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DELIVERED ELECTRONICALLY

January 20, 2016

Ms. Eileen Elliott
Dunkiel, Saunders, Elliott, Raubvogel, Hand
91 College St., PO Box 545
Burlington, VT 05402

**RE: Docket No. GMCB-010-15con, Proposed Ambulatory Surgical Center, Project Cost:
\$7,423,283.**

Dear Eileen:

Thank you for the responses to the first set of questions. We are in the process of reviewing your responses to the first set of questions and will send those questions under separate cover. Please respond to the following:

FINANCIAL

1. Tables 1 and 2 must reflect the same total project cost. The \$11,623,283.46 in total costs included in Table 1 for ongoing lease payments should be only be included in the profit and loss projections on a yearly basis on Table 3. Please revise and resubmit Tables 1 and 2 to reflect the same total project cost. If any changes to Tables 1 and 2 impact other financial tables and projections (Tables 3, 4, 5, 6, 7, and 9) please revise and resubmit the impacted tables and revised assumptions that support such tables.

Once you remove the ongoing lease payment costs in Table 1, reconcile the new total project costs with funding sources. Project costs should total \$1,609,875 (remove any operating lease expenses included in this figure) as included in Table 1 plus costs (not operating leases) such as Equipment costs (line 2) of \$300,000, architect fees (line 3) of \$10,500 and working capital fees of \$681,540 (line 9) etc. The total funding sources should equal all of these costs.

2. Provide detailed information concerning the working capital costs of \$681,540 reflected in Table 1.



3. For Table 3, answer the following:

Provide a detailed explanation, assumptions and justification of the various expenses (i.e. clinical personnel and non-personnel expenses) which count for approximately 32% and 35% respectively of total expenses.

Your narrative states that the costs shown on the equipment expense line (\$752,134) are lease expenses such as Plumbing, HVAC etc. Explain whether these costs are borne by the developer and paid for through the lease; if so, remove the costs from Table 1.

Provide itemized detail of the administrative expenses which make up approximately 15% of total expenses.

Provide the fixed asset listing to supporting the depreciation expense.

Provide assumptions for revenue payor mix detail for the four years of revenue. Table 1.H is referenced for further detail, but was not provided with the submission. Please explain. Detailed assumptions must be provided to support all financial tables.

4. For Table 4, answer the following:

The application shows start-up funding of \$1,132,838. Provide a summary of all such costs and associated dollar amounts to confirm that \$1,132,838 is sufficient based on the updates to Tables 1 and 2, as requested above. Confirm whether financial checks have been performed for each individual included in the start-up funding analysis. Provide an update to include actual funding secured to date.

Explain the \$200,000 of fixed asset additions at start-up. Include full assumptions.

Substantiate supply assets and provide estimated inventory turnover amounts.

Confirm and explain whether there have been any changes to banking and/or loan requirements.

Explain the decrease in capital contributions from \$1,132,838 to \$1,247,838 between start-up and year 1.

5. For Table 6, provide assumptions used in determining payor mix and volume figures.



6. For Table 9, explain why no increase in FTEs is shown from Year 1 to Year 4 to support the increases in volumes over that same time period.
7. The FTEs reflected in Table 9 correlate to amounts shown in Table 3. Explain whether increases to salary for cost of living only, or if other factors or additional employees are included.
8. Explain if there will be measures in place to avoid selective referral of the most profitable patients (commercially insured and private pay) to the ASC. Specifically, explain whether the entity will institute any policies to avoid and monitor this issue as it relates to physicians with a financial interest in the ASC.
9. The application represents that the highest volume cases are expected to be screening and diagnostic colonoscopies. Confirm that the projected volumes are based on the most current recommended colorectal cancer screening (every ten years for average risk and persons that fall into the first tier Grade 2B category) and explain the protocols that GMSC will have in place to assure that unnecessary colonoscopies are not performed. Based on the projected volumes in each year, provide the assumptions for each year, including the volumes that would fall in each of the screening Grade categories.

Mechanical, Electrical, Plumbing and Fire Protection (MEP/FP)

The application was provided to our MEP/FP consultant. He has requested that the following information and clarifications be provided to complete his review.

HVAC:

- Schematic Design Narrative
 1. Clarify constant volume AHU and electric reheats for control. This seems to be a violation of the Energy Code. Explain whether VAV boxes and a hot water boiler be incorporated to meet control, air exchange rate and energy efficiency needs.
 2. Describe the temperature and humidity conditions to be provided in the surgical suites.
 3. Describe how these conditions will be accomplished with straight DX cooling. It is our concern that without some type of desiccant dehumidification, it may be difficult to attain surgical suite conditions.
 4. Describe strategy to avoid re-entrainment of building exhaust through the AHU.
 5. Describe how outside air flow will be monitored.
 6. Describe water source for humidification system.

Electrical

- Schematic Design Narrative

Services



1. Narrative indicates the proposed incoming primary service to be extended to building by utility company. Will the utility company be providing site related trenching, duct banks, conduit & feeders?
2. Narrative indicates primary electrical conductors to terminate on a freestanding switchboard within building. Where will the utility transformer be located? Will it be located within the switchboard?
3. Explain whether coordination or approval of the proposed design been initiated by the utility company.
4. Clarify whether the electric room will be rated as a utility vault to contain utility transformer.
5. Secondary service & switchboard to be rated for 800 amp 480Y/277 volt and feed numerous branches. Please clarify the intent and installation of this switchgear with utility co. equipment within room.
6. Narrative indicates that the main switchboard is to have a dedicated section for possible fire pump. If a fire pump is required, this service & feeder shall be tied into utility service ahead of main service breaker. Please confirm.
7. Please confirm that motors ½ hp or greater fed with 3-phase power shall be provided with a dedicated disconnect switch at unit.
8. Please confirm that motors less than ½ hp fed with single phase power shall be provided with a dedicated motor rated toggle switch with thermal overloads at unit.
9. Confirm whether there is use of mineral insulated (M.I.) cable or an approved equivalent 2-hour rated feeder assembly.
10. Feeders are indicated as “Copper” or “Aluminum. It is recommended that copper constructed feeders shall be used throughout building as base bid. The use of aluminum constructed feeders as a value engineering means should be considered only as a cost savings measure.

Emergency Power Distribution System

1. Narrative indicates a proposed emergency generator with associated branches. Please describe sizes, ratings and equipment.
2. Please describe the intended service of the emergency generator. Which building loads will be tied into emergency power?
3. Generator must be provided with on-site fuel storage to be considered “Life Safety”. Confirm whether there is a diesel generator unless the local (AHJ) and natural gas utility company approves the use of natural gas as a reliable uninterruptable fuel source.
4. What is the room construction ratings containing emergency branch equipment.
5. Explain the routing and ratings of feeders.

Lighting

1. Provide descriptive of type of lighting and control of the common area lighting low voltage system.



2. Confirm that general indoor lighting fixtures are provided with LED lamping (in lieu of fluorescent), and that these fixtures are DLC approved and qualify for utility co. rebates.
3. Confirm whether day-light harvesting sensors & dimmable fixtures in general public areas are planned.
4. Confirm whether site lighting fixtures are provided with LED lamping (in lieu of metal halide), integral motion sensors and bi-level drivers and that these fixtures shall be DLC approved and qualify for utility co. rebates.

Receptacles

1. Explain the reason behind not installing isolated ground receptacles for computer (PC) loads.

Telecommunication System

1. Explain the intent, wiring and device locations of the proposed system.
2. Narrative mentions that the service will be required to be re-routed. Will this service be pulled back to existing IT/data room or will the new addition have a new location for this equipment? Please explain.
3. Describe how the telecommunications service will interface between the new addition and the existing building.

Verify and describe each of the following:

1. Security System
2. Sound System
3. Clock System
4. Uninterruptable Power Supply (UPS)
5. CATV System
6. Temporary Light and Power

Materials and Methods

1. Describe the scope of work to provide both normal and emergency power to the elevator(s).
2. Clarify the use of color coded fire alarm MC type cable.
3. Clarify the use of different colors & markings to provide clear indication between normal / emergency / critical receptacles, wiring, conduit & junction boxes.
4. Clarify the color coding of the fire alarm wiring system.
5. Clarify the use of stainless steel cover plates in procedure rooms.
6. Clarify the labeling of all receptacles, switches, electrical switchgear, etc.
7. Confirm that all wiring in patient care areas are hospital grade type MC cable and associated installations.



Fire Protection:

- Schematic Design Narrative:

General

1. Provide insurance underwriters information.
2. Clarify what edition of NFPA 13 and 24 apply to this project.
3. Define and address “*other State of Vermont Regulations*”

Sprinkler System

1. Provide elevation information for building and fire hydrants.
2. Verify that if fire pump is required, it shall be connected to emergency generator.
3. Verify that an exterior fire hydrant is within 100’ of new Fire Department Connection.
4. Provide current flow test data listing static and residual pressures as well as Pitot tube pressure. Also list size of ports on hydrant and coefficient of orifice.

Sprinklers

1. Verify that all new sprinklers will be quick response.
2. Confirm whether or not whether there are concealed type pendant sprinklers in the procedure and O.R. rooms with “dust-resistant” sealed cover plates.

Drawings and Hydraulic Calculations

1. We recommend that the final documents include requirements stating that drawings and hydraulic calculations must be stamped and signed by a Professional Engineer (PE) registered in the state of Vermont.

Plumbing:

- Schematic Design Narrative:

Sanitary Drain & Vent

Provide listing and applicable year for Plumbing Code.

Storm and Clear Water Drainage

1. Provide listing and applicable year for Plumbing Code.
2. Provide rainfall rate for area.

Medical Gas Systems

1. Verify medical gas systems will be designed according to NFPA 99.
2. Verify all fittings are to be brazed.



3. Verify that after systems have been installed a third party testing company will test all system to verify compliance with NFPA 99.

Plumbing Fixtures

1. Confirm use of microbial handles for bacterial protection where applicable.
2. Confirm all plumbing fixtures comply with current “NO LEAD” criteria
3. Confirm bariatric plumbing fixtures are not required.

Domestic Cold Water, Hot Water and Hot Water Return Systems

1. Verify that domestic hot water is stored at 140 deg. F to prevent Legionella. bacteria from developing.
2. Verify systems will be coordinated with local health department.
3. Verify all fixtures and faucets will be hospital grade.

In responding to these questions, please restate the question in bold font and respond in unbolded font, and send the original and two hard copies with a Verification Under Oath to me at the Green Mountain Care Board, 89 Main Street, Montpelier, Vermont 05620. Please send the electronic copy to donna.jerry@vermont.gov.

If you have any questions, please do not hesitate to contact me at 802-828-2918.

Sincerely,

s/ Donna Jerry

Donna Jerry
Senior Health Policy Analyst

cc: Judy Henkin, Health Policy Director

