

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Application of Fletcher Allen Health Care)
 Replacement of Inpatient Beds)
)
)

GMCB-011-13con

STATEMENT OF DECISION

Introduction

A. Project Summary

Fletcher Allen Health Care (Fletcher Allen) requests that the Green Mountain Care Board (Board) issue a Conceptual Development Phase Certificate of Need (CCON), as required pursuant to 18 V.S.A. § 9434(c) for projects anticipated to be in excess of \$30 million, for it to engage in detailed planning and design work for replacement of a portion of its inpatient bed capacity. The cost associated with this CCON is \$3,744,663.

Fletcher Allen is Vermont’s only tertiary care facility and academic medical center and is the primary referral center for a region in Vermont and upstate New York that includes a population of more than one million people. Although Fletcher Allen’s outpatient facilities were substantially improved with a major construction project in 2005, its inpatient facilities have not been improved in decades. Fletcher Allen’s current inpatient facilities are located in McClure building (built in 1985), Smith (built in 1952), Baird (built in 1968), Shepardson South (built in 1941 with an expansion in 2005), and Shepardson North (built in 1960). With the exception of the inpatient psychiatric units located in Shepardson, the most recently constructed inpatient units were built nearly 25 years ago. The age and dimensional limitations of Fletcher Allen’s oldest inpatient buildings, which have been upgraded many times, preclude further major renovations and infrastructure upgrades to meet current standards. Shallow floor-to-floor dimensions do not accommodate requirements for installation of current inpatient mechanical, electrical and information systems.

Fletcher Allen has a total of 373 staffed inpatient hospital beds on its main campus in Burlington, excluding labor and delivery beds. Only 156 of these beds (42% of capacity) are located in single occupancy rooms; the majority (172 beds, or 46% of capacity) are located in

double occupancy rooms, and 45 beds (12% of capacity) are located in multi-bed rooms. Fletcher Allen's semi-private rooms do not allow for an inpatient care environment that is consistent with contemporary health care practice guidelines and requirements. Double occupancy and multi-bed rooms present challenges for maintaining privacy and confidentiality and for preventing hospital acquired infections. To prevent infection, ensure patient isolation or provide gender specific accommodations, Fletcher Allen must often take one of the beds in a double room out of service. This makes bed placement and census management difficult and inefficient. The current size of Fletcher Allen's double rooms also prevent the hospital from providing adequate space and amenities for a patient's family members, an essential part of the care team in today's care environment. Additionally, double occupancy rooms do not have adequate space for diagnostic and treatment equipment, often necessitating patient transport to diagnostic facilities rather than having the equipment brought to the patient's room.

The total project cost of \$3,744,663 will be funded with working capital and has been included in Fletcher Allen's operating and capital budgets submitted to the Board. The planning work associated with this CCON is as follows: land use impact studies, permitting, surveying, geotechnical studies, code compliance, LEED certification, commissioning, pre-construction services, cost estimating, building envelope design, logistics planning, wayfinding, equipment planning and materials management.

B. Procedural Background

On May 15, 2013, Fletcher Allen filed a CCON application entitled "A Conceptual Development Phase Certificate of Need for Replacement of a Portion of Inpatient Beds," and letter requesting expedited review. The Board granted expedited review on May 17, 2013, pending response to the required public notice, which appeared in the Burlington Free Press on May 23, 2013.

On June 5, 2013, the Board requested additional information from Fletcher Allen. Fletcher Allen responded the following day by filing supplemental information.

On June 7, 2013, Disability Rights Vermont filed a request for Interested Party status. Although its request was denied, on June 26, 2013, the Board granted Disability Rights Vermont Amicus Curiae status, allowing Fletcher Allen's CCON to continue on expedited review.

On July 11, 2013, Fletcher Allen's application was closed. On August 8, 2013, the Board voted unanimously to approve the Application subject to five conditions.

Standard of Review

Vermont's Certificate of Need process is governed by Chapter 221 of Title 18 of the Vermont Statutes Annotated and Green Mountain Care Board Rule 4.000: Certificate of Need. The applicant bears the burden to demonstrate that the statutory criteria set out in 18 V.S.A. § 9437 are met. *See also* Rule 4.000, Section 4.302(3) (applicant bears burden of proof).

Discussion

Fletcher Allen must satisfy the criteria set out in 18 V.S.A. § 9437(1)-(6). Fletcher Allen has met all six criteria.

Criterion (1): The Application must be consistent with the health resource allocation plan (HRAP). 18 V.S.A. § 9437(1).

As this is a conceptual CON to engage in detailed planning and design work, the HRAP standards do not apply to this project.

Criterion (2): The applicant must demonstrate that the cost of the project is reasonable, because: (A) The applicant's financial condition will sustain any financial burden likely to result from completion of the project; (B) the project will not result in an undue increase in the costs of medical care; and (C) less expensive alternatives do not exist, would not be satisfactory, or are not feasible or appropriate. 18 V.S.A. § 9437(2).

(A): The project does not create a financial burden for Fletcher Allen. The cost of the project will be financed with available working capital.

(B) To satisfy this requirement, the Board shall consider (i) the financial implications of the project on hospitals and other clinical settings, including the impact on their services, expenditures and charges, and (ii) whether the impact is outweighed by the benefit of the project to the public.

The detailed planning and design activities associated with this CCON application do not negatively affect Fletcher Allen or other clinical settings. Fletcher Allen's inpatient

facilities have not been improved in decades, and the age and dimensional limitations of its oldest inpatient buildings preclude further major renovations and infrastructure upgrades. Rooms are not consistent with contemporary health care practice guidelines and requirements, and present challenges for maintaining privacy and confidentiality and in preventing hospital acquired infections.

(C) The applicant has demonstrated that no less expensive alternative is available.

Planning and design activities are required to plan for replacement of a portion of Fletcher Allen's inpatient rooms. No less expensive alternative exists.

Criterion (3): The applicant must demonstrate an identifiable, existing or reasonably anticipated need for the project. 18 V.S.A. § 9437(3)

Fletcher Allen's oldest inpatient facilities preclude further renovations and infrastructure upgrades. Therefore, there is an existing need to engage in planning activities for the replacement of a portion of Fletcher Allen's inpatient facilities.

Criterion (4): The applicant must show that the project will provide improved quality of health care in this state, greater access to health care for Vermont residents, or satisfy both objectives. 18 V.S.A. § 9437(4).

Based on Fletcher Allen's representations, it is assumed that the eventual replacement of a portion of its inpatient facilities will be consistent with contemporary health care practice guidelines and requirements so as to maintain privacy and confidentiality, prevent hospital acquired infections, and result in improved patient experience, access, quality and outcomes.

Criterion (5): The project cannot have an undue adverse impact on any other existing services provided by the applicant. 18 V.S.A. § 9437(5).

The project involves planning and design work in anticipation of the replacement of a portion of Fletcher Allen's inpatient facilities. As such, the project is expected to have a positive impact on existing services provided by Fletcher Allen.

Criterion (6): The applicant must show the project will serve the public good. 18 V.S.A. § 9437(6).

As shown throughout this Decision, the project serves the public good by maintaining access to inpatient services while improving patient experience, safety, quality and outcomes.

Conclusion

Based on our discussion above, and our conclusion that the project meets each of the applicable statutory standards, the applicant has demonstrated that the project meets the legal criteria for a Conceptual Development Phase Certificate of Need.

Order

The Green Mountain Care Board approves the Application of Fletcher Allen Health Care and shall issue a Certificate of Need subject to the Requirements and Conditions set forth therein.

SO ORDERED.

Dated: August 13, 2013
Montpelier, Vermont

s/ Alfred Gobeille, Chair)
)
s/ Karen Hein)
)
s/ Cornelius Hogan)
)
s/ Allan Ramsay)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: August 13, 2013

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