

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Application of Southwestern Vermont)
Medical Center, Creation of a Dental Home) GMCB-015-16con
On the Bennington Campus)
_____)

STATEMENT OF DECISION AND ORDER AND CERTIFICATE OF NEED

Introduction

Southwestern Vermont Medical Center (SVMC or the applicant) requests a certificate of need (CON) to create a Dental Home¹ on SVMC's Bennington Campus (the project). Based on the information provided in the record and at hearing, we approve the application.

Procedural Background

SVMC filed a letter of intent with the Green Mountain Care Board conceding jurisdiction on August 25, 2016. On September 19, 2016, the Office of the Health Care Advocate (HCA) entered a notice of intervention as an interested party. On January 6, 2017, SVMC filed a CON application with the Board. The Board requested additional information from the applicant on February 2, February 15, and May 23, 2017. SVMC provided responses on February 14, April 26, and June 1, 2017. The application was closed on June 13, 2017. The Board received no additional petitions for interested party or amicus curiae status, and no public comments. A hearing was held on July 10, 2017.

Jurisdiction

The Board reviews applications for certificates of need pursuant to 18 V.S.A. § 9375(b)(8) (Board has authority to “[r]eview and approve, approve with conditions, or deny applications for certificates of need.”). The proposed project is subject to review under 18 V.S.A. § 9434(b)(3) (annual operating expense which exceeds \$500,000.00).

Findings of Fact

1. SVMC proposes to renovate 1,890 square feet of its existing Medical Office Building to create a Dental Home. The renovated facility will have five dental exam and treatment rooms, a small laboratory for preparing implants, and a panoramic dental x-ray machine. Application (App.) at 11; Responses (4/26/17), Future Layout. Dental instruments will be processed through SVMC central sterilization. App. at 19. The project complies with Facilities Guidelines Institute

¹ The term Dental Home is consistent with the Vermont Oral Health Plan, published by the Vermont Department of Health (VDH) as part of Healthy Vermonters 2020. “A dental home is defined as a primary dental care provider who is accessible and who provides continuous, comprehensive, coordinated, compassionate and culturally effective care” (Vermont Oral Health Plan 2014 at 21, available at <http://www.healthvermont.gov/wellness/reports/oral-health>).

(FGI) standards for the construction of health care facilities. *See Responses (4/26/17); (6/1/17).* SVMC is working with Efficiency Vermont to achieve the greatest energy efficiency appropriate to the project. App. at Appendix 5.

2. Over the first three years, SVMC plans to add five to seven non-medical FTEs (hygienists and support staff) and 1.5 to 2 medical FTEs (dentists). Responses (2/13/17) at Appendix A. Human resources and billing will be supported by existing overhead. Transcript (TR) at 20. Office visits are expected to be approximately 1,700 in the first two years and then approximately 2,300 in the third year. Responses (2/13/17) at Appendix A.

3. The cost of the project is \$803,781. Funding of the project is expected to come from operating revenue, with no financing necessary. App. at 13-14.

4. The Dental Home is expected to receive 28% of its revenues from commercial insurance, 72% from Medicaid, and no Medicare revenues. Operating costs are projected to be \$745,000 to \$1,043,000 and depreciation of \$60,000 to \$120,000 for years one through three. SVMC expects the Dental Home to realize net operating losses of \$29,800 the first year, \$113,000 the second, and \$89,700 the third year. The overall hospital operating margin is expected to fall from 3.0% before the project, to 2.98% after the project is commenced. The overall capital cost as a percentage of total expenses does not significantly change with the project. App. at Appendix 7; Responses (2/13/17) at Appendix A.

5. According to a recent Vermont Department of Health report, there is a significant need for more access to dental services in Bennington, particularly pediatric dental services and dental providers who accept Medicaid.² A 2014 report similarly found that Bennington kindergarten and third grade children experience the highest percent of tooth decay among the 24 public elementary schools screened and the second highest percent of untreated decay.³ Nearly 20% of middle schoolers in the Bennington area are in need of oral health care. App. at 4; TR at 6-7.

6. The Bennington area has struggled to recruit new dentists. Three-quarters of the practicing dentists in the area are over the age of 50, and almost half are over the age of 60. App. at 10. SVMC's Dental Home provides a model in the region that appears to be attractive to new dentists. TR at 9-10. Several experienced dentists are participating in the launch of the Dental Home and there is support for the project from dentists currently practicing in the Bennington area. TR at 24-25.

7. Treatment at the Dental Home will adhere to practice guidelines from the Vermont Dental Society, American Dental Association, and National Dental Association. Evidence-based practice efforts will be consistent with the state's health improvement goals. App. at 19.

² Vermont Department of Health, *Oral Health in Bennington District Office and Vermont: Preventive and Access to Care, Risk Factors, and Outcomes*, (March 2016) available at <http://www.healthvermont.gov/health-statistics-vital-records/surveillance-reporting-topic/oral-health>.

³ Vermont Department of Health, *Keep Smiling Vermont: The Oral Health of Vermont's Children, 2013-2014*(Sept. 2014), available at <http://www.healthvermont.gov/health-statistics-vital-records/surveillance-reporting-topic/oral-health>.

8. The proposed SVMC Dental Home aligns with the goals of the Vermont Oral Health Plan. App. at 4; TR at 6-7, 14-15.

9. The SVMC Dental Home will collect and monitor quality and outcomes data around access to services, maintenance of services, and prevention. Quality and outcomes measures include: percentage of patients treated at the dental home within 48 hours of referral; percentage of adults and children enrolled in the dental home that have received dental services within the last 12 months; percentage of children enrolled in the dental home that have received sealant on a permanent first molar.⁴ App. at 17-18; TR at 11.

10. The SVMC Dental Home will improve access to needed dental care in the community. In addition to accepting Medicaid and bringing new dentists to the area, the office will be conveniently located on the SVMC campus. The SVMC campus is accessible by public transportation through Green Mountain Express bus service and Medicaid patients may request point-to-point service. App. at 25; TR at 8. The Dental Home will be near the SVMC emergency room and SVMC Express Care (urgent care), allowing for easy referral to the Dental Home. TR at 9.

11. The SVMC Dental Home's software and electronic record (Dentrix, Henry Shein, Inc.) will reside on the SVMC computer network. Dental records will be accessible to other health care providers within SVMC's continuum of care. The dental software will conform to the state health information technology plan. App. at 26-27.

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

Section 9437 of Title 18 contains criteria that must be satisfied before the Board may grant an applicant a certificate of need. Here, the applicant has demonstrated that it meets each of the relevant criteria, which we address in turn.

Pursuant to the first criterion, we conclude that the application is consistent with the health resource allocation plan (HRAP). 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. *See* 18 V.S.A. § 9437(1). The applicant demonstrates that they have met each of the relevant standards.

The applicant satisfies CON Standard (Standard) 1.3 (collaborative approach with neighboring health care facilities providing the same service), by demonstrating collaboration

⁴ Quality and outcomes measures are paraphrased from the application. See Application at 17-18 for complete wording of the measures with defined numerator and denominator.

and support from the area dental community. *See* Finding of Fact (Finding) ¶ 6. Regarding Standard 1.6 (collection and monitoring of quality and outcomes data), the applicant will collect quality measures to evaluate the ability of the project to meet the needs of the community. *See* Finding ¶ 9. The project is consistent with evidence-based practice (Standard 1.7), *see* Finding ¶ 7.

The applicant demonstrates that its facility design and layout meets all applicable standards. *See* Standard 1.10 (energy efficiency), Standard 1.12 (compliance with FGI guidelines), and Standard 1.8 (control of infectious disease); Finding ¶ 1. The applicant likewise meets Standard 1.9 (costs are necessary and reasonable) and Standard 3.4 (consistent with hospital budget submission) by demonstrating financial information that reconciles with previous budget filings and testifying at hearing that the project will fulfill a community need. *See* Findings ¶¶ 3,4,5. The applicant meets Standard 2.2 (focus on health promotion) by demonstrating that the project will address preventive health needs of the community. *See* Finding ¶ 5.

Pursuant to the second criterion, SVMC shows that the capital investment and operating cost of the project is reasonable, that SVMC 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). The Dental Home is a low-cost setting that is supported by local dentists and provides needed services to meet population health goals. *See* Findings ¶¶ 4, 5, 6. SVMC can sustain the cost of the project. Financial tables submitted for the project are sound and reconcile with previous budget filings. The project is projected to be close to break even for the first three years and the hospital can afford the modest losses in order to make an investment into preventive care for a significant community health need. The overall capital cost as a percentage of total expenses does not significantly change with the project. *See* Findings ¶¶ 3, 4.

SVMC demonstrates that it meets the third through sixth criteria. SVMC demonstrates a need for the project, that the service is appropriate for it to provide, that both the quality of and access to health care will increase as a result of this project, 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(3)-(6). There is a documented need for dental services, particularly for children, in Bennington county. At hearing, Planning Director Jim Trimarchi testified to the large percentage of the population in the Bennington community afflicted with dental issues. Nearly twenty percent of middle schoolers are in need of oral health care. Dr. Michael Brady, dentist at Molly Stark school for seventeen years, echoed the testimony from SVMC, stating that the dental provider community in the area is supportive of the hospital's efforts and the overall need is paramount. *See* Finding ¶ 5. The project will not adversely affect other services offered by the applicant, in fact, the applicant testified that a significant benefit of the Dental Home is the ability to refer patients who present to the SVMC emergency department or urgent care with dental issues. The addition of the Dental Home will improve the likelihood that patients who present with dental issues will be able to see a dentist in a timely manner and reduce unnecessary emergency room visits.

The applicant has satisfied the seventh statutory criterion. 18 V.S.A. § 9437(7) (requires the applicant to consider accessible transportation services). The SVMC campus is easily accessed by bus. At hearing, Mr. Trimarchi testified that the hospital chose to renovate within the existing medical office building in part for easy access to transportation. *See* Finding ¶ 10.

Finally, we conclude that the applicant has satisfied the eighth criteria. 18 V.S.A. § 9437(8) (requires conformance with health information technology plan if application is for purchase of new health information technology). The Dental Home will utilize a dental clinic electronic medical record that is integrated with SVMC's computer network, will be accessible to other SVMC providers, and conforms with the state health information technology plan. *See* Finding ¶ 11.

We therefore conclude that the applicant has demonstrated that each applicable statutory criterion has been met, and issue a certificate of need on this date, subject to the conditions outlined below.

Certificate of Need

The Certificate of Need shall be subject to the following terms and conditions:

1. SVMC 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 applicants, and in strict conformance to the Findings of Fact and Conclusions of Law set forth in this Statement of Decision and Order, and subject to the requirements and conditions herein.
2. The project shall be fully implemented within three (3) 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. SVMC 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 fully complies with its scope as described in the application, in other materials in the record submitted by SVMC, and in this Statement of Decision and Order.
 - b. A separate spreadsheet that lists by column, for each of the line items in Table 1 of the application:

- i. CON approved amount,
 - ii. expenditure for previous six-month period,
 - iii. expenditures for current six-month reporting period (include reporting dates),
 - iv. dollars expended to date,
 - v. dollars that remain, and
 - vi. percent over/under budget for each of the line items shown on Table 1 in the application.
 - c. Verification that no material or nonmaterial changes have occurred or are contemplated.
5. This certificate of need is not transferable or assignable and is issued only for the premises and entities named in the application.
 6. If SVMC 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 as described in its application and designated in this certificate of need, SVMC shall file a notice of such change immediately with the Board. The Board shall review the proposed change and advise SVMC whether the proposed change is subject to review.
 7. In its discretion the Board may, after SVMC is provided notice and an opportunity to be heard, make such further orders as it finds necessary or appropriate 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 shall be signed by the applicants' 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 2, above.

Order

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

SO ORDERED.

Dated: JULY 31, 2017 at Montpelier, Vermont

s/ Kevin Mullin, Chair)
)
 s/ Cornelius Hogan)

GREEN MOUNTAIN

s/ Jessica Holmes)
CARE BOARD)
OF VERMONT)
s/ Robin Lunge)
)
s/ Maureen Usifer)

Filed: JULY 31, 2017

Attest: s/ Marisa Melamed
Green Mountain Care Board
Health Policy Analyst