

**TATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: Application of Northwestern Medical     )  
Center: Creation of Single Occupancy     )     GMCB-022-15con  
Inpatient Rooms, Central Registration     )  
And Specialty Clinic Space                 )  
\_\_\_\_\_)

**STATEMENT OF DECISION AND ORDER**

Introduction

Northwestern Medical Center (NMC, or the applicant) seeks to implement a project that includes total renovation of 17,630 square feet (sq. ft.) and 25,150 sq. ft. of new construction. The project has two components: first, NMC plans to construct 13,400 sq. ft. of new space and renovate 11,100 sq. ft. of existing space to combine its surgical (med/surg) and intensive care units (ICU) and convert all rooms to single occupancy. Second, NMC plans to redesign the lobby of the hospital by creating a centralized registration area at the main entrance and an area for specialty clinics. The latter component involves adding 11,750 sq. ft. of newly constructed space, renovating 6,530 sq. ft. of existing space, and removing 2,140 sq. ft. from an existing building.

For the reasons outlined below, we approve the application.

Procedural Background

On December 10, 2014, NMC filed a certificate of need (CON) application with the Green Mountain Care Board. The Office of the Health Care Advocate (HCA) intervened as an Interested Party on January 8, 2015. The Board requested additional information from the applicant on January 23, March 24, and June 3, 2015. The applicant provided responses and additional information on March 3, May 8, May 22, and July 2, 2015. The application was closed on September 11, 2015.

Findings of Fact

1. This project is comprised of two components; 1) the conversion to single occupancy rooms for inpatient med/surg and ICU beds; and 2) creation of a central registration area and adequate space for specialty clinics. The proposed components of the project are part of NMCs' Master Facility Plan.
2. NMC has provided inpatient care since 1883. Application at 31. NMC has not expanded or renovated its med/surg and intensive care beds—which date back to the 1940s—in twenty years. *Id.* at 5. The existing rooms range from 168 to 225 sq. ft. and are spread over two distinct units. These small rooms cannot adequately accommodate current technology and equipment or provide sufficient space for family members, care management and patient education functions. *Id.* at 5-6, 16.

3. NMC assessed its current and projected inpatient bed need and determined that it could reduce its 40-bed capacity to 34 beds, which is “right sized” to meet current and future inpatient needs. *Id.* at 6, 12-13, 22.
4. NMC currently has two inpatient units—a med/surg unit and an intensive care unit—with only four of the current rooms in single occupancy. The applicant intends to replace the two separate units with one unit of 34 single rooms. New rooms in renovated space will be 237 sq. ft.; rooms in the newly constructed space will be 450 sq. ft. Each room will have its own private bathroom and shower. Four of the rooms will be fully equipped for intensive care. NMC also intends to convert two existing patient rooms for use as a family lounge and deactivate 4,734 sq. ft. of the existing ICU step-down nursing wing for future use. *Id.* at 6-7.
5. Single rooms are the standard for new bed construction and renovation projects under the 2014 Facility Guidelines Institute (FGI) Guidelines for Design and Construction of Hospitals and Outpatient Facilities. Single occupancy rooms help reduce infection rates, decrease the likelihood of medication errors, reduce noise and facilitate better sleep and faster recoveries, improve patient outcomes and patient satisfaction, provide patient privacy and adequate space to involve family members in the care and support of the patient. Patients are moved less often during their stay due to gender or medical issues that require a single occupancy room or isolation, and there are improved efficiencies in clinical staffing. *Id.* at 5-6, 33-34, 37.
6. NMC anticipates that the new unit’s progressive design will significantly increase operational efficiencies and positively impact clinical outcomes. Over time, the applicant expects to reduce staffing by three FTEs as a result of efficiencies gained by integrating the med/surg and intensive care units. *Id.* at 6, 20.
7. The unit is designed to facilitate collaboration among physicians, advance practice providers, nurses and other staff and to create a physical environment conducive to a collaborative approach to palliative care. Palliative care services will continue to be offered in patient rooms, and a healing garden will be accessible from the inpatient rooms. *Id.* at 41.
8. Currently, patients and visitors to NMC register at an area separate from the main hospital entrance. *Id.* at 7-8. The second component of the proposed project will provide a central area for patient registration at the main entrance that will host central registration, information and concierge desk, valet station, wheelchair storage, a gift shop, and security station. NMC intends to build 11,750 sq. ft. of new construction, renovate 6,530 sq. ft. of existing space, and remove 2,140 sq. ft. of an existing building (total area of 18,280 sq. ft.) to create a single drop-off and entry point for patients, families and visitors. *Id.* at 15.
9. In addition, NMC will use the space for medical specialty clinics that include cardiology (including stress testing and echo), pulmonology, and OB/GYN. Eight exam rooms will be used for medical cardiology and pulmonology, eight for OB/GYN, and the remaining

six exam rooms can be used for other medical specialty clinics that may locate in the clinic area to meet changing community needs. *Id.* at 43. NMC intends to strengthen, re-establish or create access to medical specialties in order to reduce patient and family travel time, with its associated stress and costs, to needed specialty care in its service area. Responses (5/22/15) at 21-22.

10. NMC's physical plant is 20.2 years old, which is 59% older than the state average of 12.7. Application at 5. With this project, the overall age of physical plant will be reduced to 13.8 years.
11. All architectural and mechanical, electrical, plumbing and fire protection comply with applicable FGI Guidelines. The cost of construction and contingencies are reasonable and fall within the industry standard for such projects.
12. The cost of the project is \$20,632,359 for the two components and will be financed with a \$13,220,382 loan and an equity contribution of \$7,411,977. Financial Table 2. NMC's projections show the project can be funded from operations and some increased debt over the next few years. NMC's financing plan will not materially change its cash on hand and its balance sheet is strong. Financial Table 4C; Responses (7/2/15), 4.

#### Standard of Review

Vermont's certificate of need process is governed by 18 V.S.A. §§ 9431-9446 and Green Mountain Care Board Rule 4.000: *Certificate of Need*. The applicant bears the burden to demonstrate that each of the criteria set forth in 18 V.S.A. § 9437(1)-(8) is met. Rule 4.000, §4.302(3).

#### Conclusions of Law

We conclude that the applicant has demonstrated that it meets the relevant statutory criteria, and address each in turn.

Pursuant to the first criterion, we conclude that the application is consistent with the health resource allocation plan (HRAP). *See* 18 V.S.A. § 9437(1). The HRAP, last published in 2009, identifies needs in Vermont's health care system, resources to address those needs, and priorities for addressing them on a statewide basis.

Pursuant to the second criteria, NMC has shown that the cost of the project is reasonable, that it can sustain any financial burden likely to result from the project, that the cost of care will not unduly increase, and that less expensive alternatives are not feasible or appropriate. 18 V.S.A. § 9437(2). NMC's projections show the project can be funded from operations and some increased debt over the next few years. Cash on hand does not change materially and the balance sheet is strong enough to sustain NMC's financing plan for the project. Findings of Fact (Findings) ¶ 12.

We also note that NMC has requested a CON to build a Medical Office Building that will be connected to the hospital, at a projected cost of \$12,595,250. *See* GMCB 024-14con. Although the Board will address that application in a separate decision, the record in both applications demonstrates that the projects' costs are reasonable and that NMC's strong financial position can sustain the costs of both projects without an undue increase in the cost of care.

In addition, the existing 40-bed med/surg and intensive care bed areas have not been upgraded in 20 years, and current guidelines and standards support the use of single rooms of a size sufficient to accommodate medical and technological equipment, and space for family and visitors. Finding ¶ 2. The applicant plans to reduce the number of beds in accordance with its analysis of current and future needs. Finding ¶3. The applicant has shown that the project is the most feasible and appropriate alternative for replacing its aging units and providing needed services to the community.

As required by the third criteria, NMC has demonstrated a need for this project and that the service is appropriate for it to provide. 18 V.S.A. § 9437(3). NMC has provided inpatient care since 1883. Finding ¶ 2. NMC has provided compelling evidence that current double occupancy rooms are small and that single occupancy rooms are the current standard for new bed construction/renovation projects under 2014 FGI Guidelines. Single occupancy rooms have multiple benefits including reduced infection rates, decreased in medication errors, reduced noise, improved patient outcomes and patient satisfaction, and space to accommodate family members. Finding ¶ 5. The current decentralized registration areas that are separate from the main entrance, are not well organized and are confusing for patients and their families. The new centralized registration will be located at the main entrance and lobby and will be immediately visible to persons entering the hospital. Finding ¶ 8. NMC has prudently reduced the number of inpatient beds based on its analysis to "right size" the inpatient bed facility. Finding ¶ 3.

NMC has demonstrated that both the quality of and access to health care will increase as a result of the project. 18 V.S.A. § 9437(4). The planned reorganization of space and planned construction/renovation is needed to implement single occupancy rooms which have become the standard for inpatient care and to create a clear area for centralized registration at the main entrance of the hospital for inpatient and specialty clinics. Findings ¶¶ 5, 8. The project is expected to improve patient experience, satisfaction and quality of care through multi-disciplinary collaboration, and to improve the coordination of care and patient flow. Findings ¶¶ 6, 7. In addition, the specialty clinics bring needed care closer to home, avoiding the burden and cost associated with travel for patients and their family. Finding ¶ 9.

We further conclude that NMC has shown that the project will not adversely affect other services offered by the applicant and that the project serves the public good. 18 V.S.A. § 9437(5),(6). NMC will continue to offer needed inpatient services. The conversion of shared to single occupancy rooms is consistent with current guidelines and established standards of care, and the number of beds has been reduced to meet current and future needs. Findings ¶¶ 3, 4, 5. In addition, by creating a centralized entrance and registration area and providing needed specialty services, NMC will make improve the overall patient experience.

The applicant has satisfied the seventh statutory criterion. 18 V.S.A. § 9437(7) (requires the applicant to consider accessible transportation services). The project will enlarge and improve patient drop-off and pick-up and centralize the registration area, and will locate specialty services within the hospital to enhance patient access. Finding ¶ 8.

Finally, we conclude that the eighth criterion is not directly relevant to the proposed project. 18 V.S.A. § 9437(8) (requires conformance with health information technology plan if application is for purchase of new health information technology).

Based on our conclusion that the applicant has demonstrated that each applicable statutory criterion has been met, we issue a certificate of need on this date.

Order

Pursuant to 18 V.S.A. § 9440(d), the Green Mountain Care Board approves the application of Northwestern Medical Center and a Certificate of Need shall issue.

**SO ORDERED.**

Dated: December 4, 2015 at Montpelier, Vermont

s/ Alfred Gobeille )  
 )  
s/ Cornelius Hogan )  
 )  
s/ Jessica Holmes )  
 )  
s/ Betty Rambur )  
 )  
s/ Allan Ramsay )

GREEN MOUNTAIN  
CARE BOARD  
OF VERMONT

Filed: December 4, 2015

Attest: s/ Janet Richard  
Green Mountain Care Board  
Administrative Services Coordinator