to

present you our application and appreciate your consideration.

Thank you.

So, that concludes the statement from Mr. Murphy.

I would like to now move forward with our formal part of the presentation.

So, while we are proposing a Freestanding Emergency Department, again, it is a big component of a larger comprehensive ambulatory model with a major focus on increasing the primary --

COURT REPORTER: Mr. Van Gorp, could you please repeat that? There is a lot of noise.

MR. VAN GORP: We're proposing a Freestanding Emergency Department that is a component of a larger ambulatory model. But a key part of this is primary care and having access to primary care is key to keeping ED utilization low.

This complex will also have a variety of specialists, diagnostic services,

as well as the Freestanding Emergency Department.

Next slide. This will be no ordinary ED. We are proposing an ED that is a Hybrid ED, combining the cost effectiveness of a walk-in center with the full treatment capabilities of an ED.

All patients presenting to the ED will receive a medical screening exam and a determination will be made as to whether they require walk-in or emergency care services. Only patients who medically qualify as an emergency patient will be charged the emergency department rate. Those who are walk-in patients will be charged a walk-in clinic rate, essentially a 24-hour walk-in clinic in the emergency ED in one location. The result is improved service and overall reduction in ED utilization and costs.

We'll go into how this works shortly, but I want to first address the point of why we chose the location that we did and the need for this service.

The location of the facility was determined after an assessment of the area that we performed periodically to determine if a population has access to needed medical services.

We noticed and we met physician and diagnostic centers in Sussex County. There were services in a big circle, if you follow from Lewes to Milton to Georgetown to Millsboro creating a donut hole in the area of Harbeson on Route 9.

Further, we noticed the majority of services are on, or east of Route 1, which is a major barrier to access due to the time it takes to cross or navigate.

We found that the location -- next slide -- in the middle of the circle would be the best location for an ambulatory center, to improve access to medical care for the fast-growing area west of Route 1 and give residents an alternative to care instead of crossing the busy Route 1.

Next slide. And we use that circle to, essentially, define our service

area, which is shown here, which shows west from Route 1, south to Millsboro, west to Georgetown and north to Milton.

Next slide. This area, about the size and population of the Middletown Zip Code, has had and is projected to have the second highest population growth in the State, particularly among seniors, trailing only Middletown. This slide shows the historical and projected growth and population in Middletown and our proposed service area.

Next slide. When you segment the service area further, the vast majority of the growth is taking place in the area west of Route 1 and east of Route 30, which is the line that separates the green from the brownish color on this slide.

The table shows that historical and projected growth for the areas. The area east of Route 30 has had and is expected to have over 75 percent of the growth in the population in this area, mostly in the unincorporated areas of the service area.

Next slide. This growth is validated by the number of new housing developments approved by Sussex County for the five-mile radius around our proposed site with approximately a thousand residential permits approved per year for the last three years. Several new developments have been approved immediately around our site and more are being discussed and negotiated. The area is growing exponentially.

Next slide. With growth comes traffic. And most people in Delaware are aware of the traffic headaches of Route 1, particularly as you approach the beach community.

The information on this slide is from DelDOT. The intersection of Route 1 and Route 9 is insufficient to handle the current traffic load. Drivers should expect to sit through multiple traffic signals. It takes two to two-and-a-half times as long to travel Route 1 during peak times.

We discuss in our application that Route 1 is a significant barrier to

access to care, particularly in an emergency. It is extremely difficult for people on the west side of Route 1 to access the emergency room when minutes matter. Ambulances carrying patients from west of Route 1 not only have the delays in reaching the hospital, but then experience delays in returning back across Route 1 to be available for area residents. This could be alleviated with the introduction of our proposed Hybrid ED.

Last year, both Beebe and Bayhealth acknowledged the need for a Freestanding ED west of Route 1. Here are a couple of quotes from Beebe's Georgetown application addressing similar concerns as Bayhealth.

Next slide. Quotes in their application, "The growth in Sussex County has not been matched with improvements in transportation infrastructure."

"During peak travel times, travel from The Circle in Georgetown to Beebe Healthcare in Lewes can take up to

50 minutes."

Next slide. Similar statements were made in Beebe's Millville application that echo our arguments. "The crowded Highway 1 creates roadblocks to accessible care."

"EMS travel time back from a patient transport to the Emergency Department in Lewes can take up to 90 minutes during the busy tourist season."

"Route 1 is a barrier to accessing emergency service and is why it serves as the Eastern border of our proposed service area."

Next slide. Having Bayhealth's proposed Hybrid ED available on the west side of Route 1 will not only improve access and convenience, but will also help improve service and quality of care by decompressing the existing EDs at Beebe and Bayhealth Sussex Hospital.

The result is improved throughput and lower wait times at all facilities.

Further, there should be a significant reduction in ambulance diversion, easing the stress on EMS and emergency services in Sussex County.

Overcrowding of EDs also impacts mortality rates, as we talked about previously. A major study released earlier this year, the introduction of an additional ED in an area reduced wait times, patients leaving without treatment and diversions. This resulted in lower mortality rates of all EDs in the area.

Next slide. Reduced wait times is a significant benefit of Freestanding EDs. This chart shows the wait times at Beebe and Bayhealth Sussex compared to Bayhealth's Freestanding ED in Smyrna.

Patients going to our Smyrna Freestanding Emergency Department can expect to wait over an hour less than either Beebe or Bayhealth Sussex. By having a Hybrid ED and converting many of those patients to a walk-in service, the wait time should be even less at the Route 9 facility.

With the additional ED, the other hospitals will benefit operationally from improved throughput and improved service. Beebe acknowledged the benefits of decompression in their Millville and their Georgetown applications as mentioned in these quotes on this slide. With decompression, service should be improved at all EDs.

Next slide. Improved service typically equals improved quality. Care is provided faster when needed. Our proposed facility is a true emergency department, providing the vast majority of services provided in a hospital ED.

By having better and more timely access to emergency care on the west side of Route 1, patients in an overdose or other critical situation where minutes matter have improper patient outcomes.

Further, patients will have the benefit of Bayhealth's Planetree model of care, a holistic approach to care entrusting sociological, psychological, spiritual, as well as physiological needs of the patient.

Patients will also receive the benefit of care coordination through the Bayhealth system in the event additional services are needed outside of the ED.

Next slide. While I have discussed improvements in access, service and quality, the unique attribute of our proposal is the incorporation of a walk-in component to lower utilization of ED services, which, in turn, lowers the costs of care.

We are not aware of anyone on the East Coast doing what we are proposing. However, we did become aware of a company in Texas that is providing the type of service that we were hoping to do. This company is Intuitive Health.

Bayhealth has signed a Letter of Intent with Intuitive to assist in the development of a Hybrid ED should it be approved.

Thom Herrmann, CEO of Intuitive Health, is here to explain how this truly unique service for Delawareans would work, and define the savings this project will

bring to the community.

But before I turn it over to Thom, I would just like to summarize on the next slide that we believe this revised application addresses all the key components of the Health Resources Management Plan, as shown here.

With that, I will turn it over to Mr. Herrmann.

MR. HERRMANN: Thank you for the introduction, John.

Good morning to everybody.

John, will you pull up the next slide, please, or Nicole. Sorry.

As John mentioned, I am the CEO of Intuitive Health. We partner with health systems around the country to operate combined ER urgent care facilities, our ER and walk-in facility.

The first slide here is just a look at some of, I guess, the initial reason for our new model, which was, when you look at healthcare spend in the United States, there's a tremendous amount of waste that is

spent on avoidable ER care.

So, over the last ten years, there has been a rapid increase in the utilization of ER services. And over that same period of time, it has been determined that many of those patients seeking care in the emergency department could have sought care in a lower acuity setting.

This study that was done by -- actually was published in The American Journal of Emergency Medicine suggested that over roughly $90 billion dollars a year could be saved by shifting those patients from an ER setting to a lower acuity walk-in type setting.

Next slide, please. One of the reasons why there continues to be so much inappropriate utilization has to do with the fact that patients are confused about where to go.

So, we had a survey that was conducted, where over 700 potential patients were interviewed. And they were asked about eight common conditions, everything from a

heart attack to a general physical exam, where is the most appropriate site of care to seek treatment. And you can tell from this graph that, on the book ends, patients were pretty clear if they're having a heart attack that they should probably go to the emergency room, or if they needed a general physical exam, it was probably more appropriate to go to their primary care physician.

But as you get to the middle, things like bone fractures, severe cuts, back pain, fevers, there's a lot of confusion as to the most appropriate site of care. And this is despite the fact that health systems and payors have spent, literally, millions of dollars every year trying to educate patients on where to seek care and when.

And I will tell you, this is not just an issue for the unfamiliar healthcare utilizer. This is also a problem for folks that have been in the industry.

One of the things that attracted me to Intuitive Health and the model of providing emergency services and

urgent care in the same location was that, as a father of three, there have been several circumstances where I've had one of my kids come down with a fever or get hurt out playing and I wasn't exactly sure whether they needed to go to the emergency department or the urgent care center. And in my case, knowing the cost implications of going to the emergency center, I generally would go to the walk-in clinic.

And one example, my son had a fever, 102.5 at seven o'clock at night. And I felt more than likely it was going to go down, but it was at that threshold where I wanted to be safe. So, I decided to take him to the local walk-in clinic. We were there for about an hour-and-a-half. My son was evaluated by a provider. And the provider essentially said, your son more than likely is going to be fine. This will probably start to resolve on its own. But there are at least a couple of tests that we would like to run that we don't have available here. And so, I recommend you go to the emergency

department.

So, I've been in the industry for 25 years. And I then had to take my son across town to the emergency department where I spent another three-and-a-half hours only to find out that he was going to be fine and that the fever would resolve on its own.

But in that scenario, I knew what a walk-in clinic was. I knew what an emergency center was. And yet, I ran into a situation where I had a very challenging customer service experience with an uncomfortable son. And I ended up getting two bills. One small bill from the walk-in clinic. And one very large bill from the emergency department.

If there was an Intuitive style center, the type of center that Bayhealth is proposing here, I could have saved time, would have saved costs to the healthcare system and certainly would have provided better piece of mind.

Next slide, please. Our model is really trying to simplify the way that

patient access medical care. No need to self-triage anymore. If you have any sort of immediate care concern, you can come to one very conveniently located location where you're going to have easy parking, easy to get in and out of. You're open 24 hours a day, seven days a week. You don't require an appointment. You can see a provider generally in less than ten minutes. And if it turns out that you need life-saving emergency care, we have all of those services available; CT, X-ray, ultrasound, moderately complex lab, ER physicians, all in a single convenient location.

But if it turns out you only needed a lower level urgent care type of service, you're going to get billed as though you were a walk-in care patient.

So, when you look at the things that patients care about on the right-hand side here, hours, wait time, acuity capability, simplicity and value, you can tell that this combined emergency walk-in care model really stands out from the other

options available to the community.

No need to self-triage. And you only pay for the care you need, I think, is a compelling value proposition to the members of the community.

Next slide, please. We went through the process of trying to estimate the cost savings to the community by having this combined emergency walk-in model. And this is just a look at the calculations.

So, existing emergency visits in the last 12-month period that was looked at, there were roughly 18,589 visits. It's believed, based on a consultant's report, that there may be some increased utilization or increased demand by having this service available. And they estimated that to be about 2,231 additional visits.

And so, the new total number of potential ER visits in the community would be about 20,000. Of those 20,000 we're projecting that roughly 9,161 would seek care at this new Hybrid facility.

But because of our model, we

recognize that, of those 9,000 patients that come in, a good chunk of those patients are not going to require ER level services, and, therefore, they are going to be converted to a walk-in visit. And we estimate that's just a little under 4,000. And so, if you back out, the increase in demand, the 2,231, that is a net reduction of 1,656 ED visits.

In our estimate, in that bottom box below, we estimated that each ED visit that's avoided is a savings of, roughly, $1,400. So, that would equal $2.5 million. Whereas, those patients now are going to be billed as a walk-in visit, and we just guesstimated on a high end. We put $185 in for this calculation. That would offset those savings by $300,000 resulting in an annual savings of over $2 million to the community.

Next slide, please. So, the benefits to patients, I think, are pretty clear. No need to self-triage. Any time you have an immediate care need, show up to one convenient location knowing that you're going

to get the highest level of services you require but only have to pay for the services that you actually need. We're open 24 hours a day. You're going to see a provider in generally around five minutes. We're going to get you in and out of the facility very quickly. For a walk-in, our average is around 40 minutes. For ER, it's a little bit higher. It's around two hours. And you're going to get the right bill.

So, the vast majority of the time, you're going to receive a bill that's going to be urgent care. Our average nationally is about 80 percent of our patients are billed as an urgent care rate, as opposed to an ED level. So, it's the right care at the right price conveniently located.

For the payor and employer side, it is cost-effective utilization. Their patient comes to this type of a facility. They know that the chances of them receiving a walk-in visit rate, as opposed to being billed as an emergency visit are very

high. As I mentioned, that happens about 80 percent of the time at our centers, which ultimately is going to result in lower expenses to the employer.

There is also not going to be a duplication of charges. You're not going to have the situation where a patient shows up at a walk-in clinic only to find out they need to have a second service at an emergency department.

So, by saving that time and money, it's a chance to get patients back to work quicker. Ultimately, it is improved utilization, lower costs and back to work sooner.

Thank you.

MR. VAN GORP: I believe that concludes our formal presentation.

MS. SUDER: Thank you, John.

Joanna Suder, Deputy Attorney General for the Board.

The Board will now invite Members of the Public to step forward and provide comment on the application.

I do have a sign-in list. I will be reading names from that list. I would ask that you please state your name before you begin speaking as we are keeping a record of all comments received.

First, we have Dr. David Tam from Beebe.

DR. TAM: Good morning. First, I would like to do a sound check.

Can you hear me okay?

MS. SUDER: We can.

DR. TAM: Thank you very much.

Ladies and Gentlemen of the Health Resources Board, my name is Dr. David Tam. I am the President and CEO of Beebe Healthcare.

And we are here today because we are speaking on behalf of Beebe Healthcare in strong opposition to this application to the Delaware Health Resources Board by Bayhealth for a Freestanding ER on the corner of Route 9 and Hudson Road.

I do have some prepared comments, but I will modify them now that I

have seen the presentation made by the Applicants of this proposal.

First, if I may, the opposition I have or that Beebe Healthcare has is based upon three contentions.

Number one, the fact is that, this same Board reviewed literally less than one year ago a similar proposal for a Freestanding ED just a few miles away and determined that there is no need for a Freestanding ED in this location.

There has been no change in the requirement since. In fact, the data trends that we have seen over the last five months demonstrates that ED requirements have gone down. And, in fact, there are less people accessing the EDs throughout the country, certainly here in Sussex County at Bayhealth, Nanticoke and Beebe Healthcare.

And as a result of that, this service area has also shown that we actually need more of what the HRB has said in the past. We need more walk-ins. We need more primary care and we need more specialty care

services. And as a result, as you all know, we continue to build and grow those kinds of services in Georgetown, just a few miles away, as well as in other parts of Sussex County.

So, the first contention is, truly, that there is no need at this time, based upon the HRB's own assessment less than one year ago, for a need for a Freestanding Emergency Service or Emergency Department, which is what this hearing is all about.

Our second contention is, this Hybrid model is flawed and is not consistent with what Delaware needs and what this area needs.

If you looked at the data, and I'm looking at my notes here because it was the first time I was able to see the presentation made with respect to the Freestanding ED and the conversion to walk-ins. It states that there is approximately a 40 percent conversion from Freestanding ED to walk-in type business here in this model.

The fact of the matter is, we

have done an analysis at Beebe, and it is consistent with other locations where the actual conversion to the type of care that can be performed at a walk-in as compared to an emergency room is closer to 10 to 20 percent.

In other words, people here in Delaware actually use the emergency room in a consistent and appropriate manner.

And so, to be perfectly frank, creating a Freestanding ED where someone is actually triaged -- and I'm a pediatrician so I understand exactly what Mr. Herrmann was talking about -- if you have a process where someone is actually triaged and evaluated and, then, determined whether they're ER or walk-in, the fact of the matter is, having this kind of a Hybrid model impairs or worsens the ability to get appropriate care quickly to an ER level care when needed in Sussex County.

And so, to be perfectly honest, the fact is, that having a Freestanding ED and Hybrid walk-in model is not consistent

with the type of care that is being delivered in Sussex County. It may actually worsen or delay the type of care that is necessary for that patient to get better.

I would also then state that, based upon the financial savings model, the financial savings model was still based on the 40 percent conversion rate. And I would contend that this needs to be looked at more carefully because our data has shown that this is actually more of a ten percent conversion or a possibility of conversion.

And so, if that number is truly ten percent and not 40 percent, that savings demonstrated or projected in that study would not be appropriate or applicable here in Delaware as compared to what is proposed by Intuitive, a retail model.

The last thing I'll mention is that, we have more than adequate resources for extended walk-in services in the area. Once again, following the decision made by this very same Health Resources Board, we have worked hard to increase the amount of

walk-in care, primary care and specialty care in the Sussex County area and along that corridor that is the area of description and contention with respect to Route 9, Route 1 and Route 13.

There is no need for a Freestanding ED, as, once again, defined and determined by this very same Board. And it is our contention at Beebe Healthcare, that having a Freestanding ED/walk-in care is probably not the best appropriate utilization of resources. In fact, the data appears flawed and certainly is not consistent with how healthcare is delivered here in Sussex County, in Delaware.

As you know, I am relatively new to the area, having been the President and CEO of Beebe Healthcare for the past five months. And I have identified with our team that the ER services are actually declining in terms of need and, as such, we have shifted to creating substantial increased access for walk-in and primary care using everything from telemedicine to increased

access in our actual physical sites.

This is what Delaware, and this is what Sussex County needs, not another retail partner that will take the information that we have and create potentially more of a problem with walk-in care and patients getting the appropriate level of emergency care and potentially increasing our costs rather than decreasing them.

On the basis of these contentions, Beebe Healthcare strongly recommends that this request/proposal for a Freestanding ED in this area is denied by the Health Resources Board.

In fact, we applaud the growth of continued walk-in office space and specialty care. But the ED is not necessary in this area.

Thank you.

MS. SUDER: Thank you, Dr. Tam.

Next up we have Dr. Paul Cowan.

DR. COWAN: Are you able to see and hear me okay?

MS. SUDER: We can hear you,

Dr. Cowan. We cannot see you.

DR. COWAN: How about now?

MS. SUDER: Now we can.

DR. COWAN: Perfect. Thank you.

My name is Paul Cowan. I'm an Emergency Medicine Physician in Lewes. I have been practicing emergency medicine here for the last 18 years.

In full disclosure, I'm the Chief of the Department. I'm also a member of a private practice that provides emergency services.

I have three quick points. I promise they will be quick.

The relevance of me being in private practice is that, I've watched very closely the levels of care that we've provided in Lewes and, quite frankly, Harbeson for the last 18 years. So, I'm somewhat an expert in that area.

Dr. Tam is correct. Currently, less than ten percent of the patients seen in Lewes are Level 1/Level 2 visits. Even if

you added Level 3 visits, that number is less than 20 percent. So, analysis would suggest that 40 percent of the patients in Harbeson, I believe, is full.

And as you've heard from during the presentation, Beebe has developed a significant access to walk-in centers in the area, perhaps that's not otherwise developed elsewhere in the State. But as the walk-in centers have developed over the years, the number of lower acuity patients has significantly dropped in our department. So, I don't believe the number, 40 percent, is accurate in Harbeson, based on my experience.

My second comment is really the elephant in the room. They've elected to attempt to build a Freestanding Emergency Department 7 miles from the largest emergency department in the County.

You know, when you think about Bayhealth, they describe their primary service area as North of the New Castle County line to -- I guess now they're describing the beach as their service area.

My question to them is, why you would build a Freestanding Emergency Department adjacent to your competition when you have such a huge swath of the State that is relatively uncovered right now.

If you think about the movement of their Milford site from Downtown Milford to east on Route 1, they have further alienated the patients on the Western side of both Kent and Sussex Counties.

So, it doesn't seem like they -- there's clearly not a need seven miles from an emergency department for a Freestanding. My question is, when do they plan to build a Freestanding on the Western side of the area to meet their current needs.

And my last comment is to the Members of the Resource Board themselves. It's hard to believe that, less than a year ago, you didn't see the need for a Freestanding Emergency Department in Georgetown. And I respect your time and opinion with that. But given that, it's hard to believe that you could be moved to build

an emergency department that's that much closer to an already established hospital.

So, I thank you for your time.

MS. SUDER: Thank you, Dr. Cowan.

Next up is I.G. Burton.

MR. BURTON: Can you hear me?

MS. SUDER: Yes, we can.

MR. BURTON: My name is I.G. Burton. And I'm the County Councilman for District 3, which encompasses this area.

I want to thank you for this opportunity to speak. And I'll tell you, I have a lot of facts in my speech, but mostly it comes from the heart because I live in this area.

I am an elected official representing District 3, which covers the Southeast portion of the County.

This proposed location for the Bayhealth complex is in the heart of my area of responsibility. If anyone knows what's occurring as far as land use and public outcry, it's me.

This area is experiencing explosive growth, both in commercial and residential development.

The planned residential growth in the next ten years within a five-mile radius of this site is projected by Sussex County Planning and Zoning Department to be 6,057 homes.

Using the average household size of 2.5 people per home, that calculates into just over 15,000 people just within this five mile circle.

Since the last application until today, in the same circle there have been an additional 840 dwellings that have either been approved or pending. And an additional 365,000 square feet of commercial space that has already been approved.

The growth in Sussex County is not taking place in municipalities. It is taking place in the unincorporated areas of Sussex County.

Sussex County is experiencing the most explosive growth in two areas. One

is the area that this emergency room -- this Bayhealth project is proposed, followed by a close second to Millville that was just approved for Beebe's Southern Freestanding Emergency Room.

So, thank you for approving that. But it's second in growth to this area. The number of residential and commercial units around the Bayhealth site do not reflect the interest by developers and/or the ongoing negotiation between the landlords and developers, landowners and developers.

The lands completely surrounding this site are being viewed as possible development opportunities.

The Freeman Company has sent a letter of support for this need in this area to support their future plans.

The Freeman Company are the developers of Bayside Americana, Bear Trap Dunes and Sea Colony. All three of these are large-town-center type developments. This is what they do, large town centers.

If these lands were to be

developed similar to their other developments, I would not want to speculate, but the impact would be huge and dramatically increase the population around this site above the 15,000 that we've already talked about.

This entire area is being pursued for development. The Director of Waste Management and Operational Compliance for Artesian, a utility company for water and sewer, is Rodney Wyatt. And he stated to me that this area is the second hottest area in the State, with Middletown being number one. Artesian is investing over $50 million to serve this area with new sewer treatment, sewer and water treatment plants. They recently just constructed a water tower just off the site.

These type of investments would not be made if they didn't think there was more opportunity and the ability to pay for it through end users.

There's also a new bike trail that bisects this area, connecting

Georgetown, Lewes, Milton and Rehoboth. This Sussex County amenity has greatly added to the desirability of this area. It is in my opinion that this area will continue to experience this growth because of its location, close to the beach without the crisis of the beach.

However, if you are a resident in this area and want access to emergency services at Beebe, you have to drive across Route 1 and the Five Points intersection with the problems associated with that choice.

Route 1 is both a physical barrier and a mental barrier. There are no overpasses over Route 1, causing uncertainty and backups year-round. Nor are there plans for an overpass or relief route over to Route 1.

With all of the growth that is projected west of Route 1, the traffic on and trying to get across Route 1 will only get worse.

I have lived on the west side of Route 1 and near the Five Points

intersection for the last 28 years. Downtown Lewes has always been considered by my wife and myself as our town.

However, in the recent years, although we still consider it our town, we choose not to patronize it as often as we would like due to the impossible road congestion. Getting up to the light at Five Points is sometimes three and five cycles. Then, to cross on to Savannah Road, which draws down to a one-lane road going into Lewes, only to stop again and again by a series of more lights and traffic all trying to get to the same area, is stressful and an unpredictable task. When choosing to drive in Lewes, we always consider these factors.

Unfortunately, when it becomes a medical issue, the road network is the same.

East of Route 1 is different than west of Route 1. Getting from one side to the other is almost impossible. The growth is and will continue to be west of Route 1. We must accept this fact. And we

must have services where the growth is.

In reading Beebe's response stating that locating a healthcare -- and this is a quote, "Locating a healthcare service on Route 9 adjacent to the Town of Harbeson having a population of 2,123 does not improve the access for the majority of the residents of Sussex County." It's, quite frankly, disingenuous and disappointing coming from an organization that I hold in such high standard.

The decision you made when you approved Beebe's location for the Southern Emergency Campus in Millville should be the same reasons you approve this location. The present growth and future growth of this area deserve access to healthcare.

Thank you. Thank you for this opportunity.

MS. SUDER: Mr. Burton, we have been asked if you would disclose any affiliations with Bayhealth if you do have them?

MR. BURTON: I'm a past

Chairman of Bayhealth. And I'm a Member of the Planning Commission at Bayhealth.

MS. SUDER: Thank you. Any subsequent speakers, if you do have an affiliation with the Applicant or any other entity, please disclose them before you begin your comments for the record.

Next on our list we have Dr. Kelly Abbrescia.

DR. ABBRESCIA: Good morning. That was excellent pronunciation.

I am Dr. Kelly Abbrescia. Can you guys hear me okay?

MS. SUDER: Yes.

DR. ABBRESCIA: Excellent. I am affiliated with Bayhealth. I'm the Medical Director for Emergency Services. I've been with Bayhealth for 17 years. And I've been practicing emergency medicine for 22 years. And I'm responsible for the three EDs currently at Bayhealth.

I wanted to speak about our Smyrna Freestanding ED experience.

As you may know, we opened it

in 2012 to provide better access to care. It is a fully licensed emergency department. And we see about 18,000 visits a year.

We do offer comprehensive emergency services, which means you can get, as was mentioned, labs, X-rays, CTs, ultrasounds, MRIs. We have full availability to do the medical care that we need to do.

It was mentioned, we do have a much shorter length of stay than the other EDs at Bayhealth. It is less than 100 minutes. That means arrival to discharge is less than 100 minutes. And we have excellent patient satisfaction, probably because of decreased wait times, quick care and quick dispositions.

And it also has helped in why we initially built the Smyrna ED, which was to offset volume at Bayhealth Kent. And as you may or may not know, Bayhealth decided three years ago not to go on divert. So, that's a big deal, because we're the only hospital here and ED here. So, if we go on divert, then patients have to travel quite a

distance to get emergency care. So, we made that decision. So, no matter how crazy it gets, how many patients are here, we do not divert EMS services, which is quite challenging sometimes, but I completely agree with that. And it really helps having other facilities that the patient can go to.

Our patients definitely tend to be lower acuity in Smyrna. About 50 percent are the fast-track patients -- those easy patients -- compared to the Kent campus having about 15 percent and the Smyrna campus ED has about 22 percent.

We do accept ambulances there. We never decline them. It was our policy when we started this to accept ambulances when they arrive and not say, "You know what, that sounds too complicated. Why don't you go to a different ER?" And we don't do that.

We are available to help stabilize critical patients prior to transfer. And we can do a vast majority of services that the other EDs can perform. It has amazed me, as the Medical Director, how

many times we've had to do this.

We've had people with significant head trauma after a jack failed on a car. They threw them in the back of the truck and drove straight to Smyrna ED where we had to intubate the patient. We've had to do surgical crikes in the Smyrna ED. And we have complete capability and training to do all of these. We can put breathing tubes in. We can put large IV in the large veins in your groin or neck and give life-saving heart medicines and blood pressure support. We can deliver babies. We can do cardiac pacemaking if your heart isn't beating right. Quite a few things you can do that you wouldn't think would be available in an urgent care.

And this is very important. And like I said, it always amazes me when we do have to provide these services.

We are all board-certified physicians that work in the Smyrna Emergency Department. And they also have special training with advanced cardiac life support, advanced trauma life support and pediatric

advanced life support. So, they can handle anything that walks in the door.

This is an example of some of those. Our emergency care, we do quite a few heart attacks, strokes there. We have given the TPA, which is the clot buster for strokes there. We can handle fractures, dislocations. We've had several severe anaphylaxis where your tongue swells and you lose your airway and we're able to save these people's lives. Severe headaches, bleeds in the brain. We do sexual assault exams there and complex breathing ailments.

But we're also able to handle the coughs, colds, flus, sinus infection. That's about 50 percent of what we see. You can take the slide down, please. Thank you.

We've also had a few episodes where an ambulance was on the way to Kent, or, perhaps, Christiana and they were unable to put a breathing tube in. And having a Freestanding ED allows that ambulance, and we do have a protocol, where they can stop in our Freestanding ED in Smyrna, the physician

puts the breathing tube in if the paramedics are having trouble. Or we've also done that cricothyrotomy where they open up the neck and, then, stabilize the patient and allow them to progress to the emergency department for more appropriate care.

We talked a bit about diversion. It also decreases EMS transport times, if they're able to get in, drop the patient and get out. They're not waiting for a bed assignment if the EDs are busy. And it allows a rapid turnaround time so they can get out for the next call.

I do agree with Dr. Tam that we did see a decrease with the Covid Pandemic in the ED volumes. Obviously, that was due to being told to stay home orders and everything else.

It's interesting. I even did several television interviews trying to tell patients because we were seeing that patients with strokes and heart attacks weren't coming in. Well, I'm very happy to say they're back. In fact, all of our EDs, and this was

seen across the nation, all of our EDs are back up to normal volume. In fact, yesterday, we saw 30 patients more than we normally see at Kent. So, we were 30 over. It was crazy. So, we're definitely seeing the volumes back.

But what Smyrna also provides and what we saw in emergency departments across the nation is, with Covid, a lot of primary care physicians were not seeing patients. Some were providing Telehealth, but not all patients have the IT capability to use that.

So, we did have patients coming in, again, needing prescriptions refilled, running out of medications, having complaints that they could not get in to see their primary doctor. And this is, again, where that Hybrid ED is, again, very helpful.

We have excellent staffing at Bayhealth, as mentioned. We are hospital employed. Since we became hospital employed with Bayhealth in 2018, we have been able to hire 13 new ED physicians and seven new

advanced practitioners, meaning PAs and NPs.

I currently have several applications. So, staffing in other emergency departments certainly wouldn't be an issue.

And one of the nice things I'm very proud of is, if we do have a patient come to the Smyrna Freestanding ED who needs admission, Bayhealth does provide ambulance transportation at no cost to those patients. That isn't common and doesn't happen at other facilities. So, if you do need transfer, you do not receive a hospital bill for that transfer if you are going anywhere between Kent, Sussex or the Smyrna Freestanding ED. And we would use that same policy for that new Freestanding ED, if it should be approved on Route 9.

Does anyone have any questions for me?

Okay. Thank you very much for your time. I certainly appreciate that. And we can go on to the next person.

MS. SUDER: Thank you,

Dr. Abbrescisa.

The next speaker is Dr. Jay Woody.

DR. WOODY: So, my name is Dr. Jay Woody. And I am the Chief Medical Officer of Intuitive Health. I'm board certified in emergency medicine and have been practicing emergency medicine in traditional hospital settings, Freestanding ERs and in the Hybrid format that we are discussing today. So, I have about 22 years experience doing that.

So, I would really just like to focus today a little bit on the model itself, just to make sure everybody understands exactly how that works and sort of the patient flow and how determination of billing walk-in versus ED is made.

So, I'm going to kind of walk you through the process very briefly. And, again, this is all about simplifying access to high quality healthcare that is very patient centric, just something that's very important to me and I think most emergency

medicine physicians.

And this takes all that guess work out of patients having to decide whether to go to walk-in or whether to go to ED. And it definitely diverts ER over-utilization which helps all of us in the community.

So, the process is, all patients present to one door, one facility. They are all seen and evaluated by a board-certified emergency physician. So, there is no triaging of patients before they are seen by the provider.

The determination of whether the billing is walk-in versus ED is made based on the resources that are required to evaluate this patient.

So, like we just heard, this Freestanding ER is a fully licensed emergency department. And so, it has capabilities like CT scan, ultrasound, advanced laboratory, labs such as cardiac enzymes and things like that.

So, a patient is seen by a provider. The provider decides what is

required to evaluate that patient. And those tests are ordered or modalities are ordered. And, then, based on what is ordered or the resources needed, that is what determines the billing status.

And so, for example, the criteria is very objective. And so, without going into details, for example, if it's something that you can only get at a hospital-based ED, such as CT, then that would be ER billing. Everything else outside of that is walk-in, is walk-in billing.

And so, one thing that we've done because we want to make sure there's complete transparency for all of the patients so there's no confusion of what type of billing they will receive, if a patient is going to be receiving ED billing based on the evaluation that's needed, we do a secondary acknowledgement with them just to make certain they understand that and they fully are aware of what type of billing they will receive from their visit that day.

Again, this is not something

that's required, but we feel it's important to make sure all of the patients understand because healthcare billing is so confusing.

One other thing that I would like to comment on because it was brought up by a couple of other witnesses is, our experience, and we have a vast amount of experience all across the United States as far as the percent of walk-in visits billed versus ED visits billed. It is much higher than 50 percent, as some alluded to. And I think there is definitely some data that we would be happy to share with the group, if that would be helpful.

But across the board, we're seeing 70 to 85 percent of all of our visits and all of our sites throughout the country are walk-in visit only. So, I definitely think that is important to point out, because that translates, as you saw, into millions and millions of dollars of savings. That's something that would be very valuable to the citizens of Delaware.

The other thing that this model

offers is that it definitely provides more access to care for patients. And in particular, this model is going to provide primary care and Telehealth, all those other things that it sounds like are important.

So, again, I am strongly recommending that this is something that could definitely work in Delaware. And we would be very supportive of the application. I think it adds a lot of value and improves access to patients.

Thank you. I'm happy to take any questions if the Board has any.

MS. SUDER: Thank you. Before we go on to the next speaker, which is Dr. Bryan Villar, I just want to ensure that the comments are not becoming overly repetitive. I believe that the majority of our last witnesses or last speakers have been representatives from Bayhealth.

So, Dr. Villar, are you presenting material that we have not already discussed?

I believe you are still on

mute, sir. Sorry.

DR. VILLAR: Hi, good morning. Can you hear me?

MS. SUDER: Yes.

DR. VILLAR: So, the material I am going to be discussing is pretty much the same material that I discussed last year.

MS. SUDER: Sorry. But is it different than what has already been discussed today?

DR. VILLAR: It is different in terms of my own experience. So, I would like to speak on behalf...

MS. SUDER: Okay. If you could just limit your time. We are running a bit long.

DR. VILLAR: Good morning, everyone. I hope you can hear me.

My name is Dr. Bryan Villar. I have been practicing in Sussex County as a family physician for 13 years. And I am with Bayhealth, with Bayhealth Family Medicine here in Georgetown. I've been here for over ten years. I see patients from infancy up to

the geriatric age.

Last year, I voted in support for this Bayhealth plan, for the Freestanding Emergency Room on the Corners of Route 9 and Hudson Road.

As we all know, the nearest emergency room to Georgetown is Beebe Hospital on Savannah Road in Lewes, Delaware. And access to the emergency room in a timely manner is difficult due to traffic congestion, which everyone discussed already at multiple intersections, especially when the patient has to drive to the emergency room.

As the age of the population gets older, it is going to be more difficult for them to drive to the emergency room as many of my patients are retirees.

And as do I, I live in Harbeson. And just like everyone said, the area has grown, and I've seen it grow in the past 13 years, and so does the traffic. The intersection at Five Points is horrible, even at the jughandle in Lewes. They tried to fix

it this year, but it has gotten worse mostly every day.

So, as we all know, time is critical when patients experience a stroke or heart attack and need immediate intervention that would definitely save the lives that prevent further complications.

More importantly to note, it is comforting to know if an emergency department is only five minutes away and not 20 or 30 minutes away.

I'm sure we all had this experience like I've had in the family. Because I realized last night when I was thinking, it's not just the Medicare patients or the older population that need an emergency facility closer to their home.

In my experience, when my child had an accident, you get into the car with your spouse. You're rushing there to get to the emergency room as fast as you can. The whole time your adrenaline is pumping. You're weaving through traffic trying to get there and reassuring your family. We're

almost there. We're almost there. Just hold on. We're almost there. But now, realizing that if the emergency room is right there on Hudson, you're not almost there, you're here.

So, again, in closing, a Freestanding Emergency Department would benefit our community. And I hope this Board agrees with the Bayhealth application and approves it.

Thank you.

MS. SUDER: Next up we have Tita Lewis. Okay. Tita Lewis.

Okay. Last on the list, and, then, I will open it up for further public comment, is Sheldon Hudson.

Mr. Hudson, just a reminder, if you are planning to speak, you are probably on mute, so you would need to unmute.

Okay. I guess we will not be hearing from Mr. Hudson.

Would anyone else like to make public comment at this time?

MS. LEWIS: This is Tita Lewis.

MS. SUDER: Yes. Hi.

DR. TAM: And Dr. Tam.

MS. SUDER: Okay.

MS. LEWIS: I know time is a problem. And, basically, I would like to say, I agree strongly with everything that Mr. Burton says. And I talked to a lot of people and all have this concern, neighbors, friends, young and old. We would like to have access. We would like to have options. And I think this request would meet these concerns.

Thank you.

MS. SUDER: Thank you.

Dr. Tam, I believe you wanted to speak?

DR. TAM: Yes. Thank you very much. I will not take long. But I wanted to respond to a couple of things that were brought up.

First, you know I am a Sussex County resident. This is my community. I moved from California to be a part of our community to improve the healthcare services of this community.

I am a little concerned that there are people who are speaking on behalf of the Applicant who are not necessarily community members. But that may be just me and not necessarily understanding the procedures of a public hearing.

With that said, a couple things. Number one, the data of utilization being walk-in type versus actual emergency Level 3/Level 4 is not made up. It is our actual data. And that shows that Sussex County residents do an excellent job of knowing that they need to come to the emergency room.

And so, really it is not 40 percent, but close to ten. In fact, I think even Dr. Abbrescia said 15 percent, that eight room Freestanding ER in Smyrna.

And so, I am concerned about some of the data with respect to potential savings in dollar figures. I understand that Intuitive is an excellent company that works with EDs and urgent care conversions. So, I don't know if there was a discrepancy in the

information. But we stand by that number.

Number two, I agree with everybody that there needs to be more access. But that access, as the Board itself stated less than a year ago, is not a Freestanding ED.

Beebe Healthcare did apply. Beebe Healthcare heard from the Board. And Beebe Healthcare is now pivoting to create more primary care, specialty care and walk-in care access to that community.

And as a result of that, we have moved forward with Telemedicine and increased building. And it is my understanding that there is no need to get Health Resources Board approval for creating those more appropriate avenues of care.

So, if this is all about the Freestanding ED, the numbers haven't changed, the situation has not changed since nine months ago.

And, once again, Beebe strongly opposes the application for a free, whatever the model is, in this location.

Thank you very much.

MS. SUDER: Thank you, Dr. Tam.

Is there any other Member of the Public who wishes to comment before we hear from the Applicant again?

DR. HOCHSTEIN: This is Dr. Craig Hochstein.

Can I make a comment?

DR. SUDER: Sure, Dr. Hochstein.

Who is your affiliation with?

DR. HOCHSTEIN: I am actually the Medical Director of the Freestanding Emergency Department in Smyrna.

MS. SUDER: I do want to request that you keep your comments to anything that has not been previously discussed.

I believe Mr. Van Gorp is going to do a short presentation following public comment. So, I really just want to keep comments a little more limited. They are going off the rails a little bit.

DR. HOCHSTEIN: My comments

will take about 30 seconds. And I think it is an important point that hasn't been brought up.

We were talking about access to our emergency department. And when Beebe Hospital or Nanticoke Hospital go on divert, it creates a statewide EMS crisis. So, even on a good day en route to get to Beebe, that's great. But there are days Beebe is overwhelmed and they go on divert and those ambulances necessarily have to go somewhere else.

That's my only comment.

MS. SUDER: Any further comments from Members of the Public not affiliated with the Applicant?

Mr. Van Gorp, did you want to speak again?

MR. VAN GORP: Yes. I would like to take the time to rebut the letters that have been submitted to the Health Resources Board by Peninsula and Beebe.

MS. SUDER: Okay. And just for clarification, we will not be hearing further

public comment at this time.

We will hear from the Applicant, and, then, I will end the meeting.

Go ahead, John.

MR. VAN GORP: Okay. Thank you.

I'll first start with responding to the Peninsula/Nanticoke Opposition Letter.

Next slide. So, Nanticoke's letter has a variety of themes that was submitted to the Health Resources Board, none of which truly addresses Bayhealth's revised proposal, other than to simply say Freestanding Emergency Departments are bad.

They talk there of custom managed ED utilization during Medicare Shared Savings Program. Peninsula talks of their Maryland model of care.

But one key concession they made in their letter is that our facility will have minimal impact on Nanticoke, which was a major concern last year when the applications were being considered.

Next slide. I'm assuming one of the reasons that Nanticoke did not address Bayhealth's revised proposal, it does not appear they even read it. Many of the arguments they make in that letter are the same as last year.

Bayhealth considered those arguments and tried to address them with our revised application, which is why we have some level of frustration with this current letter. We agree with their concerns and believe we have addressed that through this project. Freestanding Emergency Departments can result in inappropriate utilization, which is why we have proposed the Hybrid ED.

We applaud Peninsula's Know Where You Go Campaign. However, patients continue to inappropriately use emergency care 40 percent of the time.

It's not always perfectly clear when you try to seek emergency services and the Hybrid ED takes the need to self-triage out of the patient's hands and ensures they give the best care available while only

paying for the level of care they need.

Next slide. Nanticoke's laudable efforts, including participation in the eBright ACO, they do struggle to manage ED utilization. Their performance in the eBright ACO trails all the other hospitals.

And this table shows the Medicare costs per member per month and the ED visits per thousand per year of the Delaware hospitals participating in the ACO.

Nanticoke's Medicare costs per member per month is almost $200 more than Bayhealth. For every thousand Medicare members attributed to Nanticoke's network, they will use the ED 170 times more than members attributed to Bayhealth's network. We believe the Hybrid ED concept is a more effective tool to help manage ED utilization.

Next slide. There are a couple of inaccuracies in the Peninsula letter as well. In touting the Maryland system, Peninsula makes the claim that Freestanding Emergency Departments are not permitted in Maryland. I was confused by this statement

because I drive by one in Queenstown whenever I drive to the Bay Bridge.

So, I reached out to the Maryland Health Care Commission and received the quote on the screen that they can be established by the CON process just like in Delaware.

Next slide. Further, Nanticoke claims that transport costs to hospitals from Freestanding Emergency Departments are billed to patients. That is incorrect. At least at Bayhealth, we incur those costs.

And it should be noted that our Smyrna facility transports less than two percent of its patients to a hospital. So, it's a rate less than even our Sussex Hospital. So, there is not a lot of transport that takes place in these facilities. We take care of the patients.

Next slide. This slide summarizes our arguments against Peninsula's letter with the exception of our appreciation for their acknowledgement that our Hybrid ED will have minimal impact on Nanticoke.

With that, we'll go to our response to the Beebe Opposition Letter.

And I know there is a lot of statements saying nothing has changed. But what has changed in our application is, we don't think the environment has necessarily changed. We still think there's a need for a Freestanding Emergency Department, in this case, a Hybrid ED.

What has changed is the delivery method to provide that service so we can provide it in a more cost effective -- actually, a cost-savings method for the State and for residents.

And so, I'd like to present some additional arguments presented by Beebe, who clearly read our application.

I believe you're aware that Beebe had submitted applications previously for Freestanding Emergency Departments in Millville, which was approved, opened last year, or, excuse me, opened this year and for Georgetown, which was denied last year.

I bring this up because there

are arguments made in their applications that are consistent with our application in support of a Freestanding Emergency Department west of Route 1.

I also think we are consistent with these themes. At least we were. We wouldn't have both submitted an application if we didn't think a Freestanding Emergency Department was needed west of Route 1.

We also agree on there is significant population growth. Traffic infrastructure is a problem. Freestanding Emergency Departments help decompress hospital EDs. All these were quoted in the applications.

Some of these quotes were presented in our opening presentation. So, providing that for you as part of this rebuttal record, I'm not going to belabor these.

But there are a couple of things on the population side. Let's go to the next slide.

The population growth is a

consistent theme with both, also that the Eastern side of the State is growing more than the Western side.

Go to the next slide, please. It is just a quote regarding the population from their Millville application in this particular case. Growth, growing more than double the Western side of the County, which is why we're focusing on where we are, where the growth is and that are being underserved.

Next slide, please. What was in their Millville application was also a section of tourists and the impact on the need for a Freestanding ED that we agree with and believe is applicable. One must also consider visitors to the area, not just permanent residents. As many as 1.4 million tourist visited Sussex County in that particular year. So, there's tremendous resources needed for taking care of these patients.

Next slide, please. We both argue that Route 1 is a barrier to access. And actual quotes were presented earlier.

So, I'm not going to dwell on these.

You can go to the next slide. Travel times from Georgetown, 50 minutes.

Next slide. Next slide. Talking about how long EMS travel takes.

Next slide, please. And here are quotes regarding the benefits a Freestanding Emergency Department can have on decompressing the hospital EDs. Through their applications, Beebe expected throughput to improve at the Lewes ED as volume shifted to other centers.

Next slide. Their average occupancy is at 88 percent.

Next slide. So, now, a few months later, Beebe seems to question the need for a Freestanding ED west of Route 1. Route 1 is not necessarily a barrier to access, and expressing concerns about impact on them, at least in their letter.

So, I will address some of the specific arguments presented in their letter and the comments made here today.

Next slide. In Beebe's letter

to the Health Resources Board, they provided reasons for last year's Review Committee report as to why it was recommended our application be denied.

Generally, two of the reasons were related to the cost of care, which I will address shortly. And two reasons were related to the impact on other providers that are listed here.

I believe Beebe is trying to argue that the comments made by the Review Committee last year pertain to them.

Next slide. We challenge that assessment. If one reads the Review Committee's report, all the concern related to impact on existing providers was related to Nanticoke. While the impact on Nanticoke by Beebe was significantly greater due to the proximity in Georgetown, Beebe's proposed ED, Bayhealth got painted with the same brush.

The Review Committee made no mention of concern with Bayhealth's impact on Beebe, my guess is, because Beebe was proposing the same thing we were, a

Freestanding ED west of Route 1.

Next slide. Additionally, in Bayhealth's defense, we did acknowledge in our application that there would be an impact on the Beebe ED, as well as the Bayhealth Hospital Sussex Campus ED. The impact, on one hand, is positive. Both organizations argued there's a need for a Freestanding ED west of Route 1. Both organizations argued that a Freestanding ED can decompress a hospital ED, improve service, reduce diversions.

On the other hand, it is the concern of the negative impact on volume and related revenues at Beebe, as well as at Bayhealth ED.

But both organizations, Beebe and Bayhealth, seem to agree that Bayhealth's projected volume, as Beebe stated in their letter, just 5,274 patients annually is not a significant impact.

Bayhealth's projected volume is far less than what Beebe projected for their Georgetown Freestanding Emergency Department.

Therefore, Bayhealth's minimal impact should not necessarily jeopardize Beebe's ability to provide ED services at its hospital or its Millville Freestanding Emergency Department.

Next slide. As they did last year, Beebe presented traffic maps to address the duplication of services and present in such a fact that the maps were inarguable.

Next slide. But as they did last year, Beebe neglects to provide any supporting information for these maps, who did it and when it was done.

So, for anyone that travels in Sussex County on Route 1 or Route 9, particular time of year, on a particular day, at a particular time of day travel can be easy. At other times, particularly during peak season, travel can be difficult.

We have shared concerns expressed by DelDOT. Other people have shared our concerns here, and the witnesses that were presented here today. Even last year during the review, John Walsh, who lives

in Rehoboth, said crossing Route 1 is a nightmare.

And so, this is a significant issue and barrier to access for residents in that area.

Next slide. Beebe also challenged our location and suggested healthcare services should be located in municipalities and that our Route 9 site is distant from where the people live. They provide some limited population data related to Harbeson, which is near our Route 9 site. So, these are quotes from their letter.

In response, next slide, we challenged the imprints that the municipalities contain the majority of the population. Our data shows us that the majority of people and the majority of growth is occurring in the unincorporated areas of Sussex County. Because a lot of demographic information is provided at the Zip Code level and the Postal Service attributes the name of the town to the Zip Code, people may assume that the population of the Zip Code is the

same as the population of the attributed town. As you will see, that is not the case.

Next slide. This slide shows the City of Georgetown boundaries on the map. The City of Georgetown has a population of 7,600. The rest of the population, total a 21,000 in the Zip Code, is dispersed in the unincorporated areas of Sussex County.

Next slide. This slide shows the Zip Code boundaries of Georgetown and where the 21,000 people live.

Beebe would like to -- through their letter, would like you to believe that the population lives in the City of Georgetown. In fact, the majority of people live outside of Georgetown. Also, significantly more people, through our demographic assessments, live east of Highway 113 than west.

Next slide. The City of Millsboro has also submitted a letter about their growth. And one might assume that the population of the Zip Code primarily lives in Millsboro when, in fact, only about one-sixth

of the population lives in Millsboro.

Next slide. The rest of the population resides in the unincorporated areas of the Zip Code as shown here in this map. This is the Zip Code map.

Next slide. This slide shows the distribution of the population. Essentially, two-thirds of the population live in the Eastern part of the Zip Code and is expecting to experience the majority of the growth. Most of the Eastern portion of this Zip Code is in Bayhealth's proposed service area.

Next slide. Harbeson, mentioned in Beebe's letter, is not an incorporated town so it has no municipal boundaries. It does have a Post Office and has a Zip Code, which is shown here.

Next slide. The growth in the unincorporated areas of Sussex County is evidenced by the number of housing permits issued.

According to the 2019 Report on State Planning Issues, the unincorporated

areas of Sussex County experienced 72 percent of the housing permits issued.

While Millsboro is, indeed, the number one municipality, as they expressed in their letter in terms of housing permits, it still pales in comparison to the growth occurring in the unincorporated areas, much of that growth occurring right around our proposed site.

Next slide. This chart simply shows, again, the new housing developments around the five-mile radius around our site.

Next slide. It was referenced by Mr. Burton. We received a letter of support from one of the largest developers in the State, who has plans for a significant development around our site. Therefore, we do not think there is much merit to Beebe's contention that healthcare services should be confined to the municipalities.

Next slide. Shifting now to our Cost Savings Estimates related to Hybrid ED. It has been stated repeatedly, Beebe challenges our assumptions to how many ED

visits will be converted to walk-in visits, which we estimate at 40 percent. The standard rate is unreasonable by comparing -- excuse me -- in their letter, the standard rate is unreasonable by comparing the two specific payors and focusing only on ER facility billing codes for Levels 1 and 2 out of the five main billing codes.

Next slide. We say that our 40 percent estimate is entirely reasonable. We estimate that 52 percent of our Smyrna ED visits are non-emergent, which we had submitted earlier to the Review Committee.

Further, the Review Committee itself, last year reviewing Bayhealth's and Beebe's Freestanding ED applications, estimated that 33 percent of ED visits for the State of Delaware employee health plan were non-emergent.

Next slide. We based our 40 percent conversion rate on conversations, data supplied by our ED physicians, like Dr. Abbrescia, clinical acuity assessment scores, the experience of Intuitive in other

markets, and the experience of the State Health Planning, the State Benefits Office.

We also considered all payors, including Medicaid and self-pay population who use the ED services for non-emergent purposes far greater than other payor classes. Beebe chose not to identify those payor groups. Beebe also ignored the fact that patients who are billed at an ER Level 3 charge, a significant percentage of those patients can also be converted to a walk-in level service.

Next slide. This chart shows the distribution of payors and the distribution of visits across billing codes for Bayhealth Sussex per hospitals close by.

In the left three columns, you'll see that Medicaid patients make up the highest percentage of ED visits, of 35 percent.

And the right three columns show the distribution of visits across the billing codes.

For example, 29 percent of

Medicaid patients are billed at a low acuity ED rate. Self-paid patients have the highest percentage of low acuity visits at 31 percent.

Further, Level 3 visits make up the largest single billing code with a significant number considered walk-in level cases. We do not know Beebe's payor mix information. But if any way comparable, if they did not ignore the Medicaid and self-pay populations and did not ignore the Level 3 visits, the 40 percent conversion factor becomes very reasonable.

Next slide. Beebe also touts their ED charges are way under the rate of the $1,484 cited by Bayhealth as to the costs of the average ED visit and challenges the credibility of that number.

Next slide. It is interesting to note that, once again, Beebe only provides partial information. The ED charge they quote does not include physician charges, lab or X-ray, which will escalate those charges quite rapidly.

And as a reminder, we use the $1,484 figure because that was the cost calculated by the State Benefits Office and quoted by last year's Review Committee as the average cost of an ED visit.

Given the fact that Beebe chooses to exclude significant contributors to costs and, then, tries to discredit what the State is actually paying for ED services, it is hard to give any credibility to their revised calculations of cost savings related to Bayhealth's Hybrid Emergency Department.

Next slide. Beebe then goes on to challenge Bayhealth's charges by saying that, and I'll emphasize, "Gross charges are 46 percent above its prior COPR application and do not really address the net payments that we actually received."

Next slide. We calculated our financial model based on our estimates of what we will get paid for net revenue. That's how we did our calculations. Each payor class pays us differently, based on government-dictated rates or negotiated

rates.

For purposes of completing the application schedule, which requests information on gross charges, we backed into the gross charge number by dividing by a reimbursement percentage. We probably wouldn't provide this charge information if it was not requested, simply because gross charges do not reflect what we get paid.

Next slide. Nonetheless, what we get paid as a percentage of our charges continues to go down, and we're sharing that here in our assumptions on this page. We estimated that we would be paid at 33 percent of charges last year in our application. And we estimate with this Hybrid ED, we will be reimbursed at 30 percent of charges.

I don't know why the year two percentage of charges in our 2019 application was 41 percent, which is what caused the discrepancy and pricing identified by Beebe. My guess is that it was a calculation error, but did not investigate further simply to defend last year's withdrawn application.

We would argue that the key line to focus on is the net revenue number. That is what we get paid by payors, not our gross charges. Beebe did not seem to have any concern with that number.

Finally, Beebe challenges the $9 to $11 million investment that the community is making in order to serve both, again, just 5,274 patients annually.

Next slide. Just to be clear, Bayhealth is paying the entirety of the costs and is at full risk.

Further, these costs are significantly less than what Beebe has paid and proposed for Freestanding ED services.

It is also interesting to note that, at the beginning of the letter, they are concerned about the impact on them. But by the end, they make arguments that the amount of volume that we are proposing is immaterial.

Next slide. Therefore, in conclusion, we don't believe Beebe's arguments are supported by data.

Beebe's arguments are somewhat contradictory. And we believe this application can improve access, quality and service while reducing costs with limited impact on Beebe.

That concludes my rebuttal.

MS. SUDER: Thank you.

Pursuant to 16 Delaware Code 9305, Subsection 3, the Board may review an application up to 120 days from the date of notification of intent to review the completed application when a Public Hearing has been requested.

The time frame may be extended up to 180 days if within 60 days from the date of notification of intent to review the application the Board notifies its intent to do so.

The time for public comment period on this application review has ended. There will be no further public comment.

The Committee will conduct discussions and deliberations. All of this will occur in public forums open to the

public and will be noticed.

The Committee will hold as many meetings as necessary to make a determination to bring before the full Board.

And this concludes today's public hearing.

Thank you.

(Public Hearing was concluded at approximately 11:18 a.m.)

State of Delaware:

New Castle County:

CERTIFICATE OF REPORTER

I, Gloria M. D'Amore, Registered Professional Reporter and Notary Public, do hereby certify that the foregoing record, Pages 1 to 100 inclusive, is a true and accurate transcript of my stenographic notes taken on Tuesday, July 28, 2020, in the above-captioned matter.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 2nd day of August, 2020, at Wilmington, Delaware.

GLORIA M. D'AMORE, RPR

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