

DELIVERED ELECTRONICALLY

June 29, 2022

Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

RE: Docket No. GMCB-014-21con, North Country Hospital, Construction and Renovation Project Involving the In-Patient Department, Emergency Department, Lab Department, OT/PT/ST Department and Access and Canopies. Total Project Cost: \$27,898,176.

Dear Ms. Jerry,

As requested, please find responses to further inquiries from your June 22, 2022 letter regarding North Country Hospital's proposed project.

- 1. Confirm the current number and the proposed number of medical/surgical inpatient beds. You have represented that you currently have 25 inpatient rooms with 5 maternal child health beds, 8 private inpatient beds, and 18 semi-private inpatient beds. You have represented that with the project you will have 4 maternal child health beds, 21 private inpatient beds, and 5 medical/surgical observation beds. Confirm whether the 4 maternal child health beds and the 5 medical/surgical observation beds are included in the maximum 25 medical/surgical inpatient beds for critical access hospitals.**
 - The 5 medical/surgical observation beds are not to be used for 24 hour stays, and are not included in the count of 25 inpatient beds. The proposed project provides 4 maternal child health beds, and 21 private inpatient beds, which will provide space for the total maximum 25 allowed for critical access hospitals.

- 2. You have represented that the four new exam spaces in the ED will be quickly and easily converted to serve an individual experiencing a mental health crisis and that these rooms will "likely contain a mechanism by which everyday exam room items can be concealed and safely locked away when required to do so." Given that you have stated there has been an increase in the number of mental health ED visits, provide more detail about this mechanism, what is involved, and the time required to convert the rooms to provide a safe and ligature resistant room for use by patients experiencing a mental health crisis.**
 - There are a few ways in which we look to create a room that can be utilized by both

patient populations. The sink that is provided inside the exam room will be a ligature resistant fixture such as the WHD-BSN by Whitehall. The ceiling will be a gypsum wall board ceiling with ligature resistant fixture and HVAC diffusers. Any access panels in the ceiling will also be ligature resistant. All items requiring fasteners in these rooms will utilize the appropriate tamper resistant fasteners. The overall construction details, door hardware, and materials will be appropriate for a patient experiencing a mental health crisis. For the typical exam room equipment, the room will utilize an overhead door that the staff would need to raise or lower to convert the room back and forth and make safe for certain patient populations. In addition, where needed, we will look to use a ligature resistant cover for electrical outlets, med-gas outlets, etc. We will use a cover like the SecuRoom decorative security cover by modular services.

3. Confirm your current days cash-on-hand and what your days cash-on-hand would be if the hospital used only equity to fund the project.
 - Current Days Cash on Hand = 291
 - Projected if used only equity = 172

4. **Given the number of ED visits for individuals experiencing a mental health crisis, in FY19 (452), FY20 (402), and FY21 (381), provide the average length of stay of such visits for each of the three years.**
 - Average Length of Stay FY19 = 28 hours, FY20 = 19 hours, and FY21 = 39 hours

5. **What is the expected interest rate on the USDA loan you may be pursuing?**
 - We expect the rates to be between 3.50% and 4.50%.

6. **Explain whether North Country Hospital has applied for the New Market Tax Credits (NMTC) that will be awarded in Fall 2022 or whether the hospital plans to apply for NMTC in a different round. If the latter, identify when the hospital would be applying for the NMTC.**
 - North Country was denied the last round of New Market Tax Credit funders because our project was not “shovel ready”. The New Market Tax Credit “shovel ready” term means that the project must be ready to start construction within six months of NMTC funding approval. North Country Hospital could not provide the assurance to the New Market Tax Credit funders to be ready that quickly, as the CON Application process was ongoing- and approval was not imminent. When the CON Application process is complete and approval is received, we will begin the detail design. This hopefully will place us in position to apply again in Fall of 2022 for the next round of New Market Tax Credit funding.

7. **You have projected 2% increases for salaries and 4% for benefits. Explain the assumptions and reasonings for these projections.**
 - These projections were in consideration of historical averages over the past five years. 2% increase on wage rates has been consistent. Benefits is mainly influenced by health insurance expense. North Country Hospitals self-insurance rate did not change 3 years ago but has averaged out to about a 4% growth per year over a longer period of time.

8. Explain why the non-operating revenue is flat for the projected three years of the project in the Income Statement, Table 3.

- North Country does not budget for non-operating revenue since it represents unrealized gains and losses on the investment portfolio directly impacted by market conditions. These fund balances are long term and therefore it does not seem prudent to forecast market conditions 3 years into the future. Instead, we continue to manage our investment portfolio balance of 70% equity and 30% fixed income.

Sincerely,

A handwritten signature in blue ink that reads "Brian Nall". The signature is fluid and cursive, with the first name "Brian" and the last name "Nall" clearly legible.

Brian Nall, FACHE
President & CEO
North Country Hospital