

**STATE 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)
_____)

CERTIFICATE OF NEED

In accordance with Title 18, Chapter 221, Subchapter 5, other applicable laws and the Statement of Decision and Order in this matter, the Green Mountain Care Board issues this certificate of need (CON) to Northwestern Medical Center (NMC, or the applicant), subject to the requirements and conditions set forth below.

Project Description and Scope

Northwestern Medical Center seeks to implement a project to construct and renovate space in order to: 1) convert shared rooms to single occupancy rooms for inpatient medical/surgical and ICU beds; and 2) create a central registration area and adequate space for specialty clinics. The total estimated cost of \$20,632,359 will be financed with a \$13,220,382 loan and a \$7,411,977 equity contribution.

The project is outlined in greater detail in the Statement of Decision and Order in this docket, issued by the Board on this same date.

Project Conditions

The project as proposed, subject to conditions A 1-4 and B 1-9 outlined below, meets the statutory criteria set forth in Section 9437 of Title 18:

- A. NMC shall not commence any construction activity, including but not limited to project site preparation and the purchase and acquisition of construction materials, until it has demonstrated to the Board compliance with each of the following conditions:
1. NMC shall provide the Board an updated construction cost estimate for the inpatient bed conversion/central registration/specialty clinic areas based on construction documents, rather than on schematic design. The updated construction cost estimate shall not exceed the estimated construction cost reflected in the applicant's May 8, 2015 CON application, as broken down below:
 - \$7,996,850 for new construction
 - \$3,418,914 for renovation
 - \$873,381 for site work
 - \$1,505,000 for design/bidding contingency
 - \$852,784 for construction contingency

- \$361,403 for Construction Manager Fee
\$15,008,332 total construction cost
2. NMC must comply with all requirements contained in its Hospital Budget Order for Fiscal Year (FY) 2016 and any subsequent Board orders or instructions regarding its FY2016 budget.
 3. In its FY 2017 hospital budget submission, NMC must meet all growth caps, targets and other conditions and guidance imposed by the Board.
 4. During the implementation period as set forth in Condition B2, below, NMC shall not increase the rates it charges to commercial payers to fund any expenses related to project costs, including, but not limited to, project cost overruns.
- B. The applicant must also comply with the following standard CON conditions:
1. NMC shall develop and operate the project in strict compliance with its scope as described in the application, in other materials in the record submitted by the applicant, and in strict conformance with the Statement of Decision and Order issued today in this docket. This certificate of need is limited to the project and activities described therein.
 2. The project shall be fully implemented within five (5) years of the date of this certificate of need or the certificate of need shall become invalid and deemed revoked.
 3. Noncompliance with any provision of this certificate of need or with applicable ordinances, rules, laws and regulations constitutes a violation of this certificate of need and may be cause for enforcement action pursuant to 18 V.S.A. §§ 9445, 9374(i) and any other applicable law.
 4. This certificate of need is not transferable or assignable and is issued only for the premises and entity named in the application.
 5. If NMC contemplates or becomes aware of a potential or actual nonmaterial change, as defined in 18 V.S.A. § 9432(12), or a material change as defined in 18 V.S.A. § 9432(11), to the scope or cost of the project described in its application and as designated in this certificate of need, NMC shall file a notice of such change immediately with the Board. The Board shall review the proposed change and advise NMC whether the proposed change is subject to review.
 6. NMC shall file implementation reports with the Board beginning six months from the date of this certificate of need and at six-month intervals thereafter until all components and phases of the project are complete and fully operational and all invoices have been paid. The implementation reports shall include the following information and analysis:
 - a. Overview of the project, including information and analysis demonstrating that the project is in conformance with its scope as described in the application, in

other materials in the record submitted by the applicant, and the Statement of Decision and Order issued today in this docket. Applicant shall identify any changes to the project's financing or anticipated budget.

- b. A separate spreadsheet showing expenditures by individual line item. The spreadsheet shall show the approved overall amount per the application, the amount spent during the six-month reporting period, the amount spent to date, and the amount remaining in both dollars and in percentages.
 - c. Notice of any material or nonmaterial change, or verification that no material or nonmaterial changes are contemplated or have occurred.
7. The Board may, after notice and an opportunity to be heard, make such further orders as are necessary or desirable to accomplish the purposes of this certificate of need and to ensure compliance with its terms and conditions.
8. All reports, notices, forms, information or submissions of any kind required to be submitted to the Board as a condition of this certificate of need shall be signed by the applicant's chief executive officer and verified by the chief executive officer, or by his or her designated representative.
9. The conditions and requirements contained in this certificate of need shall remain in effect for the duration of the reporting period defined in paragraph B2, above.

SO ORDERED.

Dated: December 4, 2015 at Montpelier, Vermont.

s/ <u>Alfred Gobeille</u>)	
)	GREEN MOUNTAIN
s/ <u>Cornelius Hogan</u>)	CARE BOARD
)	OF VERMONT
s/ <u>Jessica Holmes</u>)	
)	
s/ <u>Betty Rambur</u>)	
)	
s/ <u>Allan Ramsay</u>)	

Filed: December 4, 2015

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