

Diagnostic and Treatment Centers - Establish/Construct

Exhibit # 2

<u>Number</u>	<u>Applicant/Facility</u>
1. 201275 B	New York City Health & Hospital Corporation/ Gotham Health FQHC, Inc. d/b/a Tremont Community Health Center of Excellence (Bronx County)
2. 202004 B	New York City Health & Hospital Corporation/ Gotham Health FQHC, Inc. d/b/a Broadway Community Health Center of Excellence (Kings County)
3. 202005 B	New York City Health & Hospital Corporation/ Gotham Health FQHC, Inc. d/b/a Roosevelt Community Health Center of Excellence (Queens County)
4. 211054 B	Ainsworth Health, LLC (Nassau County)

Regulations to be distributed under separate cover.



Project # 211234-C

Mount St. Mary's Hospital and Health Center

Program: Hospital
Purpose: Construction

County: Niagara
Acknowledged: June 3, 2021

Executive Summary

Description

Mount St. Mary's Hospital and Health Center, a 175-bed not-for-profit hospital located at 5300 Military Road, Lewiston (Niagara County), requests approval to construct a new hospital division that will replace the current Eastern Niagara Hospital (ENH), a 134-bed not-for-profit hospital located at 521 East Avenue, Lockport (Niagara County). The new hospital will be located three miles from the current site of ENH at 6001 Shimer Drive, Lockport, NY and be named Lockport Memorial Hospital, a Campus of Mount St. Mary's.

Mount St. Mary's Hospital and Health Center's (Mount St. Mary's) active parent is Catholic Health System, Inc. (CHS). CHS is an integrated healthcare delivery system that includes: Mount St. Mary's; Mercy Hospital of Buffalo; Kenmore Mercy Hospital; Sisters of Charity Hospital and Sisters of Charity Hospital – St. Joseph Campus; four long-term care facilities; three home health agencies; primary care and imaging centers; a physician network; and other healthcare-related services as well as with five charitable foundations.

ENH has been in financial distress for several years. In November 2019, Eastern Niagara Hospital filed for Chapter 11 bankruptcy and began implementing a restructuring plan. The financial impact of the COVID-19 pandemic in 2020 exacerbated ENH's financial challenges and absent an intervention, the hospital was projected to close in January 2021. CHS and ENH identified an opportunity to collaborate that would preserve and enhance

access to hospital services benefitting the residents of the Niagara County communities they both serve.

The proposed Lockport Memorial Hospital campus of Mount St. Mary's will be two one-story buildings occupying 63,000 square feet on a 97 acre parcel of apple orchard and farm land in the Town of Lockport and includes 10 private rooms for inpatient medical/surgical beds with shell space for 10 additional beds to accommodate future growth. The initial 10 medical/surgical beds to be constructed at the new hospital is consistent with ENH's current average daily census (ADC), which was 10.56 for the period April 1, 2021 to June 7, 2021. The hospital will also include an emergency department, a full suite of imaging services, laboratory testing, and a primary and multispecialty clinic.

The proposed hospital project will benefit from CHS' existing healthcare network in several ways including

- Economies of scale from CHS administrative and clinical support services, including group purchasing savings and access to the system's enterprise resource planning (ERP) IT system.
- Deployment of Epic electronic health record system to more effectively and efficiently manage and coordinate care
- Access to CHS primary and tertiary services and full care continuum

Mount St. Mary's in western Niagara County has also experienced underutilization and is expected to benefit from the integration of services with the proposed Lockport Memorial Hospital.

CHS is currently managing ENH and providing liquidity and working capital support through an \$8.5M grant from the Mount St. Mary's Foundation.

OPCHSM Recommendation

Contingent Approval

Need Summary

The average daily census for medical/surgical services at ENH has steadily declined in the last few years from 33 in 2019, to 23 in 2020, to 10 patients on average in 2021. ADC for pediatric inpatient beds has been 0 since 2019. ENH closed its 12-bed inpatient child/adolescent psychiatric program as of 2020 given low volume, lack of staff, and related safety concerns and program deficits. The behavioral health needs for children and adolescents requiring inpatient services are currently being met through services offered at BryLin Behavioral Health System as well as Erie County Medical Center in the Buffalo area.

The proposed scope and distribution of services planned for the new Lockport Memorial Hospital campus of Mount St. Mary's Hospital preserves local access to care, is sized to meet the needs of the community, avoids duplication of services, and is designed to efficiently and effectively integrate the proposed operation with existing CHS network facilities, capabilities, and resources.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

The total project cost of \$65,008,773 will be met through cash of \$20,697,123, fundraising of \$500,000, a Statewide Grant of \$5,921,650, and a \$37,890,000 public tax-exempt revenue demand bond issue for a 30-year term at 4% interest.

The following represents the consolidated budget for Mount St. Mary's Hospital and Health Center and the incremental financial impact of the proposed Lockport Memorial Hospital. The clinical, operational, and financial synergies between Mount St. Mary's existing and the proposed new Lockport Memorial Hospital campus will help preserve access to care in Eastern Niagara County and stabilize Mount St. Mary's Hospital in western Niagara County. The consolidated budget is as follows:

	<u>Current Year</u> <u>(2020)</u>	<u>Year One</u> <u>(2023)</u>	<u>Year Three</u> <u>(2025)</u>
Revenues	\$105,398,000	\$138,793,405	\$144,206,283
Expenses	<u>\$105,162,000</u>	<u>\$139,788,451</u>	<u>\$144,852,715</u>
Net Income	\$236,000	(\$995,046)	(\$646,432)

The CFO of CHS has submitted a letter indicating CHS will fund the working capital requirements and any initial operating deficits for the Lockport Memorial Hospital campus. CHS has over 100 days of unrestricted cash and investments on hand. As of April 30, 2021, CHS maintained \$170 million in cash and cash equivalents (BFA Attachment A).

The incremental operating budget for just the proposed Lockport Memorial Hospital campus is presented below. The applicant projects the new hospital will have a net income of approximately \$3.3M in Year One and \$3.9M by Year Three.

	<u>Year One</u> <u>(2023)</u>	<u>Year Three</u> <u>(2025)</u>
Revenues	\$27,668,532	<u>\$29,747,664</u>
Expenses	<u>\$24,373,008</u>	<u>\$25,799,143</u>
Net Income	\$3,295,524	<u>\$3,948,521</u>

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of a bond resolution acceptable to the New York State Department of Health (Department). Included with the submitted bond resolution must be a sources and uses statement and debt amortization schedule, for both new and refinanced debt. [BFA]
3. Submission of documentation confirming final approval of the Statewide Health Care Facility Transformation program executed grant contract, acceptable to the Department. [BFA]
4. Submission of an executed management services agreement acceptable to the Department. [BFA]
5. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
6. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
7. Submission of State Environmental Quality Review (SEQR) Summary of Findings pursuant to 6 NYCRR Part 617.4(b) (6), and 10NYCRR 97.12. [SEQ]

Approval conditional upon:

1. Completion of the project by **July 1, 2023**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and an expiration of the approval. It is the responsibility of the applicant to request prior approval for any extension to the project approval expiration date. [PMU]
2. Construction must start on or before **December 1, 2021**, and construction must be completed by **April 1, 2023**, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the approved start date this shall constitute abandonment of the approval. [PMU]
3. Staff of the facility must be separate and distinct from the staff of other entities; signage must clearly denote the facility is separate and distinct from other entities; clinical space must be used exclusively for the approved purpose; and entrance must not disrupt any other entity's clinical program space. [HSP]
4. Submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need Analysis

Background

ENH currently operates significantly below its certified capacity of 134 beds.

Table 1: Current Eastern Niagara Hospital Lockport Licensed Beds

Bed Type	Current Beds
Medical/Surgical	84
Pediatric	8
Psychiatric	12
Chemical Dependency/Rehabilitation	30
Total	134

Source: HFIS

Analysis

The average daily census for medical/surgical services has steadily declined in the last few years from 33 in 2019, to 23 in 2020, to 10 patients in 2021. ENH's ADC for pediatric inpatient beds has been zero since 2019.

Table 2: Eastern Niagara Lockport ADC & Occupancy by Service

Service	2019		2020	
	ADC	OCC	ADC	OCC
Med/Surg	33		22.9	
Med/Surg Chem. Dependency	22		-	
Sub Total Med/Surg	55.5	66.1%	22.9	27.3%
Pediatric	0	0%	0	0%
Psychiatric	5	42%	0	0%
All Other (incl. Chem Dependency in 2020)	1	3%	15.9	53%
Grand Total	60.7	45.3%	38.8	28.9%

Source: SPARCS. Reporting is blended as Chemical Dependency Beds transitioned between the Newfane and Lockport campuses in 2019. ADC is displayed in "Med/Surg Chem Dependency in 2019, in "Other" in 2020.

ENH closed its 12-bed inpatient child/adolescent psychiatric program in 2020 given low volume, lack of staff, and related safety concerns and program deficits. The behavioral health needs for children and adolescents requiring inpatient services are currently being met through services offered by BryLin Behavioral Health System as well as Erie County Medical Center in the Buffalo area.

The inpatient chemical dependency program was transferred from the Newfane to the current ENH campus in Lockport at the end of 2019 and had an average daily census of 16 in 2020. These needs will be met by the inpatient chemical dependency program operated by CHS at Mount St. Mary's which has just added 24 beds through CON 201051 for this service.

ADC for pediatric inpatient beds has been 0 since 2019. ENH states that keeping the eight pediatric beds on the operating certificate has allowed them to care for the occasional low acuity pediatric admission through the ED but the higher acuity pediatric cases are being treated at John R. Oishei Children's Hospital in Buffalo.

As shown in Table 3 below, Niagara County residents in need of medical/surgical inpatient care will have sufficient access to these services at the new Lockport Memorial Hospital, Mount St. Mary's Hospital, a CHS hospital, or in one of the several other hospitals in the region within a 30-mile radius, with ample capacity. See the BPNR Attachment for a map of the surrounding facilities.

Med/Surg	Distance In miles	Beds	2018		2019		2020	
			ADC	Occ.	ADC	Occ.	ADC	Occ.
Buffalo General Medical Center	28.5	484	403	83.3%	412	85.1%	369	76.2%
Erie County Medical Center	25.0	353	206	58.4%	208	58.9%	214	60.6%
Millard Fillmore Suburban Hospital	14.8	227	146	64.3%	146	64.3%	134	59.0%
Mount St Mary's Hospital and Health Center	20.3	120	48	40.0%	42	35.0%	27	22.5%
Niagara Falls Memorial Medical Center	21.6	97	31	32.0%	35	36.1%	33	34.0%
Sisters of Charity Hospital	26.3	230	96	41.7%	79	34.4%	54	23.5%

Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020) - Date last update:10/21/2020

The table below shows the distribution of discharges from the hospitals that service the area (generally contiguous zip codes) from which ENH has drawn 85% of its discharges defined as ENH's primary service area (PSA). There are approximately 84,000 people that reside in this geographic area. The most recent data show ENH had only 7.5% of total hospital discharges in its PSA, while Kaleida is the market leader with a combined 37.8 percent market share between its Millard Fillmore Suburban, Buffalo General Hospital, and John R. Oishei Children's Hospital.

Facility	Annual Discharges	Percent	Cumulative Discharges	Cumulative Percentage
Millard Fillmore Suburban Hospital	4,172	15.7	4,172	15.7
Buffalo General Medical Center	3,847	14.5	8,019	30.2
Erie County Medical Center	2,963	11.2	10,982	41.4
Niagara Falls Memorial Medical Center	2,654	10.0	13,636	51.4
Mount St. Mary's Hospital and Health Center	2,432	9.2	16,068	60.6
Sisters of Charity Hospital	2,064	7.8	18,132	68.3
John R. Oishei Children's Hospital	2,016	7.6	20,148	75.9
Eastern Niagara Hospital - Lockport Division	1,998	7.5	22,146	83.5
Kenmore Mercy Hospital	1,165	4.4	23,311	87.9
All Other Area Hospitals	3,219	12.1	26,530	100.0

Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020) - Date last update:10/21/2020

It should be noted that Mount St Mary's and Sisters of Charity already had a higher percentage of discharges than ENH in the ENH primary service area.

Conclusion

The proposed scope and distribution of services planned for the new Lockport Memorial Hospital campus of Mount St. Mary's Hospital preserves, enhances, and sustains local access to hospital care, is sized to meet the needs of the community, avoids duplication of services, and is designed to efficiently and effectively integrate the proposed operation with existing CHS network facilities, capabilities, and resources.

Program Analysis

Program Description

ENH, Mount St. Mary's Hospital, and CHS came together to develop a plan to maintain the provision of health services for the 84,000+ residents in Eastern Niagara County. In 2020, CHS agreed to purchase certain assets from ENH, including a freestanding ambulatory surgery center (ASC), located at 5875 South Transit Road in Lockport, and enter into a management services agreement with the aim of reducing operating expenses at ENH. Both CHS and ENH have worked to stabilize the workforce and improve operations and cash flow, creating greater stability to provide the runway for the development and construction of this new, more efficient neighborhood hospital.

CHS has done significant demand analysis on inpatient and outpatient service needs in this area. The new Lockport Memorial Hospital facility is designed to meet the needs of the community in a financially sustainable fashion. One such example is that by leveraging economies of scale with the resources of Mount St. Mary's Hospital and CHS, the new facility will have access to centralized purchasing, legal, human resources, finance, and compliance resources. Additionally, the new hospital will be supported by the CHS primary and specialty physician network and integrated with its EPIC EHR.

The project is expected to increase staffing to 161.9 FTEs.

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and expertise. The facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations.

Prevention Agenda

The applicant states that the proposed project will advance local Prevention Agenda priorities by bringing a number of existing interventions and new services to the area. The new campus will bring increased access to primary and specialty care in the region and will house a specialty clinic that provides access to cardiologists, endocrinologists, vascular, orthopedic, and other specialists allowing earlier interventions in a more convenient way to reduce obesity and the underlying causes of diabetes and heart disease. The new site will have a significant primary care and OB/GYN presence to promote health for the entire family including women and children. CHS also has a wide array of substance use disorder services within the network to promote well-being and will bring community awareness to programs such as "Medication Assisted Treatment" programs available and support groups in the system. CHS is one of the largest hospital providers of Methadone Maintenance services outside New York City.

CHS has a long history in the Niagara Region for community engagement. The applicant states their action plan to address the prevention agenda includes community representation from across the region. They are currently collaborating with Catholic Charities to support behavioral health and will look to expand their current relationship with Feedmore WNY to address food insecurities at their primary care locations. The applicant states they have developed specific relationships in the Lockport region with Niagara University, Town of Lockport, Niagara County Department of Health and their opioid task force, and a dozen of local businesses and community organizations. Mount St. Mary's is one of the founding members of Niagara Falls Health Equity Task Force and has been invited to participate in Niagara Falls Mayor Commission on social justice associated with health equity. The applicant states they are part of the newly formed Niagara Falls workforce development consortium.

Progress toward achieving local Prevention Agenda goals is tracked through Niagara County Department of Health, New York State Department of Health, and the EPIC EMR system data.

In 2019, the applicant spent \$744,510 on community health improvement services, representing 0.696% of total operating expenses.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

The total project cost of \$65,008,773, which includes the cost for the Article 28 shell space of \$523,200, will be met via cash of \$20,697,123, fundraising \$500,000, a statewide grant of \$5,921,650, and a \$37,890,000 public tax-exempt revenue demand bond issue for a 30-year term at 4% interest. Bank of America Securities has provided a letter of interest to arrange an underwriting for the bond issue. A statewide grant was previously awarded to ENH for the construction of a medical office building, ambulatory care services, and IT improvements to enhance integration. The Department of Health is in the process of transferring it to Mount St. Mary's for use in this project.

Total project cost, which is for construction of the hospital and associated services building, and acquisition of moveable equipment, is detailed as follows:

Land Acquisition	\$800,000
New Construction	\$29,931,471
Site Development	\$5,665,000
Design Contingency	\$1,779,824
Construction Contingency	\$1,779,824
Fixed Equipment	\$1,838,632
Planning Consultant Fees	\$711,930
Architect/Engineering Fees	\$1,740,700
Construction Manager Fees	\$2,884,000
Other Fees	\$515,000
Moveable Equipment	\$6,705,455
Telecommunications	\$7,898,213
Financing Costs	\$762,104
Interim Interest Expense	\$1,641,900
Con Fees	\$2,000
Additional Processing Fee	\$352,720
Total Project Cost	\$65,008,773

The Department's Bureau of Architectural and Engineering Review has determined that this project includes direct costs and space allocations totaling \$523,200 for shell space. As a result, the total approved project cost for reimbursement purposes shall be limited to \$64,485,573.

Operating Budget

The applicant has submitted an incremental operating budget for the inpatient and outpatient services to be provided at the Lockport Memorial Hospital campus of Mount St. Mary's Hospital in 2021 dollars, during the first and third years, summarized below:

	<u>Per Discharge</u>	<u>Year One</u> <u>(2023)</u>	<u>Per Discharge</u>	<u>Year Three</u> <u>(2025)</u>
<u>Inpatient Revenues</u>				
Commercial-FFS	\$7,737	\$696,308	\$8,155	\$709,460
Commercial-MC	\$7,146	343,025	\$7,598	349,504
Medicare-FFS	\$5,527	950,615	\$5,870	968,571
Medicare-MC	\$6,656	1,044,956	\$7,051	1,064,693
Medicaid-FFS	\$7,248	108,714	\$7,384	110,767
Medicaid -MC	\$5,652	463,485	\$6,054	472,240
Private Pay	\$9,970	59,821	\$10,159	60,951
Other *		<u>4,047,031</u>		<u>4,210,531</u>
Total Inpatient Revenues		<u>\$7,713,955</u>		<u>\$7,946,717</u>
<u>Outpatient Revenues</u>				
	<u>Per Visit</u>		<u>Per Visit</u>	
Commercial-FFS	\$229.12	\$4,554,826	\$242.11	\$5,059,280
Commercial-MC	\$134.84	2,539,614	\$143.27	2,821,258
Medicare- FFS	\$84.69	1,124,302	\$90.00	1,248,345
Medicare-MC	\$183.72	2,350,530	\$195.00	2,606,717
Medicaid-FFS	\$58.63	109,219	\$61.74	120,393
Medicaid-MC	\$294.27	2,643,131	\$308.89	2,931,076
Private Pay	\$286.36	1,648,268	\$303.23	1,820,867
Other **		<u>4,984,687</u>		<u>5,193,013</u>
Total Outpatient Revenues		<u>\$19,954,577</u>		<u>\$21,800,947</u>
Total Revenues		<u>\$27,668,532</u>		<u>\$29,747,664</u>
<u>Inpatient Expenses</u>				
	<u>Per Discharge</u>		<u>Per Discharge</u>	
Operating	\$5,646	\$3,353,818	\$6,266	\$3,577,710
Depreciation and Interest	<u>\$1,690</u>	<u>1,004,052</u>	<u>\$1,760</u>	<u>1,004,752</u>
Total Inpatient Expenses	\$7,336	\$4,357,870	\$8,026	\$4,581,762
<u>Outpatient Expenses</u>				
	<u>Per Visit</u>		<u>Per Visit</u>	
Operating	\$198.23	\$16,455,319	\$203.02	\$17,657,562
Depreciation and Interest	<u>\$42.88</u>	<u>3,559,819</u>	<u>\$40.93</u>	<u>3,559,819</u>
Total Outpatient Expenses	\$241.11	\$20,015,138	\$243.95	\$21,217,381
Total Expenses		<u>\$24,373,008</u>		<u>\$25,799,143</u>
Net Income		<u>\$3,295,524</u>		<u>\$3,948,521</u>
Total Discharges		594		571
Total Visits		83,012		86,974

* Other inpatient revenues are comprised entirely of non-tertiary referrals (non-tertiary care is defined as hospital care that does not require highly specialized skills, technology, or support services).

** Other outpatient revenues are comprised of 340B program revenue (Year One = \$503,626 and Year Three = \$523,973) and surgical referrals (Year One = \$4,481,061 and Year Three = \$4,669,038).

The following is noted with respect to the submitted budgets:

- Revenue was calculated based on actual revenue per case received at Mount St. Mary's Hospital in 2019 for a similar inpatient case mix and outpatient services that are anticipated at Lockport Memorial Hospital. This methodology was applied at a department level.

- Staffing expense and skill mix were determined by reviewing specific needs by department based on anticipated volume. Where appropriate, productivity targets per unit of service were applied to calculate FTEs, salary, and benefit expenses. Support positions, such as management, environmental, and facility services, were determined based on the building footprint and hours of service, as well as, efficiencies that are achievable through shared services between Mount St. Mary's Hospital and Lockport Memorial Hospital.
- Supply expenses were determined on a variable per unit of volume basis in line with historical trending of Mount St. Mary's Hospital for like departments. Purchased Services were determined through consultation of department managers with Mount St. Mary's historical trending as a baseline with adjustments based on specific needs to support the proposed services at Lockport Memorial Hospital. Utilities were projected using Mount St. Mary's expense as a baseline with adjustments for the square footage of Lockport Memorial Hospital; utilization assumptions were determined applying a combination of two methods. The first method included consultant reports of market volume for the geographical service areas of the proposed location of Lockport Memorial Hospital. This methodology was applied at a department level where appropriate. For areas where this methodology was not applied, historical volume from ENH System was utilized.
- Utilization by payor source for Years One and Three is as follows:

<u>Payor</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Inpatient</u>	<u>Outpatient</u>
Commercial FFS	15.15%	23.95%	15.24%	24.03%
Commercial MC	8.08%	22.69%	8.06%	22.64%
Medicare FFS	28.96%	16.00%	28.90%	15.95%
Medicare MC	26.43%	15.41%	26.44%	15.37%
Medicaid FFS	2.53%	2.24%	2.63%	2.24%
Medicaid MC	13.80%	10.82%	13.66%	10.91%
Private Pay	1.01%	6.93%	1.05%	6.90%
Charity Care	<u>4.04%</u>	<u>1.96%</u>	<u>4.02%</u>	<u>1.96%</u>
Total	100.0%	100.0%	100.0%	100.0%

Management Agreement

The applicant provided a draft management agreement; the terms are summarized below.

Date:	TBD
Consultant:	Catholic Health Systems, Inc
Facility:	Eastern Niagara Hospital, Inc.
Manager Responsibilities:	Manage the day-to-day operations including: supervision, clerical and support services, monitor patient care, charges relating to business negotiations, rates and filing of cost reports, personnel administration related to pay wage and benefits, purchasing care policies and procedures, patient records management, quality control indicators, complaint procedures development, contract services, policy and procedure development, management reports, compliance reports, insurance, maintain licenses, permits, accreditation and provider numbers, maintenance of fiscal stability.
Compensation:	\$478,322.40 per year payable in 12 equal monthly installments. They are also entitled to manager's out of pocket expenses paid by manager on hospital's behalf.
Terms:	3-year term on anniversary of the effective date.
Provisions:	Manager may terminate the agreement, with or without cause, at any time with a written notice and 90-day termination period. Either party may terminate with 90 days of written notice. Hospital may terminate the agreement, with or without cause, any time with a written notice to the manager, the Department, and citizens. The hospital must also provide to the Department a plan for the operation of the facility.

Capability and Feasibility

The total project cost of \$65,008,773, which includes the cost for the Article 28 shell space of \$523,200. will be met via cash of \$20,697,123, fundraising of \$500,0000, a statewide grant of \$5,921,650, and a \$37,890,000 public tax-exempt revenue demand bond issue for a 30-year term at 4% interest. BFA Attachment B is the 2018-2020 Certified Financial Statement and the 1/1/21-4/30/21 Internal Financial Statements of Catholic Health System, Inc., which indicates the availability of sufficient funds for the cash equity contribution.

The submitted budget for the new Mount St. Mary's Lockport Memorial Hospital indicates an excess of revenues over expenses of \$3,295,524 and \$3,948,521 during the first and third years, respectively. Working capital requirements are estimated at \$4,299,957 based on two months of third year expenses. The CFO of CHS has submitted a letter indicating CHS will fund the working capital requirements and any initial operating deficits for the Mount St. Mary's Lockport Memorial Hospital campus.

As shown on BFA Attachment A, Mount St. Mary's Hospital had a positive working capital position, a positive net asset position and an excess of revenues over expenses of \$1,262,000 through December 31, 2020. These results are inclusive of \$14,116,000 in federal stimulus dollars from the CARES Act Provider Relief Fund. The clinical, operational, and financial synergies between Mount St. Mary's existing hospital and the proposed new Lockport Memorial Hospital campus will help stabilize Mount St. Mary's Hospital in western Niagara County and mitigate future deficits absent the CARES liquidity provided in 2020. Through April 2021, Mount St. Mary's Hospital and Health Center achieved positive working capital and net asset positions. The entity had an excess (deficiency) of revenues over expenses of (\$1,514,000). The month of April 2021 had an excess of revenue over expenses of \$938,000.

The consolidated budget for Mount St. Mary's Hospital and Health Center and the incremental financial impact of the proposed new Mount St. Mary's Lockport Memorial Hospital is projected to have a \$995,000 loss in Year One, decreasing to a \$646,000 loss in Year Three. CHS, the active parent company of Mount St. Mary's Hospital, will absorb the projected deficits for the organization.

	<u>Current Year</u> <u>(2020)</u>	<u>Year One</u> <u>(2023)</u>	<u>Year Three</u> <u>(2025)</u>
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Expenses	<u>\$105,162,000</u>	<u>\$139,788,451</u>	<u>\$144,852,715</u>
Net Income	\$236,000	(\$995,046)	(\$646,432)

As shown on BFA Attachment B, CHS had average positive working capital and a positive net asset positions for the period 2018-2020. The entity achieved an average (deficiency) of revenue over expenses of (\$33,313,000) over this same period. CHS was at break-even operating performance as of CY end 2018 and had an excess (deficiency) of (\$35.6M) of revenue over expenses at CY end 2019 and (\$64.9M) at CY end 2020. For the first four months ending on April 30, 2021, CHS achieved positive working capital and net asset positions with an excess (deficiency) of revenues over expenses of (\$40,641,00). CHS has over 100 days of unrestricted cash and investments on hand. As of April 30, 2021, CHS maintained \$170 million in cash and cash equivalents, and they continue to meet all debt covenant requirements.

The losses in 2019 were attributed to several one-time items, including workforce reduction restructuring charges, electronic health record implementation costs that could not be capitalized, and interest rate swap termination charges. Margin was also negatively impacted by expenses outpacing payment rate increases, a continued shift to less intensive ambulatory care settings, and a decline in surgical volume. These trends were exacerbated during 2020 through YTD April 2021 by the COVID-19 pandemic, due to the reduction in hospital volume and lost revenue of over \$190 million from the suspension of elective procedures, and other social distancing and isolation measures. This has only partially been offset by Federal stimulus from the CARES Act Provider Relief Fund, from which CHS has received approximately \$96 million. CHS has also incurred several one-time costs to prepare its facilities for COVID-19 patients, including establishing the St. Joseph COVID-19 Treatment facility in Cheektowaga. Between premium wage costs and the acquisition of supplies and equipment, the incremental expense to the CHS

exceeded \$40 million. CHS financial performance in 2020 was also impacted by \$30 million of one-time operating expenses for CHS' electronic health record implementation.

The CHS 2021 budget includes approximately \$63 million of initiatives to improve CHS's operating performance and generate a positive operating margin by 2022. Several of these initiatives are part of CHS' 2025 Strategic Plan, including the Lockport Memorial Hospital project. These initiatives include operational performance improvement tactics, system-wide cost containment measures, evolving third-party payer arrangements and strategies to maintain and grow market position that includes the Lockport Memorial Hospital project. These initiatives will be supported and enabled by implementation of the new electronic health record systemwide.

CHS' current balance sheet strength and planned performance improvement initiatives are indicators of future success that will enable support of the proposed Lockport Memorial Hospital project.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BPNR Attachment Map
- BFA Attachment A Financial Summary – 2020 Certified Financial Statements and 1/1/21-4/30/21 Internal Financial Statements of Mount St. Mary's
- BFA Attachment B Financial Summary- 2018-2020 Certified Financial Statements and 1/1/21-4/30/21 Internal Financial Statements of Catholic Health Services, Inc.
- BFA Attachment C Organization Chart of Catholic Health Services, Inc.



Project # 202168-C
Lewis County General Hospital

Program: Hospital
Purpose: Construction

County: Lewis
Acknowledged: October 22, 2020

Executive Summary

Description

Lewis County General Hospital (LCGH), a 25-bed Public Critical Access Hospital located at 7785 North State Street, Lowville (Lewis County) requests approval to construct a 36,000 sq. ft, two-story surgical pavilion on the existing campus and to renovate 13,700 sq. ft. of the existing medical/surgical patient wing, creating 24 private rooms. The proposed pavilion will have a new surgical suite on the second floor with three operating rooms, one procedure room and separate pre-operative and post anesthesia care unit (PACU) areas. It will also house three relocated specialty clinics (orthopedic surgery, general surgery and women’s health services) on the first floor and community space with health education classrooms.

By adding an operating room (OR) and a procedure room to the existing two OR’s, LCGH seeks to modernize and increase surgical capacity, attract physicians and recapture outmigration of outpatient procedures. The project will more conveniently co-locate the clinics where physicians practice with the operating rooms (ORs) where they perform surgery and provide more operating room capacity to allow surgeons more block times. The modernization of the existing medical/surgical patient wing will result in greater patient privacy, improved infection control, and patient-centered care.

The applicant indicates the current operating rooms were at capacity in 2019 when surgical volume was at 1,657 cases and over 80% of the cases were ambulatory surgery. Through this project, LCGH expects to retain 25%-35%

(1,055 –1,476) of market area residents who currently go to Utica, Syracuse, and Carthage for outpatient surgery.

OPCHSM Recommendation

Contingent Approval

Need Summary

Expansion and modernization of the facilities for surgery and other services will bolster physician recruitment and retention and reduce patient outmigration.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility’s current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Total project costs of \$33,067,278 will be funded through a county bond issuance for \$25,757,125 at 2.25% for a 25-year term, \$5,310,153 in accumulated funds, and \$2,000,000 pledged from the Hospital Foundation capital campaign. The submitted budget indicates net income of \$336,209 and \$667,157 during the first and third years of after completion of the project, respectively. The budget is as follows:

Budget			
	Current	Year One	Year Three
Revenues	\$82,565,311	\$87,805,213	\$91,592,084
Expenses	81,826,845	87,469,004	90,924,927
Gain	\$738,466	\$336,209	\$667,157

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of the Bond and Note Resolution acceptable to the Department of Health. Included with the submission must be a source and uses statement and debt amortization schedule, for both new and refinanced debt. [BFA]
3. The submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]
4. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. This project must be completed by **February 1, 2024**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and an expiration of the approval. It is the responsibility of the applicant to request prior approval for any extension to the project approval expiration date. [PMU]
2. Construction must start on or before **February 1, 2022** and construction must be completed by **November 1, 2023**, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need Analysis

Background

Lewis County General Hospital (LCGH), a Critical Access Hospital and the only hospital in Lewis County, who's last major capital project with the expansion of the ED in 2007. The next nearest hospital is 14 miles away. LCGH is part of the Lewis County Health System which also includes post acute long term care services comprised of a 160 bed skilled nursing facility, an Adult Day Health Care Program, hospice services, and a Certified Home Health Agency (CHHA), as well as community based clinics.

Nearest Hospitals				
County	Facility	Capacity	Distance (miles)	CAH
Lewis	Lewis County General Hospital	25	-	Yes
Jefferson	Carthage Area Hospital	25	14	Yes
Jefferson	Samaritan Medical Center	290	24	No
St. Lawrence	Clifton Fine	20	34	Yes
Oneida	Rome Memorial	130	39	No
Oswego	Oswego Hospital	132	56	No

Due to frequent turnover and difficulty recruiting surgeons in general surgery, orthopedics, and obstetrics in past years, LCGH has had to refer many surgeries to other hospitals in the region. Even so, the hospital has seen a 7.25% increase in surgical procedures from 2015 through 2019. In 2019, LCGH performed 1,657 surgeries, which is the maximum amount of cases LCGH can perform under the current physical plant constraints.

LCGH Procedures						
	2015	2016	2017	2018	2019	% Change 2015 - 2019
Operating Room Cases	202	235	198	272	305	51%
Ambulatory Surgery	1,343	1,311	1,259	1,348	1,352	0%
Total	1,545	1,546	1,457	1,620	1,657	7.25%

Source: Applicant

Analysis

A market analysis by zip code of Lewis County residents conducted by the applicant indicates that a large percentage of residents are leaving the area for outpatient surgery. The goal of this project is to recapture those residents with a modernized facility, increased capacity and additional surgeons. With a third operating room and new procedure room, the applicant projects increasing to 1,979 procedures by 2023, (Year One after completion of the project), 2,395 procedures in 2025, and over 3,000 procedures annually thereafter.

As shown in the market analysis below, LCGH is the market share leader in seven of the ten zip codes, representing 84% of its discharges. Preservation of this capacity is critical to the region given the rural geography and travel times to other hospitals.

Market Share Analysis for Lewis County General Hospital Service Area -Inpatient Services						
Patient Zip Code	Post Office	Annual Average Dischgs	% of Total Dischgs	Cumulative %	LCGH's % of Zip Code	Facility with Largest % of Zip Code
13367	LOWVILLE	546	38.7	38.7	50.6	Lewis County General Hospital (51%)
13343	GLENFIELD	101	7.2	45.9	43.2	Lewis County General Hospital (43%)
13620	CASTORLAND	90	6.4	52.3	42.1	Lewis County General Hospital (42%)
13327	CROGHAN	87	6.2	58.4	39.2	Lewis County General Hospital (39%)
13309	BOONVILLE	86	6.1	64.5	14.9	Faxton-St Lukes Healthcare St Lukes Division (27%)
13433	PORT LEYDEN	84	6.0	70.5	46.2	Lewis County General Hospital (46%)
13368	LYONS FALLS	56	4.0	74.5	40.6	Lewis County General Hospital (41%)
13619	CARTHAGE	55	3.9	78.4	4.2	Carthage Area Hospital (31%)
13473	TURIN	41	2.9	81.3	43.6	Lewis County General Hospital (44%)
13626	COPENHAGEN	38	2.7	84.0	19.0	Samaritan Medical Center (39%)

Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020)- Date last update: 10/21/2020

Conclusion

This project will provide transformational change to the medical and surgical services at Lewis County General Hospital and will promote an integrated, patient-centered model of health care deliver, improve local access to basic surgical services and reduce travel times. The new construction and revitalization will help in recruiting and retaining primary care providers and nursing staff. Taken all together, this project will help improve sustainability of the hospital.

Program Analysis

Program Description

Lewis County General Hospital (LCGH), a 25-bed Critical Access Hospital, located at 7785 North State Street in Lowville (Lewis County) seeks approval for the construction of a two-story surgical pavilion consisting of a new surgical suite, new space for the women's health, general surgery, and orthopedic clinics.

The Applicant states the purpose of the project is to assist LCGH in improving the patient care experience, improving the health of the community. The project will integrate a patient centered model of care to improve patient privacy and infection control. This will also offer patient centered care and quality outcomes that will preserve, enhance, and expand essential health care for the community.

Staffing is expected to increase as a result of this construction/expansion project by 49.1 FTEs in Year One of the completed project and a total of 51.1 FTEs by Year Three of the completed project.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Prevention Agenda

Lewis County General Hospital (LCGH) identified their new mission as: Lewis County Health System is committed to work cooperatively with interested individuals and organizations in helping the people of Lewis County and surrounding communities in achieving their highest level of health and wellness. Their new vision is: The communities of Lewis County are the healthiest in New York State and America.

In the CON application, the hospital states: "Specifically, through our Primary Care Medical Home (PCMH) designation we are addressing the following: Adult and Child Obesity, Tobacco Cessation, Depression, Diabetes, Blood Pressure Control and Preterm births.

In the Community Service Plan, LCGH is stated to be working with the local health department and community partners on three priorities: (1) Prevent Chronic Disease focusing on screening for food security; promoting complete streets; promoting physical activity in schools; and evidence-based self-care management related to diabetes and arthritis; (2) Promote Healthy Women, Infants and Children focus on increasing access to prenatal care; increasing support for breastfeeding in the workplace; and preventing dental caries among children; and (3) Promote Well-Being and Prevent Mental and Substance Use Disorders focusing on preventing suicides using Zero Suicide strategy in health care systems, and identifying and supporting people at risk for suicide in the community.

According to the information submitted by LCGH, "the median income for a household in the county is approximately \$34,361, and the median income for a family is \$39,287. The per capita income for the county is \$14,971. About 10.10% of families and 13.20% of the population are below the poverty line, including 16.40% of those under age 18 and 14.00% of those age 65 or over. Current payor mix: Medicaid-10% 2. Medicare-31% 3. uninsured-19% Commercially Insured-34%." Based on demographics, the LCBH is serving a community with high needs, and the surgical unit is important

As a public hospital, Lewis County General Hospital is not obligated to report community benefit spending.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

Project costs of \$33,067,278 will be funded through a county bond issuance for \$25,757,125 at 2.25% for a 25-year term, \$5,310,153 in accumulated funds, and \$2,000,000 pledged from the Hospital Foundation capital campaign. The Hospital Foundation capital campaign began in October 2020 and has raised \$188,000 to date. Fiscal Advisors & Marketing, Inc. provided an amortization schedule for the term and rate and a letter of interest to underwrite the tax-exempt bonds.

New Construction	\$15,808,000
Renovation & Demolition	5,604,000
Site Development	2,028,000
Asbestos Abatement Removal	728,000
Design Contingency	2,323,000
Construction Contingency	1,859,000
Fixed Equipment	900,000
Architect/Engineering Fees	1,843,000
Construction Manager Fees	250,000
Other Fees (Consultant)	140,000
Movable Equipment	998,414
Telecommunications	403,000
CON Application Fees	2,000
Additional Processing Fee	<u>180,864</u>
Total Project Cost	<u>\$33,067,278</u>

Operating Budget

The applicant has submitted an incremental operating budget, in 2021 dollars, for the first and third years, summarized below:

	<u>Current Year (2019)</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Patient</u>		<u>Per Patient</u>		<u>Per Patient</u>	
<u>Inpt Revenues</u>	<u>Day</u>	<u>Total</u>	<u>Day</u>	<u>Total</u>	<u>Day</u>	<u>Total</u>
Commercial MC	\$2,863.20	\$3,636,267	\$3,099.44	\$4,016,872	\$3,224.08	\$4,171,955
Medicare FFS	\$1,078.45	\$10,096,442	\$1,167.39	\$11,153,227	\$1,214.49	\$11,583,829
Medicare MC	\$143.04	\$17,022	\$155.40	\$18,803	\$161.40	\$19,529
Medicaid FFS	\$219.16	\$5,595,711	\$237.23	\$6,181,409	\$246.81	\$6,420,060
Medicaid MC	\$344.97	\$6,793,097	\$373.40	\$7,504,124	\$388.49	\$7,793,843
Private Pay	\$1,516.33	\$3,614,927	\$1,641.31	\$3,993,298	\$1,707.48	\$4,147,470
All Other	\$416.77	\$14,587	\$447.61	\$16,114	\$464.89	\$16,736
(Bad Debt)		(\$326,662)		(\$340,903)		(\$354,676)
Total Inpt Rev		<u>\$29,441,391</u>		<u>\$32,542,944</u>		<u>\$33,798,746</u>
<u>Outpt Revenues</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Commercial MC	\$373.73	\$22,721,192	\$411.03	\$25,099,397	\$427.64	\$26,068,431
Medicare FFS	\$204.85	\$7,948,990	\$221.74	\$8,781,003	\$230.69	\$9,120,019
Medicare MC	\$88.99	\$369,114	\$96.33	\$407,748	\$100.21	\$423,491
Medicaid FFS	\$254.59	\$703,166	\$275.55	\$776,766	\$286.69	\$806,755
Medicaid MC	\$104.34	\$3,038,739	\$112.94	\$3,356,801	\$117.51	\$3,486,400
Private Pay	\$283.83	\$3,214,093	\$307.22	\$3,550,509	\$319.63	\$3,687,587
Other	\$109.15	\$373,303	\$118.16	\$412,376	\$122.93	\$428,297
(Bad Debt)		(\$421,041)		(\$439,397)		(\$457,297)
Total Outpt Rev		\$37,947,556		\$41,945,203		\$43,563,832
Other Revenue*		<u>\$15,176,364</u>		<u>\$13,317,066</u>		<u>\$14,229,506</u>
Total Revenue		<u>\$82,565,311</u>		<u>\$87,805,213</u>		<u>\$91,592,084</u>

	<u>Current Year (2019)</u>	<u>Year One</u>	<u>Year Three</u>
<u>Expenses</u>			
Operating	\$78,359,935	\$81,805,713	\$85,266,657
Capital	<u>3,466,910</u>	<u>5,663,291</u>	5,658,270
Total Expenses	\$81,826,845	\$87,469,004	\$90,924,927
Gain/(Loss)	<u>\$738,466</u>	<u>\$336,209</u>	<u>\$667,157</u>
Total Inpt Days	58,394	59,594	59,492
Total Outpt Visits	149,416	152,485	152,223

*Other Revenue is DSRIP, Intergovernmental Transfer Payments, 340B, Cafeteria, Gift shop, and Vital Access Program State assistance through the Critical Access Hospital allocation.

The following is noted with respect to the incremental budget projections for the first and third years:

- Revenue and rate assumptions for inpatient and outpatient services are based on the current experience of the facility.
- Surgical volume in 2020 was 1,435 surgeries (~120 a month) compared with 1,657 in 2019 due to spikes in COVID-19 cases. While surgical volume is recovering more slowly than other services, LCGH expects that the surgical volume recovery trend will continue to pre-COVID-19 utilization levels as COVID-19 cases continue to decline. Through April 30, 2021, surgical volume was 485 (124 per month). Historically, surgical volume has increased 7% from 2015 – 2019. The applicant believes that recovery to pre pandemic volume levels and retaining cases from residents currently leaving the area for care will allow LCGH to achieve the year 1 and 3 CON projections. Total projected surgical volume in Year 1 after completion of the project is 1,759 (147 per month), while Year 3 is projected to be 1,860 (155 per month).
- Expense projections are based on the current experience of LCGH.
- Utilization by payor source for inpatient and outpatient services for Current Year, Year One and Year Three, is projected as follows:

	<u>Current</u>	<u>Years One & Three</u>
<u>Inpatient</u>		
Commercial-MC	2.1%	2.1%
Medicare FFS	16.0%	16.0%
Medicare MC	0.20%	0.20%
Medicaid FFS	43.7%	43.7%
Medicaid MC	33.7%	33.7%
Private Pay	4.0%	4.0%
Other	0.06%	0.30%
<u>Outpatient</u>		
Commercial-MC	40.0%	40.0%
Medicare FFS	25.9%	25.9%
Medicare MC	2.7%	2.7%
Medicaid FFS	1.8%	1.8%
Medicaid MC	19.4%	19.4%
Private Pay	7.5%	7.5%
Other	2.7%	2.7%

Capability and Feasibility

Project costs of \$33,067,278 will be funded by:

- A county bond issuance for \$25,757,125 at 2.25% for a 25-year term for which Fiscal Advisors & Marketing, Inc has provided a bond resolution and letter of interest to underwrite the bonds
- Accumulated funds of \$5,127,289; and,
- A pledge of \$2,000,000 from the Hospital Foundation capital campaign.

Internal financial statements (BFA Attachment B) indicate the hospital had a net operating surplus of \$260,272 for the year ended December 31, 2020, which was down from \$4,238,374 in 2019 due primarily

to a reduction in volume and revenue resulting from the closure of non-emergent elective surgery services in the midst of the COVID-19 pandemic. Internal financial statements from April 30, 2021 (BFA Attachment C) show a net loss of (\$292,100). As of April 30,2021, LCGH has over \$30M cash on hand and maintains a positive working capital position, indicating the ability to take on the incremental debt service. A portion of this liquidity is \$7M in federal stimulus dollars received from the Provider Relief Fund through the CARES Act. Historically, LCGH's financial sustainability has been bolstered by receiving CAH designation in 2014, grant support through the Essential Health Care Provider Support Program for debt relief, other operating assistance programs (IGT, DSRIP, VBP-QIP) and continued efforts by LCGH management to operate efficiently. LCGH no longer receives State operating assistance.

BFA Attachment A shows sufficient accumulated funds for this project and the applicant indicates the foundation has a history of raising funds for the hospital for other capital projects successfully. If the foundation cannot raise the full amount of the campaign money, the facility will provide the required amount from accumulated funds. The full bond issuance will be held by Lewis County, which is ultimately responsible for the debt service payments should LCGH not be able to make payments; however, LCGH is in good financial position and will be responsible for debt service payments of \$1M.

The submitted budget indicates net income of \$336,209 and \$667,157 during the first and third years of operation, respectively. Revenues reflect current reimbursement methodologies for current services. The budget appears reasonable. BFA Attachment A provides 2018 and 2019 certified financial statements, which indicate the hospital maintained positive working capital and a negative net asset positions and generated an excess of operating income over expenses of \$3,772,816 and \$6,911,153 during 2019 and 2018 respectively. BFA Attachment C is the internal financial statements from April 30, 2021. The internals show a positive working capital position, negative net asset position and net loss of \$292,100.

Achieving the CON financial projections will be dependent on volume and revenue recovery to pre-pandemic levels, although LCGH has sufficient cash to meet the debt service payments and working capital requirements.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Financial Summary, - 2018 and 2019 (LCGH) certified financials
BFA Attachment B	Financial Summary, (Internal) as of December 31, 2020
BFA Attachment C	Financial Summary, (Internal) as of April 30, 2021



Project # 211008-C Roswell Park Cancer Institute

Program: Hospital Purpose: Construction

County: Erie Acknowledged: February 3, 2021

Executive Summary

Description

Roswell Park Care Institute (Roswell Park), a 133-bed, voluntary not-for-profit, Article 28 hospital located at 665 Elm St, Buffalo (Erie County), requests approval to certify 24 additional medical/surgical (M/S) beds and convert two medical/surgical beds to Intensive Care Unit (ICU) beds and perform related construction/renovations. Roswell Park is the only National Cancer Institute (NCI) Certified Comprehensive Cancer Center in New York State outside of the New York City region.

Nine of the requested 24 beds are currently operational under an Emergency Approval in space previously vacant on the 6th floor of the hospital. Fifteen additional M/S beds will be located on the 7th floor of the North wing with related construction and two converted ICU beds will be on the 8th floor of the West Wing. Upon approval of the additional 24 beds, Roswell Park's total bed complement will increase from 133 to 157.

OPCHSM Recommendation

Contingent Approval

Need Summary

The applicant reports over the last five years, the number of patients with stage 3 and 4 cancers who are coming to Roswell Park has increased by 46%. In addition, the number of patients coming from communities federally designated as medically underserved areas is up more than 30% in the last five years. With more individuals coming to Roswell Park for their care, and more available therapies

requiring inpatient care, Roswell Park needs additional inpatient bed capacity.

The volume is expected to continue to grow due to several factors, including projected increases in cancer incidence, expected continued growth in referrals through the Roswell Park Care Network outside of the Western region, and the availability of new cellular therapies.

The expansion of beds will address existing capacity constraints and projected utilization growth. With the increased bed capacity, the occupancy is projected to be approximately 81% in Year One and 84% in Year Three, following the completion of this project.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law

Financial Summary

Total project costs of \$2,651,493 will be met through equity from Roswell Park operations.

The inpatient operating budget is as follows:

Table with 3 columns: Category, Year One, Year Three. Rows: Revenues, Expenses, Gain/(Loss).

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health (the Department). Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. Completion of this project by **October 31, 2022**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and an expiration of the approval. It is the responsibility of the applicant to request prior approval for any extension to the project approval expiration date. [PMU]
2. Construction must start on or before **December 1, 2021**, and construction must be completed by **July 1, 2022**, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the approved start date this shall constitute abandonment of the approval. [PMU]
3. Submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need Analysis

Analysis

Roswell Park Comprehensive Cancer Center (Roswell Park) service area expands well past the home and neighboring counties into the Finger Lakes and Central New York regions. Medical/Surgical occupancy has increased pre-pandemic, and late-stage cancer cases have increased markedly in recent years. The applicant states they have seen a 46% increase in patients presenting with stage 3 and stage 4 cancer and a 30% increase in patients coming from communities federally designated as medically underserved areas over the last 5 years.

The project consists of:

- Nine medical/surgical beds currently operational under an Emergency Approval in space previously vacant on the 6th floor of the Hospital.
- Fifteen additional medical/surgical beds to be located on the 7 North wing of the Hospital, and related construction.
- The conversion of two medical/surgical beds to intensive care beds on the 8th floor of the West Wing. These beds currently meet ICU code and the space requires no renovations.

Table 1: Bed Table			
Bed Type	Current Beds	Bed Change	Proposed Beds
Bone Marrow Transplant	14		14
Intensive Care	16	+ 2	18
Medical/Surgical	94	+ 22	116
Pediatric	9		9
Total	133	+ 24	157

Source: 2020 HIFIS/Applicant

Cancer incidence in New York exceeds the National average. Based on 2013-2017 cancer incidence rates available through SEER, CDC, and the Department, the national cancer incidence rate is 442.2 per 100,000 residents while NYS has 482.9 per 100,000 residents. The mortality rate per 100,000 residents in NYS is lower than the national average, approximately 148 vs. 158 respectively.

Part of the growth in utilization is due to new therapies including Novel Chimeric Antigen Receptor T-Cell (CAR-T) therapies (currently only available at Roswell Park for the Western NY region) and other inpatient therapies that previously haven't been available to cancer patients. These treatments require intensive care and monitoring of patients, necessitating both longer and more frequent inpatient hospital stays.

Table 2: Occupancy Trend- Non-ICU Beds	
Year	Days over 95% Occupancy
FY 2017	43
FY 2018	30
FY 2019	71
FY 2020	149
FY 2021	231

The applicant has maintained optimal to high medical/surgical bed utilization. The Department has a planning standard of 85% for urban areas. While Med/Surg occupancy was under the 85% planning standard in 2020, the chart above indicated that there are peak loads where occupancy has exceeded 95%, and this is a growing trend.

Table 3: Beds, Average Daily Census, Occupancy							
Roswell Park		2018		2019		2020	
Service Line	Beds	ADC	Occ.	ADC	Occ.	ADC	Occ.
Med/Surg	124	105.4	85.0%	114.4	92.2%	101.9	82.2%
Pediatric	9	0	0.0%	0	0.0%	0	0.0%
Total	133	105.4	79.2%	114.4	86.0%	101.9	76.6%

Source: Data run 1/29/21 from DMAR SPARCS. Years 2018 - 2020 from Health Commerce site SPARCS (2/2/21)

By adding 22 Medical/Surgical beds and two ICU beds, Roswell anticipates an increase of 776 discharges by Year Three, an increase of 14.5%, and projects occupancy to be approximately 81% in Year One and 84% in Year Three following completion of this project.

Table 4: Projected Medical/Surgical Discharges			
	2019	Year One (2022)	Year Three (2024)
Discharges	5,406	5,949	6,182

Source: Applicant

Conclusion

The proposed expansion is an appropriate and necessary response to the volume and acuity of cancer patients presenting as well as the new therapies used to treat them.

Program Analysis

Program Description

Roswell Park is one of 71 NCI Designated Cancer Centers located in 36 states and the District of Columbia, and the only Comprehensive Cancer Center of four such centers within New York State outside of the New York City region. It is the only facility in Western NY approved to provide the "living drug" treatment known as CART T-cell therapy, which is a new approach to treat solid tumors and blood-related cancers. The Center's location in Western NY provides patients an upstate option rather than having to travel to the NYC region for highly acute treatments.

The Applicant reports the care and resources Roswell Park provides to patients with rare and hard to treat cancers are especially important, as these resources are often available only at a comprehensive cancer center. Roswell Park is also the only facility approved to provide cellular therapies in the Buffalo area. These treatments require intensive care and monitoring of patients, necessitating both longer and more frequent inpatient hospital stays.

As a result of this construction/expansion project, staffing is expected to increase by 33.7 FTEs in Year One of the completed project and increase to 52.3 FTEs by year three of the completed project.

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and expertise. The facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations.

This facility has no outstanding Article 28 surveillance or enforcement actions, and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules, and regulations. This determination was made based on a review of the files of the Department, including all pertinent records and reports regarding the facility's

enforcement history and the results of routine Article 28 surveys, as well as, investigations of reported incidents and complaints.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

Total project costs, estimated at \$2,651,493, are as follows:

Renovation & Demolition	\$1,200,000
Design Contingency	\$120,000
Construction Contingency	\$120,000
Fixed Equipment	\$275,000
Architect/Engineering Fees	\$150,000
Construction Manager Fees	\$50,000
Movable Equipment	\$702,537
Telecommunications	\$17,463
CON Application Fee	\$2,000
CON Processing Fee	<u>\$14,493</u>
Total Project Cost	\$2,651,493

The applicant will fund this project with equity of \$2,651,493 provided from hospital operations. BFA Attachment A is the 2019-2020 certified financial Statements of Roswell Park, which show the availability of sufficient resources to cover both the project costs and the requisite working capital requirements.

Operating Budget

The applicant submitted their current certified fiscal year (2020) and first and third year incremental inpatient operating budgets in 2021 dollars as summarized below:

	<u>Current Year (2020)</u>		<u>Year One (2023)</u>		<u>Year Three (2025)</u>	
	<u>Per</u>		<u>Per</u>		<u>Per</u>	
<u>Inpatient Revenue</u>	<u>Diem</u>	<u>Total</u>	<u>Diem</u>	<u>Total</u>	<u>Diem</u>	<u>Total</u>
Commercial-MC	\$6,511	\$197,529,566	\$6,542	\$212,119,149	\$6,599	\$222,423,409
Medicare – FFS	\$3,808	40,225,324	\$3,808	42,992,440	\$3,808	44,690,781
Medicaid – FFS	\$2,739	1,312,071	\$2,739	1,402,329	\$2,740	1,457,725
Other	\$10,788	<u>20,907,605</u>	\$10,841	<u>22,451,846</u>	\$10,935	<u>23,542,505</u>
Total Inpt. Revenue		\$259,974,566		\$278,965,794		\$292,114,420
	<u>Per</u>		<u>Per</u>		<u>Per</u>	
<u>Inpatient Expense</u>	<u>Diem</u>	<u>Total</u>	<u>Diem</u>	<u>Total</u>	<u>Diem</u>	<u>Total</u>
Operating	\$5,861	\$253,887,940	\$5,692	\$263,561,816	\$5,621	\$270,568,433
Capital	<u>\$51</u>	<u>2,209,611</u>	<u>\$52</u>	<u>2,388,602</u>	<u>\$50</u>	<u>2,388,602</u>
Total Inpt. Expense	\$5,912	\$256,097,551	\$5,744	\$265,950,418	\$5,671	\$272,957,035
Net Operating Income		<u>\$3,877,015</u>		<u>\$13,015,376</u>		<u>\$19,157,385</u>
Patient Days		43,320		46,300		48,129

The applicant has over \$20,000,000 in Other Inpatient Operating Revenue from contractual agreements with the organizations as listed in the table below. Current Year Other Inpatient Operating Revenue was \$20,907,605 and is projected to be \$22,451,846 and \$23,542,505 in Years One and Three, respectively.

Type	Current Year	Year One	Year Three
Ontario Ministry of Health	\$11,125,421	\$11,947,147	\$12,527,512
Cancer Resource Services	\$8,746,689	\$9,392,722	\$9,848,998
Veterans Administration	\$467,215	\$501,724	\$526,096
Workers Compensation	\$394,803	\$423,963	\$444,558
State and Federal Prisons	\$38,285	\$41,113	\$43,110
Other*	\$135,192	\$145,177	\$152,231
Total	\$20,907,605	\$22,451,846	\$23,542,505

* Other includes parking and cafeteria revenue.

Utilization by payor source for the first and third years is as follows:

Payor	First and Third Year
Commercial – FFS	70.03%
Medicare – FFS	24.39%
Medicaid – FFS	1.11%
All Other	4.47%
Total	100.00%

The following is noted with respect to the submitted budget:

- Revenue per day is based on Roswell Park’s current actual revenue per day and inflated in future years based on current and projected payer contract rates.
- Utilization assumptions are based on Roswell Park’s 5-year volume projections consistent with those provided in the NYS Annual Budget filing. Inpatient volume is projected to increase 6.9% (2,980 patient days) between the current year (2020) and the first year after completion of the project. It is expected to increase by an additional 3.9% (1,829 patient days) between the first and third years after completion of this project.
- Expense assumptions for salaries are based on projected annual salaries of the 33.7 and 52.3 (incrementally increased) FTEs in years one and three respectively, related to the project, including estimated inflation. Other operating expenses are based on Roswell Park’s current expense per inpatient day and inflated for future years using their budgeted inflation rates.
- The COVID-19 pandemic began to materially affect Roswell Park, and the surrounding Western New York area in March 2020, which is close to the end of Roswell’s fiscal year that ended March 31, 2020. FY 21 inpatient volumes were initially negatively impacted by 30% in April 2020 (Q1 FY 21) and began to recover to pre-pandemic expectations by September 2020 (Q2 FY 21). The “second wave” of COVID-19 negatively impacted utilization in late Q3 (December 2020) and early Q4 (January 2021), and volume subsequently returned to pre-pandemic levels in February 2021 (mid/late Q4). In March and April 2021, the applicant reports inpatient volumes have exceeded expectations, and continue to sustain at that level. See BFA Attachment C Roswell Park’s FY2019-2025 Actual and Projected Inpatient Volume.

The submitted budget appears reasonable.

Capability and Feasibility

Total project cost of \$2,651,493 will be satisfied entirely with equity from Roswell Park’s operations. BFA Attachment A is Roswell Park’s Fiscal Year 2019-2020 Certified Financial Statements, which show significant liquid assets to meet the equity contribution for this application.

Working capital requirements are estimated at \$2,809,914 based on two months of incremental third year expenses. The applicant will satisfy this requirement with equity from operations. As shown on BFA Attachment A, the facility has significant liquid assets to cover the working capital needs.

The facility projects net income of \$13,015,376 and \$19,157,383 in the first year and third year, respectively, after the completion of the project. Revenue per day is based on Roswell Park’s current

actual revenue per day and inflated in future years based on current and projected payer contract rates. The budgets appear reasonable.

As shown on BFA Attachment A, the entity achieved an average positive working capital position, an average positive net asset position, and generated an average excess (deficiency) of revenues over expenses of \$5,372,500 for the two-year period 4/1/2018-3/31/2020 (FY19-FY20). For the period 4/1/2018-3/31/2019 (FY19), the hospital had excess (deficiency) of revenue over expenses of (\$18.3 million), primarily the result of accrued retiree health insurance expense (Other Postemployment Benefits, or "OPEB") of \$35.5 million. For the period 4/1//19-3/31/20 (FY20), Roswell Park generated excess of revenues over expenses of \$29.1 million. The improved results are due to increased volume, higher margin on outpatient pharmaceuticals, and improved service/payer mix. Roswell Park volume increased in FY20 due to the emergence of CAR-T cell therapy (a novel therapy to treat certain types of blood cancers) and a new inpatient therapy for Leukemia patients. Outpatient pharmaceutical margin improved due to the use of generics and biosimilars instead of name brand drugs. Lastly, payor mix and service mix were favorable, primarily due to the Bone Marrow Transplant service.

During FY20 Roswell Park also sold a portion of its holdings in a formerly majority owned subsidiary, OmniSeq, a specialized reference lab created to commercialize proprietary cancer genomic assays and technology developed at Roswell Park. In exchange, Roswell Park received approximately \$10 million in cash and recorded an additional \$12.4 million non-cash gain because of the remeasurement of Roswell's retained minority equity interest in OmniSeq. Roswell Park maintained an approximately 35% ownership interest in OmniSeq. The Roswell Park Cancer Institute is a Public Benefits Corporation Hospital and Medical Research Center operated by the State of New York Department of Health, and, as such, they receive annual operating support from the State. Roswell Park received \$51.3 million in both FY19 and FY20 and \$37.9M in FY21. The grant is given to fund legacy costs for Roswell Park to subsidize a portion of the contractual obligation for annual increases in union salary and benefit costs, as well as, facility overhead costs, given the building is owned by New York State.

The 4/1/20 - 3/31/21 Roswell Park Internal Financial Statements indicate the entity achieved a positive working capital position, a positive net asset position, and generated an excess (deficiency) of revenues over expenses of (\$37,332,000) (BFA Attachment B). The deficiency for the period can be primarily attributed to the COVID-19 pandemic and associated reduced clinical volume. While Roswell Park received \$14.2 million in the first two Provider Relief Fund (PRF) distributions to offset COVID-19 related losses, the organization was ineligible to receive additional PRF funds, as the criteria used by Health Human Services (HHS) did not include specialty hospitals. The applicant estimates the bottom-line financial impact of COVID-19 on its clinical activities to be approximately \$48.5 million for the period 4/1/20-3/31/21 before consideration of the PRF distributions noted above.

Roswell Park initially experienced a reduction in volume between March and June 2020. Office visits, scheduled surgical procedures, and certain ancillary services were the most significantly impacted services. Patients canceled scheduled appointments and delayed treatment due to the concern for the spread of the COVID-19 virus. Inpatient volume returned to pre-pandemic levels in February 2021, exceeded budget in March and April 2021, and continues to sustain at that level. See BFA Attachment C for Roswell Park's FY2019-2025 Actual and Projected Inpatient Volumes.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A 2019-2020 Certified financial statements of Roswell Park Cancer Institute Corporation d/b/a Roswell Park Comprehensive Care Center
- BFA Attachment B 4/1/20-3/31/21 Internal Financial Statements of Roswell Park Cancer Institute Corporation d/b/a Rowell Park Comprehensive Care Center
- BFA Attachment C Roswell Park's FY2019-2025 Actual and Projected Inpatient Volume



Project # 211073-C

**John T. Mather Memorial Hospital of
Port Jefferson New York, Inc.**

Program: Hospital
Purpose: Construction

County: Suffolk
Acknowledged: March 19, 2021

Executive Summary

Description

J. T. Mather Memorial Hospital (Mather), a 248-bed community hospital at 75 North Country Road in Port Jefferson (Suffolk County), seeks approval to construct an addition containing a replacement Emergency Department (ED), modernizing and expanding these services, and creating expansion potential for Surgical Services where the current ED is located.

Mather is pursuing this project with support from Northwell Healthcare Inc. (Northwell). On January 1, 2018, Northwell and Mather negotiated a five-year transitional integration timeline, during which Northwell would first become Mather's passive parent and then their active parent/co-operator. The active parent CON 182124 received PHHPC approval on August 11, 2019, and Northwell became the active parent of Mather on September 13, 2019.

The project will allow for the replacement of the existing undersized and inefficiently laid out ED in newly created space that will meet all current space requirements and standards and provide expansion potential for the Surgical Services department into the vacated space.

The current Emergency Department (ED) is approximately 13,000 sq ft which is programmatically undersized and poorly laid out by today's standards. Additional treatment areas have been added over the years which has led to inadequate space and an inefficient layout.

There will be no change to the total number of ED bays or ORs. However, several general ED bays will be converted; increasing the infectious isolation bays by two and increasing the psychiatric intake bays by three to address mental health and substance abuse cases.

The project will correct spatial inefficiencies and improve workflow. Patient flow will be improved by including a Super Track area to efficiently triage patients and provide treatment swing space, and a Results Waiting Area to alleviate overcrowding and optimize treatment spaces. Staff use will be improved by providing additional support spaces. The project will also promote workflow by providing a separate entrance for ambulance personnel from the general population.

The proposed ED location meets current space requirements, preferred adjacencies to existing hospital functions, and provides shell space to accommodate future needs for the ED and/or adjacent Surgical Services department. Renovations also include new X-ray and CT rooms and associated site work to improve patient and emergency access. The total renovation will encompass 48,250 sq ft., of which the ED will increase to 29,500 sq ft, 13,950 will be shell space, and 4,800 sq ft designated for building support space.

OPCHSM Recommendation

Contingent Approval

Need Summary

The new ED will be designed to handle the increasing acuity of an aging population and create private treatment rooms to meet the growing need for behavioral health services, There will not be any net increase in the number of treatment spaces or operating rooms.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

The total project cost is \$82,397,804; \$77,559,942 for the ED (Article 28) space and \$4,837,862 for shell space. The Article 28 project cost will be met through equity of \$7,755,994 and \$69,803,948 financed through a tax-exempt bond issuance with the Dormitory Authority of the State of New York (DASNY) at a fixed interest rate of 6.5% interest over 30 years.

Citigroup Global Markets, Inc. provided a letter of interest to underwrite the bonds. The shell space of \$4,837,862 will be paid in accumulated funds until it is programmed Article 28 space, and a separate CON application will be is submitted for the use of the space.

The submitted budget indicates a net loss of revenues over expenses of (\$2,286,261) and (\$373,678) during the first and third years, respectively. Northwell has submitted a statement that they are willing to absorb the net operational losses in Year One and Year Three.

Budget	Year One	Year Three
Revenues	\$388,019,480	\$392,474,570
Expenses	\$390,305,741	\$392,848,248
Excess of Revenues over Expenses	(\$2,286,261)	(\$373,678)

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed permanent mortgage for the project from a recognized lending institution at an interest rate acceptable to the Department. Submission of the executed permanent mortgage must be provided within 120 days of approval of the New York State hospital code drawings and before the start of construction. Included with the submission must be a sources and uses statement and a debt amortization schedule, for both new and refinanced debt. [BFA]
3. The submission of Design Development and State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-1.0 Required Schematic Design (SD) and Design Development (DD) Drawings, and 2.18 LSC Chapter 18 Healthcare Facilities Public Use, for review and approval. [DAS]
4. Submission of State Environmental Quality Review (SEQR) Summary of Findings pursuant to 6 NYCRR Part 617.4(b) (6), and 10NYCRR 97.12. [SEQ]

Approval conditional upon:

1. Completion of the project by February 15, 2024. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before May 15, 2022 and construction must be completed by November 15, 2023, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. Staff of the facility must be separate and distinct from the staff of other entities; signage must clearly denote the facility is separate and distinct from other entities; clinical space must be used exclusively for the approved purpose; and entrance must not disrupt any other entity's clinical program space. [HSP]
4. Submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [DAS]

Council Action Date

July 29, 2021

Need and Program Analysis

Background

J.T. Mather Memorial Hospital is a 248-bed community hospital, located at 75 North Country Road, Port Jefferson, NY 11777. The proposed addition will allow for the replacement of the existing undersized and inefficient layout of the existing ED in newly created space and provides expansion for the existing Surgical Services department into the vacated space. The new area will be right sized to handle the increasing acuity of an aging population, the growing need for behavioral health services, and will meet all current code requirements and standards.

Analysis

Age	2020		2025		% Change 20-25'
	Pop	% Total	Pop	% Total	
<18	56,431	20.7%	53,492	20%	-5.2%
18-44	89,648	32.9%	88,889	33%	-0.8%
45-64	78,689	28.9%	75,138	28%	-4.5%
65+	47,543	17.5%	54,416	20%	14.5%
Total	272,311	100.0%	271,935	100%	-0.1%

Source: Northwell / Applicant

The Mather service area is projected to have near zero change in total population, but a significant shift to those aged 65+.

ED Bay Type	Existing	Change	Proposed
Triage/Intake	3	0	3
Trauma	2	0	2
Isolation	1	2	3
Psychiatric	4	3	7
OB/GYN	1	0	1
General	29	-5	24
Total	40	0	40

Through this project to modernize and right size the ED, there will be no change to the total ED bays. Mather is increasing the psychiatric intake bays by three and the isolation bays by two to address mental health and substance abuse cases.

Volume / OR/ ED	2015	2016	2017	2018	2019	%change 2015 -19
Treat and Release	30,069	29,484	27,383	27,407	26,655	-11.4%
Treat and Admit	9,351	9,620	10,176	9,397	8,165	-12.7%
Total	39,420	39,104	37,559	36,804	34,820	-11.7%

Source: SPARCS Prepared by the applicant

Despite a decreasing trend in ED visits, the applicant is projecting an increase of approximately 3,600 ED visits by Year Three due to the projected shift in population over age 65 and the market impact of the newly designed space. Staffing is expected to increase as a result of this construction/expansion project by 12.4 FTEs in Year One of the completed project and increase by 20.8 FTEs by Year Three of the completed project.

The applicant's service area includes facilities also displaying a slight decline in ED visits from 2015 through 2019. 2020 is not included because it is not representative due to COVID-19.

Facility	2015	2016	2017	2018	2019
St. Charles Hospital	18,060	16,997	17,084	16,497	15,581
St. Catherine of Siena Hospital	20,518	19,942	19,245	17,588	16,729
University Hospital	80,034	85,785	83,193	84,454	84,046

Source: SPARCS

Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and expertise. The facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations.

- The Department issued a Stipulation and Order (S&O) dated November 21, 2016, and fined Northwell Health Long Island Jewish Medical Center \$4,000 based on findings from a survey that completed on July 11, 2016. Deficient practice was cited in infection control.
- The Department issued a S&O dated January 31, 2017, and fined Northwell Health Plainview Hospital \$4,000 based on findings from a survey that completed on June 13, 2016. Deficient practice was cited in infection control. Specifically, the facility staff failed to use standard infection control practices.
- The Department issued a S&O dated September 11, 2017, and fined Northwell Health Lenox Hill Hospital \$10,000 based on findings from a survey that completed on November 1, 2016. Deficient practice was cited regarding surgical services.

Prevention Agenda

The application states that the proposed project will advance local Prevention Agenda priorities:

“For many populations, the emergency department of a community hospital serves as the first touchpoint of care and often a nexus for referrals to other treatment settings like substance abuse, mental health services, and inpatient treatment. Thus, modernizing and right-sizing the ED at Mather Hospital will only continue to serve the patient population by facilitating chronic disease prevention through evidence based treatment and self-management skills, improve patient experience and staff workflow and foster care continuity through referrals to other treatment settings for issues such as depressive disorders, cardiac and other chronic illnesses, as well as social services like food insecurity and wellness.”

Mather is implementing multiple interventions to support priorities of the 2019-2024 New York State Prevention Agenda:

1. Health U (seminar series and interactive health fair)
2. Speakers Bureau (provides health experts to speak to community groups)
3. Living Health (Northwell Health's Chronic Disease Self-Management Program)
4. Stepping On (falls prevention program)
5. Stop the Bleed (training for the public on responding to bleeding emergencies)

The application states that Mather engaged the Long Island Health Collaborative and the American Heart Association (AHA) Training Center in their Prevention Agenda efforts. One of the data indicators that Mather tracks to measure progress toward achieving local Prevention Agenda goals is age-adjusted preventable hospitalization rate per 10,000 – Aged 18+ years.

Conclusion

Construction of the new addition provides the community with a more modern and efficiently designed space for emergency services, improving the wait times and patient experience and addressing behavioral health patient needs through the addition of psychiatric bays. Additionally, it frees up space

for a future CON related to surgical services. Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Analysis

Total Project Cost and Financing

The total project cost is \$82,397,804; \$77,559,942 for the ED (Article 28) space and \$4,837,862 for shell space. The total project cost of \$82,397,804 in 2021 dollars for new construction, renovation & demolition, and acquisition of moveable equipment is detailed in the chart below.

Category	Article 28	Shell Space	Total
New Construction	\$34,750,000	\$355,7250	\$3,830,7250
Renovation & Demolition	766,950	-	766,950
Site Development	12,654,543	-	12,564,543
Asbestos Abatement/Removal	500,000	-	500,000
Design Contingency	480,8149	355,725	5,163,874
Construction Contingency	3,070,649	177,863	3,248,512
Architect/Engineering Fees	3,846,519	284,580	4,131,099
Construction Manager Fees	2,404,075	177,863	2,581,838
Other Fees	2,402,075	177,863	2,581,938
Moveable Equipment	5,572,263	4,837,862	10,410,125
Telecommunications	1,300,000	-	1,300,000
Financing Costs	3,704,039	-	3,704,039
CON Fee	2,000	-	2,000
Additional Processing Fee	424,235		424,235
Total Project Cost	\$77,559,942	\$4,837,862	\$82,397,804

The Article 28 project cost will be met through equity of \$7,755,994 and financing in the amount of \$69,803,948 through a tax-exempt bond issuance with the Dormitory Authority of the State of New York (DASNY) at a fixed interest rate of 6.5% interest over 30 years. Citigroup Global Markets, Inc. provided a letter of interest to underwrite the bonds. The shell space of \$4,837,862 will be paid in accumulated funds until it is programmed Article 28 space, and a separate CON application will be submitted for the use of the space.

Total reimbursable project costs shall be limited to \$77,559,942 and exclude the cost of the shell space. Department staff notes that since the shell space will be utilized for possible future Article 28 medical/surgical services, the applicant will pay accumulated funds of \$4,837,862 for the shell space within the Department's guidelines. Until a CON application is approved for the build-out of the shell space, the facility will not receive reimbursement for it. BFA Attachment A shows sufficient funds for the equity contribution for the shell space and equity requirement for the Article 28 space.

Operating Budget

The applicant has submitted an operating budget, in 2021 dollars, during the first and third years, summarized below:

	Current Year (2019)	Year One	Year Three
<u>Inpt. Revenues</u>			
Commercial MC	\$ 88,791,000	\$ 90,343,600	\$ 91,049,810
Medicare FFS	\$91,003,000	\$92,540,220	\$ 93,255,560
Medicare MC	\$14,675,000	\$15,085,480	\$15,261,400
Medicaid FFS	\$ 3,498,000	\$ 3,558,479	\$ 3,582,671
Medicaid MC	\$ 8,206,000	\$ 8,465,390	\$ 8,576,557
Private Pay	\$ 414,700	\$ 423,960	\$ 433,220
Charity Care	\$259,300	\$ 259,300	\$ 259,300
All Other	\$ 2,412,000	\$ 2,436,120	\$2,460,240
Total Input Revenues	\$209,259,000	\$213,112,549	\$214,878,758
<u>Outpt. Revenues</u>			
Commercial MC	\$105,358,000	\$106,393,960	\$108,113,360
Medicare FFS	39,113,000	39,391,800	39,858,380
Medicare MC	7,756,000	7,857,370	8,027,560
Medicaid FFS	718,000	732,700	757,480
Medicaid MC	6,946,000	7,054,360	7,235,380
Private Pay	2,010,000	2,055,750	2,133,000
Charity Care	489,000	489,000	489,000
Other Oper. Rev.	2,686,000	2,715,120	2,762,720
All Other Revenue	8,212,000	0	0
Total Outpt Revenues	\$165,076,000	\$166,690,060	\$169,376,880
Total Revenues	\$382,547,000	\$388,019,480	\$392,474,570
<u>Expenses</u>			
Operating	\$361,281,027	\$364,204,943	\$366,872,556
Capital	17,460,274	26,100,798	25,975,692
Total Expenses	\$378,741,301	\$390,305,741	\$392,848,248
Excess of Revenues over Expenses	<u>\$3,805,699</u>	<u>(\$2,286,261)</u>	<u>(\$373,678)</u>
Discharges	11,075	11,284	11,380
Output Visits	162,082	163,441	165,708

The following is noted for the year one and year three budgets:

- Expense and utilization assumptions are based on the hospital's historical experience.
- For the nine months ended September 30, 2020, Mather claims \$22,717,000 in Cares Act revenues. For the three months ended March 31, 2021, an additional \$1,113,000 in Cares Act revenues was claimed.
- The budget was based on 2019 volume as a normalized year rather than 2020 utilization, which was an anomaly given the COVID-19 pandemic resulting in significant variance in patient utilization of healthcare services.
- The first- and third-year losses are due to an increase in interest and depreciation expenses.
- ED total visit volume was 34,820 visits and the applicant projects Year One to increase by 1,359 visits and Year Three by 3,626 visits, as a result of the aging population and the design and workflow improvements.
- Based on borrowing \$69,803,948 at a rate of 6.5% for a 30-year term, estimated annual debt service payments are \$5,294,501 for the thirty-year term.

- Utilization by payor source for the inpatient discharges and outpatient visits are as follows:

Payor	Visits			Discharges		
	Current Year	Year One	Year Three	Current Year	Year One	Year Three
Commercial MC	44.6%	44.5%	44.4%	27.3%	27.2%	27.2%
Medicare FFS	33.9%	33.8%	33.7%	51.1%	51.1%	51.1%
Medicare MC	5.7%	5.7%	5.8%	10.4%	10.4%	10.5%
Medicaid FFS	1.4%	1.4%	1.4%	2.0%	2.0%	2.0%
Medicaid MC	10.2%	10.3%	10.4%	7.4%	7.4%	7.4%
Private Pay	1.7%	1.7%	1.7%	0.4%	0.4%	0.4%
Charity Care	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
All Other	0.1%	0.1%	0.1%	1.3%	1.3%	1.2%
Total	100%	100%	100%	100%	100%	100%

Capability and Feasibility

The total project cost of \$82,397,804 includes the cost of the ED and shell space construction. The project cost is broken down as follows: assigned Article 28 space for \$77,559,942 and shell space of \$4,837,862. The project cost will be met via equity of \$12,593,856 and \$69,803,94 in anticipated tax-exempt bonds (DASNY) at a proposed rate of 6.5% over 30 years. A letter of interest to underwrite the bonds has been submitted by Citi Global Markets, Inc.

Working capital requirements are estimated at \$1,001,112 and are based on two months of third year incremental operating expenses, which will be provided through operations. BFA Attachment A is Northwell Health, Inc. Certified Financial Statements for the Years Ended December 31, 2019 and 2020, which indicate the availability of sufficient funds for the equity contribution to meet the total project cost and the working capital requirements.

The submitted budget indicates a net loss of revenues over expenses of (\$2,286,261) and (\$373,678) during the first and third years, respectively. The applicant has stated that there are positive operating margins in Years One and Three and the overall loss is due to the incremental depreciation and interest experienced from start-up costs related to the new program. BFA Attachment A shows sufficient funds, via cash of and cash equivalents of \$831M as of December 31, 2020. The submitted budget appears reasonable.

BFA Attachment A shows Northwell had a positive working capital position and a positive net asset position for 2019 and 2020. Northwell had excess (deficiency) of operating revenue over operating expenses of \$178,307,000 and (\$52,700,000) in 2019 and 2020, respectively. 2020 losses were driven in part due to the negative impacts of COVID -19 on patient revenue, along with increases in operating expenses (salaries, employee benefits, supplies and expenses, depreciation and amortization, and interest). Northwell Health, Inc. received \$1.2B in CARES Act Provider Relief Funds in 2020 to offset the negative financial impacts of COVID-19. As a result of the COVID-19 pandemic, net patient service revenue was down ~\$420M and physician practice revenue was down ~\$40M. BFA Attachment B is the Northwell Health, Inc. Consolidated Statements of Operations (Unaudited) for the three months ending March 31, 2020 and 2021. Year-to-date 2021 operating losses of \$43 million shows signs of recovery as compared to the same three-month period in 2020, which posted losses of approximately \$141M. Total patient revenue for the period is up 11% (\$3.1M in 2021 and \$2.8M in 2020) from the same period in 2020.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- BFA Attachment A Northwell Health Inc. Certified Financial Statements for Year Ended December 31, 2019 and 2020
- BFA Attachment B Northwell Health Inc., Consolidated Statements of Operations (Unaudited) for the Three Months ended March 31, 2020 and 2021
- BFA Attachment C Organizational Chart of Northwell Health, Inc.



Project # 201275-B

**New York City Health and Hospital Corporation/Gotham
Health FQHC, Inc. d/b/a Tremont Community Health Center
of Excellence**

Program: Diagnostic and Treatment Center **County:** Bronx
Purpose: Establishment and Construction **Acknowledged:** July 28, 2020

Executive Summary

Description

New York City Health and Hospital Corporation (NYC H+H) and Gotham Health FQHC, Inc. (Gotham Health), co-operators of six (6) Diagnostic and Treatment Centers (D&TC) and numerous extension clinics that are federally certified as Federally Qualified Health Centers (FQHCs), are seeking approval to establish and construct a new D&TC that will also be an FQHC. The proposed D&TC, named the Tremont Community Health Center of Excellence, will occupy approximately 23,158 sq. ft. of sub-leased space located on the ground floor of the building at 1920 Webster Avenue, (Bronx County).

On May 19, 2020, NYC H+H/Gotham Health received a COVID-19 emergency approval from the Department to construct and certify this site as an extension clinic to the operating certificate of NYC H+H/Gotham Health Morrisania Diagnostic and Treatment Center. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Bronx who have been disproportionately affected by the COVID-19 virus. The site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to ambulatory care. The Tremont Community Health Center of Excellence opened on November 16, 2020 with

two primary care providers to address the critical and time-sensitive needs of the community during the COVID-19 pandemic. As of March 31, 2021, there had been 2,000 visits, which is consistent with the proposed model of 2,700 visits per provider. The facility expects to recruit fourteen more primary care providers and five medical specialists.

NYC H+H/Gotham Health requests certification for Primary Care, Dental, and Other Medical Specialties (to include pulmonology, cardiology, vascular, and diagnostic radiology services), as well as mental health services, to provide outpatient services to individuals who need follow-up care after recovering from the COVID-19 virus.

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

CONs 202005 Roosevelt Community Health Center of Excellence and 202004 Broadway Community Health Center of Excellence have been submitted and are being reviewed concurrently to establish two additional D&TCs.

OPCHSM Recommendation

Contingent Approval

Need Summary

The D&TC will improve access to a variety of medical services for individuals residing in the Health Professional Shortage and Medically Underserved Areas (as designated by HRSA) of Hunts Point/Mott Haven, Fordham/Bronx Park, and Crotona/Tremont, as well as, the surrounding communities in Bronx County.

The applicant projects 56,700 visits in Year One and 60,102 in Year Three.

Program Summary

Upon review, the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Total project costs of \$34,455,861 will be met with \$6,329,935 in cash and \$28,125,726 through New York City budget appropriations.

The submitted incremental budget projects losses of \$5,319,702 and excess revenue over expenses of \$369,418 during the first and third years, respectively. The Chief Financial Officer of NYC H+H Health has submitted a letter indicating that any operating losses of the proposed D&TC, including those in Year One, will be supported by NYC H+H funds. The budget appears reasonable and is as follows:

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$17,230,646	\$23,065,198
Expenses	<u>\$22,550,348</u>	<u>\$22,695,780</u>
Gain/(Loss)	(\$5,319,702)	\$369,418

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of forty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
3. Submission of a photocopy of an executed Certificate of Amendment of the Certificate of Incorporation of Gotham Health FQHC, Inc., acceptable to the Department. [CSL]
4. Submission of a photocopy of an executed amendment to the Amended and Restated Co-Applicant Agreement, acceptable to the Department. [CSL]
5. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
6. Submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov. [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need and Program Analysis

Program Description

Proposed Operator Proposed Co-Operator	New York City Health and Hospital Corporation Gotham Health FQHC, Inc.
To Be Known As	Tremont Community Health Center of Excellence
Site Address	1920 Webster Avenue Bronx, New York 10457 (Bronx County)
Services	Medical Services – Primary Care Dental O/P Medical Services - Other Medical Specialties Neurology Pulmonology Cardiology Vascular Diagnostic Radiology Mental Health
Hours of Operation	Monday-Thursday 8:30 AM to 7 PM Friday 8:30 AM to 5 PM Saturday 9 AM to 5 PM
Staffing (1st Year / 3rd Year)	129.00 FTEs / 129.00 FTEs
Medical Director(s)	David John, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by Lincoln Medical & Mental Health Center 2.8 miles / 15 minutes away

Analysis

The primary service area includes the neighborhoods of Hunts Point/Mott Haven, Fordham/Bronx Park and Crotona/Tremont within Bronx County. The population of Bronx County was 1,385,108 in 2010 and is estimated to grow to 1,567,988 by 2025; an increase of 13.2%.

The Health Resources & Services Administration (HRSA) has designated Crotona a Health Professional Shortage Area for Primary Care, Dental, and Mental Health Services, and has designed the Bathgate Service Area as a Medically Underserved Area.

On May 19, 2020, NYC H+H/Gotham Health received a COVID-19 emergency approval from the Department to construct and certify this site as an extension clinic to the operating certificate of NYC H+H/Gotham Health Morrisania Diagnostic and Treatment Center. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Bronx who have been disproportionately affected by the COVID-19 virus. The site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to ambulatory care. The site opened in November 2020. This CON seeks approval from the Department to establish this site as a D&TC with its own operating certificate number. The D&TC will be federally certified as an FQHC.

The applicant projects 56,700 visits in Year One and 60,102 in Year Three. The D&TC is projecting Medicaid utilization of 57.3%

The applicant is committed to serving all persons in need without regard to the ability to pay or source of payment.

Character and Competence

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

Gotham Health currently co-operates six D&TCs with numerous extension clinics:

East New York D&TC

Cumberland D&TC

Morrisania D&TC

Sydenham D&TC

Seugndo Ruiz Belvis D&TC

Gouverneur Health D&TC

The board of Gotham Health FQHC, Inc. is comprised of the following individuals:

Name	Title
Dolores McCray	Chair
Angelo Moutair	Vice Chair
Elissa Macklin	Secretary
Alyse Portera	Treasurer
Vivian Bright	Member
Fernando Brinn	Member
Antoinette Brown	Member
Paul Covington	Member
Lori Ferguson	Member
Henrietta Ho-Asjoe	Member
Jacqueline Narine	Member
Herman Smith	Member
Edolphus Towns	Member
Denisha Williams Johnson	Member
Donald Young	Member

Delores McCray, PhD, is the Vice President of the Amalgamated Bank in New York. She oversees the retail community bank and her responsibilities include branch growth, profitability, and community outreach. She also trains and develops the branch staff, builds account relationships, and new business development. She was the previous President and CEO of McCray Company, a financial service company.

Angelo Moutair is the Vice President/Branch Manager of JP Morgan Chase. He is responsible for identifying and addressing the needs of new hires and current employees; directing strategies for the growth of the bank's overall depository balance; developing innovative ways to encourage, inspire, motivate, and support team members, and; build a healthy environment which promotes employee development and growth. He was previously employed as the Assistant Vice President and Store Manager 3 of Wells Fargo Bank.

Elissa Macklin has been retired for approximately 11 years. She was previously employed as the Director of Operations in Ambulatory Care Services at Woodhull Hospital Center and was responsible for product and program development, technical applications, labor relations, and organizational infrastructure; development of policies and procedures to ensure quality, efficiency, productivity, and compliance; and experience in governance of community health centers.

Alyse Portera has been retired for over three years. She was previously the Operations Director of the National Havurah Coordinating Committee. Her responsibilities included working with the chair of the Board of Directors and Program Director to support the mission of NHC. She was previously the Regional Director of Science Operations/Director of Special Projects at Howard Hughes Medical Institute, Chevy

Chase, MD and provided strategic leadership to eight teams throughout the United States which deliver financial, human resources, procurement, and lab management services to 175 research labs with \$150M budget and 900 employees.

Vivian Bright has been retired for six years. She was previously employed as the Business Administrator and Director of the Community and Family Center of the Berean Baptist Church for over 25 years. She was the outreach coordinator, providing strong leadership and team building.

Fernando Brinn is the current President of The Brinn Group, a marketing, public relations, and real estate company that he founded. He also founded F. Brinn and Associates, a company that provides services for individuals seeking training and job placement, including a subsidiary company that provides services to individuals with disabilities.

Antoinette Brown is employed by the NYC Department of Education, currently as the Director of the Administrative Payroll Department. She is responsible for the planning and supervision of day-to-day operations, oversight and management of payroll functions, policies, and systems. She oversees the payroll of managers original jurisdictions, and 17 unions encompassing 49 bargaining units. She conducts training and authors manuals tailored to specific audiences. She arranges hiring, firing, leaves, transfers, and retirement of staff.

Paul Covington has been retired for over nine years. He was previously employed at Paul L. Covington Enterprises, a Tax and Accounting Consultant Firm. He provided tax and financial counseling to individuals, corporate profit, and non-profit clients.

Lori Ferguson is the former Director of Health Services and Systems of Lighthouse Guild International. Her responsibilities included the integration of efficient service provisions all related services and programs to ensure seamless patient care. She prepared, presented, and executed strategic plans; evaluated opportunities based on market trends and industry shifts; developed dashboard and analyze financial and operational data to determine root cause and manage trends; developed systematic quality review and evaluate the effectiveness of the QAPI activities. Before Lighthouse Guild, she was employed as the Senior Director of Urban Health Plan and was responsible for directing daily operations of two Article 28 FQHC centers, managing 12 FQHC School Based Health programs, and was responsible for the annual collective budget of \$6.6M.

Henrietta Ho-Asjoe is a Consultant and provides expertise in best practices in non-profit management and board development. She also provides expertise and knowledge in addressing public health, social disparities, and assists in culturally and linguistically appropriate program design development, implementation, and evaluation. She was previously employed as the Interim Executive Director of the Coalition for Asian American Children and Families. Her responsibilities included providing administrative and financial oversight of the non-profit with a budget of \$1.8M and ten employees. She was the Executive Director of the General Human Outreach in the Community for three years. She was responsible for providing strategic and administrative oversight to ensure the fiscal integrity of the multi-location non-profit with a budget of \$6M and more than 160 employees.

Jacqueline Narine has been retired for over ten years. Before retirement, Jacqueline was the Liaison of NYC H+H/Cumberland Community Advisory Board. She worked with the auxiliary board and the reach out and read Program of Great New York. After retirement, she served as Chairperson of the NYC H+H/Cumberland Community Advisory Board and as a member of the Auxiliary Board. She was successful in gaining capital funding from elected official New York City Council Majority Leader.

Herman Smith has been retired for three years. He was previously the Vice President of Human Resources /Chief Human Resources Executive at the Wildlife Conservation Society and his responsibility included developing and managing all policies and procedures affecting workforce economics, benefits, and employee relations; served as an advisor to senior management for the establishment of strategic planning goals; and managing three workforces (two domestic and one international) encompassing the United States and 65 countries across all continents. He oversaw organizational performance measures and Human Capital strategic planning initiatives and oversaw the central management with a \$230M personnel services budget connected to 64 countries globally.

Edolphus Towns has been retired for approximately seven years. Prior to retirement, he was a Congressman in the United States House of Representatives. He served on the Energy and Commerce Committee, and three sub committees: Health; Communications, Technology, and the Internet; and Commerce, Manufacturing, and Trade. He was also a Ranking Member of the Subcommittee on Government Organization, Efficiency and Financial Management on the Committee on Oversight and Government Reform-the committee he chaired during the 111th Congress. He is also an Ordained Minister and Social Worker.

Denisha Williams Johnson is Care Manager at Montefiore. Her responsibilities include working with an interdisciplinary team to schedule, organize, and participate in case conferences with medical and mental health providers, residential hospital discharge planners, and substance abuse providers in the development and ongoing coordination of client's care plans. She was previously employed as a Substance Abuse Counselor at Narco Freedom BO-MMTP Program, a Senior Supportive Case Manager at Federation of Organizations, a Case Manager at the Black Veterans of Social Justice, a CRT Social Worker at Fed Cap WeCare, and the Clinical Coordinator of the Bowery Residence Committee, Inc.

Donald Young is an Instructor at the International Center in New York for approximately 22 years. He teaches intermediate and advanced English classes for foreign-born English language students. He is also employed as a Tutor/Instructor at LaGuardia Community College, ESL Laboratory for approximately 23 years. He teaches English language skills to immigrant college students using grammar and other texts, audiovisual aids, and original materials in seminar and classroom settings. He has received the Barney Rainbow award for outstanding achievement and contribution to the Department of City Planning.

David John, MD is the proposed Medical Director. He is the current Chief Medical Officer of New York City Health + Hospitals Gotham and Gotham Health Center for over three (3) years. He is a clinical consultant for Cyril Ross Nursery for HIV/AIDS Children, based in Trinidad, for over 25 years. He received his medical degree from Weill Cornell Medical College. He completed his residency in Family Medicine at Catholic Medical Center. He is board-certified in Family Practice. He holds the New York State HIV Specialist Designation.

Staff from the Division of Hospitals and Diagnostic & Treatment Centers (DHDTTC) reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the State's Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases, as well as, the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the DHDTTC reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

- The Department issued a Stipulation and Order (S&O) dated June 18, 2021 and fined Bellevue Hospital Center \$10,000.00 based on finding from a complaint survey completed on September 25, 2020. Deficient practice was cited in patient rights resulting in a patient death.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$2,000.00 based on findings from a complaint survey completed on December 3, 2020. Deficient practice was cited in patient rights and hospital responsibilities resulting in three patients eloping from the facility.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$20,000.00 based in findings from a complaint survey completed in August 24, 2020. Deficient practice was cited due to the facility's failure to ensure that adverse events regarding anesthesia administration to Obstetrics and Gynecology(OB/GYN) patients were reported, investigated, analyzed and corrective actions implemented by the facility's (Quality Assessment Performance Improvement (QAPI) program, which resulted in patient harm and death.

- The Department issued a S&O dated January 27, 2021 and fined Elmhurst Hospital Center \$10,000.00 based on findings from a complaint survey that was completed on February 18, 2020. Deficient practice was cited regarding patient rights-free from abuse and harassment. Specifically, after allegations of sexual assault, the facility failed to complete an investigation to identify issues and areas to improve patient safety.
- The Department issued a S&O dated December 10, 2020 and fined Kings County Hospital Center \$4,000 based on findings from a survey completed on January 24, 2020. Deficient practice was cited in the area of patient elopement. Specifically, the facility failed to identify and assess all patients at risk of elopement, analyze facility data of those at risk of elopement, and develop or implement corrective action to ensure patient safety
- The Department issued a S&O dated November 23, 2020 and fined Lincoln Medical & Mental Health Center \$10,000.00 based on findings from a complaint survey completed on January 15, 2020. Deficient practice was cited in the areas of patient rights and quality assurance. Specifically, the facility failed to prevent unauthorized access of people into patient care areas, which resulted in a stranger being in a patient's room and a patient being sexually assaulted.
- The Department issued a S&O dated July 26, 2018 and fined Elmhurst Hospital Center \$2,000.00 based on findings from a complaint survey completed on January 16, 2018. Deficient practice was cited regarding patient rights. Specifically, the facility failed to monitor patients who had altered mental status with known elopement risk and self-injurious behavior.
- The Department issued a S&O dated August 7, 2017 and fined Jacobi Medical Center \$2,000.00 based on findings from an allegation survey completed on November 9, 2016. Deficient practice was cited regarding patient rights. Specifically, the hospital was found to be using metal handcuffs to restrain a patient who was transported from the Comprehensive Psychiatric Emergency Program (CPEP) unit to the Medical Emergency Department.
- The Department issued a Stipulation and Order S&O dated August 7, 2017 and fined Kings County Hospital Center \$2,000.00 for findings on an allegation survey completed on June 23, 2016. Deficient practice was cited regarding patient rights. Specifically, it was identified that hospital security guards used metal handcuffs to restrain a patient who eloped to a wheelchair.
- The Department issued a S&O dated April 17, 2017 and fined Kings County Hospital Center \$2,000.00 based on findings from an allegation survey completed August 29, 2016. Deficient practice was cited regarding patient rights-sexual assault/abuse. Specifically, the facility failed to develop and implement an adequate plan, including training, that would protect patients from sexual abuse.
- The Department issued a S&O dated February 24, 2014 and fined Kings County Hospital Center \$14,000.00 based on findings from a complaint survey completed on April 24, 2013. Deficient practice was cited for quality assurance and emergency services. Specifically, the facility failed to have a mechanism to ensure communication of positive radiology results to patients, resulting in a patient that had a positive chest x-ray that did not have the results communicated. This resulted in metastatic process.

Conclusion

The individual background review indicates the proposed board members have met the standard for approval as set forth in Public Health Law §2801-a(3). Approval of this project will improve access to a variety of medical services for the neighborhoods of Hunts Point/Mott Haven, Fordham/Bronx Park, and Crotona/Tremont, as well as, the surrounding communities in Bronx County.

Financial Analysis

Total Project Cost

Total project cost for renovations and equipment is estimated at \$34,455,661; broken down as follows:

Renovations and Demolition	\$20,062,497
Design Contingency	2,006,249
Construction Contingency	2,006,249
Architect/Engineering Fees	1,462,867
Construction Manager Fees	3,500,499
Other Fees	1,271,512
Moveable Equipment	3,990,188
CON Application Fee	1,250
CON Additional Processing Fee	<u>154,350</u>
Total Project Cost	<u>\$34,455,661</u>

NYC H+H/Gotham Health received emergency approval on May 19, 2020 to proceed with construction of this project due to the COVID-19 emergency, and the facility opened on November 16, 2020.

NYC H&H/Gotham Health will fund the total project cost through \$6,239,935 in accumulated funds and \$28,125,726 in New York City budget appropriations.

Lease Rental Agreement

The applicant has submitted an executed lease agreement; the terms are summarized below:

Date:	September 1, 2019
Premises:	23,158 sq. ft. located on the ground floor
Lessor:	Tremont Renaissance, LLC (TR Master Lease, LLC)
Lessee:	TR Master Lease, LLC
Sublease:	New York City Health + Hospitals
Term:	15 years with one five-year option to renew
Rent:	\$969,043.48 annually or \$80,753.53/month Year One; approximately 3% increase each year thereafter.
Provisions:	Responsible for utilities, taxes, insurance and maintenance of occupied premise.

The applicant indicated that the lease will be an arm's-length lease arrangement. Two letters of rent reasonableness have been submitted from New York licensed real estate brokers.

Operating Budget

The applicant submitted an incremental operating budget, in 2020 dollars, for the first and third years, summarized below:

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Revenues</u>				
Commercial MC	\$123.68	\$820,496	\$123.68	\$869,721
Medicare FFS	\$122.03	249,702	\$121.98	\$263,960
Medicare MC	\$184.17	793,602	\$184.17	841,303
Medicaid FFS	\$279.23	791,624	\$279.23	839,094
Medicaid MC	\$265.61	7,876,404	\$265.61	8,348,924
Private Pay *	\$14.53	162,247	\$14.53	171,979
Other **		<u>6,537,201</u>		<u>11,730,217</u>
Total Revenues		\$17,230,646		\$23,065,198

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Expenses</u>				
Operating	\$346.07	\$19,622,443	\$327.89	\$19,706,146
Capital	<u>\$51.64</u>	<u>2,927,905</u>	<u>\$49.73</u>	<u>2,989,146</u>
Total Expenses	\$397.71	\$22,550,348	\$377.62	\$22,695,780
Excess Revenues over Expenses		<u>(\$5,319,702)</u>		<u>\$369,418</u>
Cost Per Visit		\$397.71		\$377.62
Utilization (Visits)		56,700		60,102

* Private pay is for services provided to people who pay their fees on their own. This Center uses it for many reasons such as self-insured or sliding scale payments for individuals who can pay what they can afford.

** Other Revenue is Medicaid Managed Care Panel-Based Revenue and HRSA Grant Revenue of \$400,000 per year. As an underserved community, both Medicaid MC and Medicare MC participate in this incentive revenue program, defined as an increased rate to provide certain populations, who otherwise may not be able to pay for care, with health care. The total with HRSA and Medicaid and Medicare Panel Program is combined above.

The budget is based on the following:

- Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Utilization</u>
Commercial FFS	11.7%
Medicare FFS	3.6%
Medicare MC	7.6%
Medicaid FFS	5.0%
Medicaid MC	52.3%
Charity Care	0.1%
Private Pay	19.7%
Total	100%

- The projected utilization and staffing for this project are based upon the historical experience of NYC H+H/Gotham Health in providing the outpatient services that will be offered at the proposed D&TC.
- The incremental operating expenses and revenues for this project are based on the utilization projections for the services that are part of this project, given the experience of NYC H+H/Gotham Health.
- The projected first-year loss is due to the high start-up costs relative to the number of projected outpatient visits and ramp up of physician participation in payer incentive programs.

Capability and Feasibility

Total project costs of \$34,455,861 will be met with \$6,329,935 in cash and \$28,125,726 through New York City budget appropriations. According to the New York City Office of Management and Budget, the bonding cash proceeds have been appropriated and made available for this project.

BFA Attachment A is the 2019 certified financial statements of NYC Health and Hospitals Corporation, which indicates the availability of sufficient resources for project costs and working capital needs.

As shown on BFA Attachment A, NYC H+H/Gotham Health maintained a negative working capital position, a negative net deficit position, and experienced an operating gain of \$69,235,000, as of June 30, 2020. As shown on BFA Attachment B, NYC H+H/Gotham Health maintained a positive working capital position, total net negative deficit position and experienced an operating loss of \$131,144,000 according to the December 31, 2020 internal financial statement.

NYC H+H/Gotham Health serves an under-served population, many without insurance, and, therefore, receives grants, State/Federal funding and NYC appropriation support. As provided in the budget projections, the HRSA Federal Grant is projected to be \$400,000 for Year One and Year Three, and the enhanced reimbursement from the Medicaid Managed Care panel is projected to be \$6,137,201 in Year One and \$11,330,217 in Year Three.

Conclusion

It appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BHFP Attachment Map
BFA Attachment A New York City, Health and Hospitals Corporation, 2019 Certified Financial Statements (June 30, 2019 Fiscal Year)
BFA Attachment B New York City, Health and Hospitals Corporation, 2020 Un-audited internal financial statement (July 1, 2019 to December 31, 2020)



Project # 202004-B

**New York City Health and Hospital Corporation/Gotham
Health FQHC, Inc. d/b/a Broadway Community
Health Center of Excellence**

Program: Diagnostic and Treatment Center **County:** Kings
Purpose: Establishment and Construction **Acknowledged:** July 29, 2020

Executive Summary

Description

New York City Health and Hospital Corporation (NYC H+H) and Gotham Health FQHC, Inc. (Gotham Health), co-operators of six Diagnostic and Treatment Centers (D&TC) and numerous extension clinics that are federally certified as Federally Qualified Health Centers (FQHCs), are seeking approval to establish and construct a new D&TC that will also be an FQHC, at 815 Broadway, Brooklyn (Kings County). The D&TC, which will be named Broadway Community Health Center of Excellence, occupies approximately 51,400 square feet of leased space located on all floors of a five-story building, inclusive of basement space.

On May 19, 2020, NYC H+H/Gotham Health received a COVID-19 emergency approval from the Department to construct and certify this site as an extension clinic to the operating certificate of NYC H+H/Gotham Health East NY Diagnostic and Treatment Center. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Brooklyn who have been disproportionately affected by the COVID-19 virus. The extension site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to ambulatory care. Broadway Community Health Center of Excellence is anticipating opening in Summer 2021.

NYC H+H/Gotham Health requests certification for Primary Care, Dental, CT, MRI, and Other Medical Specialties (to include pulmonology, cardiology, vascular, and diagnostic radiology services), as well as mental health services, to provide outpatient services to individuals who need follow-up care after recovering from the COVID-19 virus.

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

CON 201275 Tremont Community Health Center of Excellence and CON 202005 Roosevelt Community Health Center of Excellence have been submitted and are being reviewed concurrently to establish two additional D&TCs.

OPCHSM Recommendation

Contingent Approval

Need Summary

The D&TC will improve access to a variety of medical services for individuals residing in the Health Professional Shortage and Medically Underserved Areas (as designated by HRSA) of Williamsburg/Bushwick, East NY, and Bedford-Stuyvesant, as well as, the surrounding communities in Kings County.

The applicant projects 140,400 visits in Year One and 148,692 in Year Three.

Program Summary

Upon review, the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Total project costs of \$77,347,207 will be met with \$11,090,066 in accumulated funds and \$66,257,141 in New York City budget appropriations.

The submitted incremental budget projects losses of \$1,386,758 and an excess of revenue over expenses during the first and third years, respectively. The Chief Financial Officer of NYC H+H/Gotham Health has submitted a letter indicating that any operating losses of the proposed D&TC, including those in Year One, will be supported by NYC H+H funds. The proposed budget appears reasonable and is as follows:

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$41,265,444	\$55,967,092
Expenses	<u>\$42,652,202</u>	<u>\$42,935,125</u>
Gain/(Loss)	(\$1,386,758)	\$13,031,967

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of forty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
3. Submission of a photocopy of an executed amendment to the Amended and Restated Co-Applicant Agreement, acceptable to the Department. [CSL]
4. Submission of a photocopy of an executed Certificate of Amendment of the Certificate of Incorporation of Gotham Health FQHC, Inc., acceptable to the Department. [CSL]
5. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-01. [AER]
6. Submission of Engineering (MEP) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov. [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need and Program Analysis

Program Description

Proposed Operator Proposed Co-Operator	New York City Health and Hospital Corporation Gotham Health FQHC, Inc
To Be Known As	Broadway Community Health Center of Excellence
Site Address	815 Broadway Brooklyn, New York 11206 (Kings County)
Specialties	Medical Services – Primary Care Dental O/P CT MRI Medical Services - Other Medical Specialties Pulmonology Neurology Cardiology Vascular Diagnostic Radiology Mental Health
Hours of Operation	Monday-Thursday 8:30 AM to 7 PM Friday 8:30 AM to 5 PM Saturday 9 AM to 5 PM
Staffing (1st Year / 3rd Year)	279.00 FTEs / 279.00 FTEs
Medical Director(s)	David John, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by Woodhull Medical and Mental Health Center 0.4 miles / 3 minutes away

Analysis

The primary service area includes the neighborhoods of Williamsburg/Bushwick, East NY, and Bedford-Stuyvesant within Kings County. The population of Kings County was 2,504,700 in 2010 and is estimated to grow to 2,810,876 by 2025; an increase of 12.2%.

The Health Resources & Services Administration (HRSA) has designated the Williamsburg-Bushwick area a Health Professional Shortage Area for Mental Health Services, Williamsburg for Dental Services, Bushwick for Primary Care Services, and the Kings Service Area as a Medically Underserved Area.

On May 19, 2020, NYC H+H/Gotham Health received a COVID-19 emergency approval from the Department to construct and certify this site as an extension clinic to the operating certificate of NYC H+H/Gotham Health East NY Diagnostic and Treatment Center. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Brooklyn who have been disproportionately affected by the COVID-19 virus. The extension site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to ambulatory care. Broadway Community Health Center of Excellence is anticipating opening in Summer 2021. This CON seeks approval to establish this site as a D&TC with its own operating certificate number. The D&TC will be federally certified as an FQHC.

The applicant projects 140,400 visits in Year One and 148,692 in Year Three. The D&TC is projecting Medicaid utilization of 56.1%.

The applicant is committed to serving all persons in need without regard to ability to pay or source of payment.

Character and Competence

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

Gotham Health currently co-operates six D&TCs with numerous extension clinics:

East New York D&TC

Cumberland D&TC

Morrisania D&TC

Sydenham D&TC

Seugndo Ruiz Belvis D&TC

Gouverneur Health D&TC

The board of Gotham Health FQHC, Inc. is comprised of the following individuals:

Name	Title
Dolores McCray	Chair
Angelo Moutair	Vice Chair
Elissa Macklin	Secretary
Alyse Portera	Treasurer
Vivian Bright	Member
Fernando Brinn	Member
Antoinette Brown	Member
Paul Covington	Member
Lori Ferguson	Member
Henrietta Ho-Asjoe	Member
Jacqueline Narine	Member
Herman Smith	Member
Edolphus Towns	Member
Denisha Williams Johnson	Member
Donald Young	Member

Delores McCray, PhD, is the Vice President of the Amalgamated Bank in New York. She oversees the retail community bank and her responsibilities include branch growth, profitability, and community outreach. She also trains and develops the branch staff, builds account relationships, and new business development. She was the previous President and CEO of McCray Company, a financial service company.

Angelo Moutair is the Vice President/Branch Manager of JP Morgan Chase. He is responsible for identifying and addressing the needs of new hires and current employees; directing strategies for the growth of the bank's overall depository balance; developing innovative ways to encourage, inspire, motivate, and support team members, and; build a healthy environment which promotes employee development and growth. He was previously employed as the Assistant Vice President and Store Manager 3 of Wells Fargo Bank.

Elissa Macklin has been retired for approximately 11 years. She was previously employed as the Director of Operations in Ambulatory Care Services at Woodhull Hospital Center and was responsible for product and program development, technical applications, labor relations, and organizational infrastructure; development of policies and procedures to ensure quality, efficiency, productivity, and compliance; and experience in governance of community health centers.

Alyse Portera has been retired for over three years. She was previously the Operations Director of the National Havurah Coordinating Committee. Her responsibilities included working with the chair of the Board of Directors and Program Director to support the mission of NHC. She was previously the Regional Director of Science Operations/Director of Special Projects at Howard Hughes Medical Institute, Chevy

Chase, MD, and provided strategic leadership to eight teams throughout the United States which deliver financial, human resources, procurement, and lab management services to 175 research labs with \$150M budget and 900 employees.

Vivian Bright has been retired for six years. She was previously employed as the Business Administrator and Director of the Community and Family Center of the Berean Baptist Church for over 25 years. She was the outreach coordinator, providing strong leadership and team building.

Fernando Brinn is the current President of The Brinn Group, a marketing, public relations, and real estate company that he founded. He also founded F. Brinn and Associates, a company that provides services for individuals seeking training and job placement, including a subsidiary company that provides services to individuals with disabilities.

Antoinette Brown is employed by the NYC Department of Education, currently as the Director of the Administrative Payroll Department. She is responsible for the planning and supervision of day-to-day operations, oversight and management of payroll functions, policies, and systems. She oversees the payroll of managers original jurisdictions, and 17 unions encompassing 49 bargaining units. She conducts training and authors manuals tailored to specific audiences. She arranges hiring, firing, leaves, transfers, and retirement of staff.

Paul Covington has been retired for over nine years. He was previously employed at Paul L. Covington Enterprises, a Tax and Accounting Consultant Firm. He provided tax and financial counseling to individuals, corporate profit, and non-profit clients.

Lori Ferguson is the former Director of Health Services and Systems of Lighthouse Guild International. Her responsibilities included the integration of efficient service provisions all related services and programs to ensure seamless patient care. She prepared, presented, and executed strategic plans; evaluated opportunities based on market trends and industry shifts; developed dashboard and analyze financial and operational data to determine root cause and manage trends; developed systematic quality review and evaluate the effectiveness of the QAPI activities. Before Lighthouse Guild, she was employed as the Senior Director of Urban Health Plan and was responsible for directing daily operations of two Article 28 FQHC centers, managing 12 FQHC School Based Health programs, and was responsible for the annual collective budget of \$6.6M.

Henrietta Ho-Asjoe is a Consultant and provides expertise in best practices in non-profit management and board development. She also provides expertise and knowledge in addressing public health, social disparities, and assists in culturally and linguistically appropriate program design development, implementation, and evaluation. She was previously employed as the Interim Executive Director of the Coalition for Asian American Children and Families. Her responsibilities included providing administrative and financial oversight of the non-profit with a budget of \$1.8M and ten employees. She was the Executive Director of the General Human Outreach in the Community for three years. She was responsible for providing strategic and administrative oversight to ensure the fiscal integrity of the multi-location non-profit with a budget of \$6M and more than 160 employees.

Jacqueline Narine has been retired for over ten years. Before retirement, Jacqueline was the Liaison of NYC H+H/Cumberland Community Advisory Board. She worked with the auxiliary board and the reach out and read Program of Great New York. After retirement, she served as Chairperson of the NYC H+H/Cumberland Community Advisory Board and as a member of the Auxiliary Board. She was successful in gaining capital funding from elected official New York City Council Majority Leader.

Herman Smith has been retired for three years. He was previously the Vice President of Human Resources /Chief Human Resources Executive at the Wildlife Conservation Society and his responsibility included developing and managing all policies and procedures affecting workforce economics, benefits, and employee relations; serving as an advisor to senior management for the establishment of strategic planning goals; managing three workforces (two domestic and one international) encompassing the United States and 65 countries across all continents. He oversaw organizational performance measures and Human Capital strategic planning initiatives and oversaw the central management with a \$230M personnel services budget connected to 64 countries globally.

Edolphus Towns has been retired for approximately seven years. Before retirement, he was a Congressman in the United States House of Representatives. He served on the Energy and Commerce Committee, and three sub-committees: Health; Communications, Technology, and the Internet; and Commerce, Manufacturing, and Trade. He was also a Ranking Member of the Subcommittee on Government Organization, Efficiency and Financial Management on the Committee on Oversight and Government Reform-the committee he chaired during the 111th Congress. He is also an Ordained Minister and Social Worker.

Denisha Williams Johnson is Care Manager at Montefiore. Her responsibilities include working with an interdisciplinary team to schedule, organize, and participate in case conferences with medical and mental health providers, residential hospital discharge planners, and substance abuse providers in the development and ongoing coordination of client's care plans. She was previously employed as a Substance Abuse Counselor at Narco Freedom BO-MMTP Program, a Senior Supportive Case Manager at Federation of Organizations, a Case Manager at the Black Veterans of Social Justice, a CRT Social Worker at Fed Cap WeCare, and the Clinical Coordinator of the Bowery Residence Committee, Inc.

Donald Young is an Instructor at the International Center in New York for approximately 22 years. He teaches intermediate and advanced English classes for foreign-born English language students. He is also employed as a Tutor/Instructor at LaGuardia Community College, ESL Laboratory for approximately 23 years. He teaches English language skills to immigrant college students using grammar and other texts, audiovisual aids, and original materials in seminar and classroom settings. He has received the Barney Rainbow award for outstanding achievement and contribution to the Department of City Planning.

David John, MD is the proposed Medical Director. He is the current Chief Medical Officer of New York City Health + Hospitals Gotham and Gotham Health Center for over three (3) years. He is a clinical consultant for Cyril Ross Nursery for HIV/AIDS Children, based in Trinidad, for over 25 years. He received his medical degree from Weill Cornell Medical College. He completed his residency in Family Medicine at Catholic Medical Center. He is board-certified in Family Practice. He holds the New York State HIV Specialist Designation.

Staff from the Division of Hospitals and Diagnostic & Treatment Centers (DHDTTC) reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the State's Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases, as well as, the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the DHDTTC reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

- The Department issued a Stipulation and Order (S&O) dated June 18, 2021 and fined Bellevue Hospital Center \$10,000.00 based on finding from a complaint survey completed on September 25, 2020. Deficient practice was cited in patient rights resulting in a patient death.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$2,000.00 based on findings from a complaint survey completed on December 3, 2020. Deficient practice was cited in patient rights and hospital responsibilities resulting in three patients eloping from the facility.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$20,000.00 based in findings from a complaint survey completed in August 24, 2020. Deficient practice was cited due to the facility's failure to ensure that adverse events regarding anesthesia administration to Obstetrics and Gynecology(OB/GYN) patients were reported, investigated, analyzed and corrective actions implemented by the facility's (Quality Assessment Performance Improvement (QAPI) program, which resulted in patient harm and death.

- The Department issued a S&O dated January 27, 2021 and fined Elmhurst Hospital Center \$10,000.00 based on findings from a complaint survey that was completed on February 18, 2020. Deficient practice was cited regarding patient rights-free from abuse and harassment. Specifically, after allegations of sexual assault, the facility failed to complete an investigation to identify issues and areas to improve patient safety.
- The Department issued a S&O dated December 10, 2020 and fined Kings County Hospital Center \$4,000 based on findings from a survey completed on January 24, 2020. Deficient practice was cited in the area of patient elopement. Specifically, the facility failed to identify and assess all patients at risk of elopement, analyze facility data of those at risk of elopement, and develop or implement corrective action to ensure patient safety
- The Department issued a S&O dated November 23, 2020 and fined Lincoln Medical & Mental Health Center \$10,000.00 based on findings from a complaint survey completed on January 15, 2020. Deficient practice was cited in the areas of patient rights and quality assurance. Specifically, the facility failed to prevent unauthorized access of people into patient care areas, which resulted in a stranger being in a patient's room and a patient being sexually assaulted.
- The Department issued a S&O dated July 26, 2018 and fined Elmhurst Hospital Center \$2,000.00 based on findings from a complaint survey completed on January 16, 2018. Deficient practice was cited regarding patient rights. Specifically, the facility failed to monitor patients who had altered mental status with known elopement risk and self-injurious behavior.
- The Department issued a S&O dated August 7, 2017 and fined Jacobi Medical Center \$2,000.00 based on findings from an allegation survey completed on November 9, 2016. Deficient practice was cited regarding patient rights. Specifically, the hospital was found to be using metal handcuffs to restrain a patient who was transported from the Comprehensive Psychiatric Emergency Program (CPEP) unit to the Medical Emergency Department.
- The Department issued a Stipulation and Order S&O dated August 7, 2017 and fined Kings County Hospital Center \$2,000.00 for findings on an allegation survey completed on June 23, 2016. Deficient practice was cited regarding patient rights. Specifically, it was identified that hospital security guards used metal handcuffs to restrain a patient who eloped to a wheelchair.
- The Department issued a S&O dated April 17, 2017 and fined Kings County Hospital Center \$2,000.00 based on findings from an allegation survey completed August 29, 2016. Deficient practice was cited regarding patient rights-sexual assault/abuse. Specifically, the facility failed to develop and implement an adequate plan, including training, that would protect patients from sexual abuse.
- The Department issued a S&O dated February 24, 2014 and fined Kings County Hospital Center \$14,000.00 based on findings from a complaint survey completed on April 24, 2013. Deficient practice was cited for quality assurance and emergency services. Specifically, the facility failed to have a mechanism to ensure communication of positive radiology results to patients, resulting in a patient that had a positive chest x-ray that did not have the results communicated. This resulted in metastatic process.

Conclusion

The individual background review indicates the proposed board members have met the standard for approval as set forth in Public Health Law §2801-a(3). Approval of this project will improve access to a variety of medical services for the neighborhoods of Williamsburg/Bushwick, East NY, and Bedford-Stuyvesant, as well, as the surrounding communities in Kings County.

Financial Analysis

Total Project Cost

Total project cost for renovations and equipment is estimated at \$77,347,207; broken down as follows:

Renovations and Demolition	\$47,588,547
Design Contingency	4,758,855
Construction Contingency	4,758,855
Architect/Engineering Fees	2,564,973
Construction Manager Fees	8,275,597
Other Fees	2,289,382
Moveable Equipment	6,763,250
CON Application Fee	1,250
CON Additional Processing Fee	<u>346,498</u>
Total Project Cost	<u>\$77,347,207</u>

NYC H+H/Gotham Health received emergency approval on May 19, 2020 to proceed with construction of this project due to the COVID-19 emergency.

NYC H+H/Gotham Health will fund the total project cost through \$11,090,066 in accumulated funds and \$66,257,141 in New York City budget appropriations.

Lease Rental Agreement

The applicant has submitted a draft lease agreement; the terms are summarized below:

Date:	December 1, 2018
Premises:	(Approximately 51,400 sq. ft.) at 813/815 Broadway and Ellery Street, New York (Brooklyn)
Landlord:	815 Broadway Equities, LLC
Tenant:	New York City Health and Hospital Corporation
Term:	31 years and 8 months from commencement date
Rent:	\$195,833.33 monthly or \$2,350,000 per annum (Increasing approximately 12% every five (5) years)
Provisions:	Maintenance, utilities, excess taxes, and insurance are to be paid by tenant.

The applicant indicated that 815 Broadway Equities, LLC and NYC H+H are not related in any way, and the lease will be an arm's-length agreement. Also, two letters of rent reasonableness have been submitted from two licensed real estate brokers in NY.

Operating Budget

The applicant submitted an incremental operating budget, in 2020 dollars, for the first and third years, summarized below:

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Revenues</u>				
Commercial Managed Care	\$123.62	\$1,992,273	\$128.95	\$2,202,656
Medicare Fee-for-Service	\$121.98	604,898	\$121.98	641,127
Medicare Managed Care	\$183.96	1,931,396	\$183.96	2,047,475
Medicaid Fee-for-Service	\$278.46	1,940,005	\$278.46	2,056,678
Medicaid Managed Care	\$264.61	19,043,453	\$264.61	20,186,038
Private Pay *	\$14.52	393,992	\$14.52	415,714
Other **		<u>15,359,427</u>		<u>28,417,404</u>
Total Revenues		<u>\$41,265,444</u>		<u>\$55,967,092</u>

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Expenses</u>				
Operating	\$264.48	\$37,273,078	\$252.58	\$37,556,001
Capital	<u>\$38.31</u>	<u>5,379,124</u>	<u>\$36.18</u>	<u>5,379,124</u>
Total Expenses	\$303.79	\$42,652,202	\$288.75	\$42,935,125
Excess Revenues over Expenses		<u>(\$1,386,758)</u>		<u>\$13,031,967</u>
Utilization (Visits)		140,400		148,692
Cost Per Visit		\$303.79		\$288.75

* Private pay is for services provided to people who pay their fees on their own. This Center uses it for many reasons such as self-insured or sliding scale payments for individuals who can pay what they can afford.

** Other Revenue is Medicaid Managed Care Panel-Based Revenue and HRSA Grant Revenue of \$800,000 per year. As an underserved community, both Medicaid MC and Medicare MC participate in this incentive revenue program, defined as an increased rate to provide certain populations, who otherwise may not be able to pay for care, with health care. The total with HRSA and Medicaid and Medicare Panel Program is combined above.

The budget is based on the following:

- Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Utilization</u>
Commercial	11.8%
Medicare Fee-for-Service	3.5%
Medicare Managed Care	7.4%
Medicaid Fee-for-Service	4.9%
Medicaid Managed Care	51.2%
Charity Care	1.9%
Private Pay	19.3%
Total	100%

- The projected utilization and staffing for this project are based upon the historical experience of NYC H+H/Gotham Health in providing the outpatient services that will be offered at the proposed D&TC.
- The incremental operating expenses and revenues for this project are based on the utilization projections for the services that are part of this project, given the experience of NYC H+H/Gotham Health.
- The projected first-year loss is due to the high start-up costs relative to the number of projected outpatient visits and ramp up of physician participation in payer incentive programs.

Capability and Feasibility

Total project costs of \$77,347,207 will be met with \$11,090,066 in cash and \$66,257,141 in New York City budget appropriations.

As shown on BFA Attachment A, NYC H+H/Gotham Health maintained a negative working capital position, a negative net deficit position and experienced an operating gain of \$69,235,000 as of June 30, 2020. BFA Attachment B shows NYC H+H/Gotham Health maintained a positive working capital position, total net negative deficit position and experienced an operating loss of \$131,144,000 according to the December 31, 2020 internal financial statement.

NYC H+H/Gotham Health serves an under-served privileged population, many without insurance, and, therefore, receives various grants, State/Federal funding, and NYC appropriation support. The facility expects to receive \$800,000 in Year One and Year Three in Health Resources and Service Administration (HRSA) grant revenue from the Federal Government. They also project Medicaid Managed Care panel-based reimbursement revenue to be \$14,559,427 in Year One and \$27,617,404 in Year Three.

Conclusion

It appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BHFP Attachment	Map
BFA Attachment A	New York City Health and Hospitals Corporation - 2019 Certified Financial Statements (July 1, 2019 to June 30, 2020)
BFA Attachment B	New York City, Health and Hospitals Corporation, (Internal Financial Statement) July 1, 2020 to December 31, 2020



Project # 202005-B

**New York City Health and Hospital Corporation/Gotham
Health FQHC, Inc. d/b/a Roosevelt Community Health
Center of Excellence**

Program: Diagnostic and Treatment Center **County:** Queens
Purpose: Establishment and Construction **Acknowledged:** July 28, 2020

Executive Summary

Description

New York City Health and Hospital Corporation (NYC H+H) and Gotham Health FQHC, Inc. (Gotham Health), co-operators of six (6) Diagnostic and Treatment Centers (D&TC) and numerous extension clinics that are federally certified as Federally Qualified Health Centers (FQHCs), are seeking approval to establish and construct a new D&TC that will also be an FQHC, at 37-50 72nd Street, Jackson Heights (Queens County). The D&TC will occupy approximately 23,100 square feet of leased space on the second floor and be called the Roosevelt Community Health Center of Excellence.

On May 19, 2020, NYC H+H/Gotham Health received a COVID-19 emergency approval from the Department to construct and certify this site as an extension clinic to the operating certificate of NYC H+H/Gotham Health East NY Diagnostic and Treatment Center. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Queens who have been disproportionately affected by the COVID-19 virus. The site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to

ambulatory care. The facility opened in March 2021.

NYC H+H/Gotham Health requests certification for Primary Care, Dental, and Other Medical Specialties (to include pulmonology, cardiology, vascular, and diagnostic radiology services), as well as mental health services, to provide outpatient services to individuals who need follow-up care after recovering from the COVID-19 virus.

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

CON 201275 Tremont Community Health Center of Excellence and CON 202004 Broadway Community Health Center of Excellence have been submitted and are being reviewed concurrently to establish two additional D&TCs.

OPCHSM Recommendation

Contingent Approval

Need Summary

The D&TC will improve access to a variety of medical services for individuals residing in the Health Professional Shortage Areas (as designated by HRSA) of Jackson Heights and Astoria/Long Island City, as well as, the surrounding communities in Queens County.

The applicant projects 78,300 visits in Year One and 83,000 visits in Year Three.

Program Summary

Upon review, the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

Total project costs of \$31,244,030 will be met with \$4,966,183 in accumulated funds and \$26,247,847 in New York City budget appropriations.

The submitted incremental budget projects losses of \$1,325,871 in Year One and an excess of revenues over expenses of \$6,255,483 by Year Three. The Chief Financial Officer of NYC H+H/Gotham Health has submitted a letter indicating that any operating losses of the proposed D&TC, including those incurred in Year One, will be supported by NYC H+H funds. The budget appears reasonable and is as follows:

<u>Budget</u>	<u>Year One</u>	<u>Year Three</u>
Revenues	\$23,074,795	\$30,813,243
Expenses	<u>\$24,400,666</u>	<u>\$24,557,760</u>
Gain/(Loss)	(\$1,325,871)	\$6,255,483

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of forty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
3. Submission of a photocopy of an executed Certificate of Amendment of the Certificate of Incorporation of Gotham Health FQHC, Inc., acceptable to the Department. [CSL]
4. Submission of a photocopy of an executed amendment to the Amended and Restated Co-Applicant Agreement, acceptable to the Department. [CSL]
5. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]
6. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-1.0. [AER]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospital/docs/hcs_access_form_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov. [HSP]
4. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need and Program Analysis

Program Description

Proposed Operator Proposed Co-Operator	New York City Health and Hospital Corporation Gotham Health FQHC, Inc.
To Be Known As	Roosevelt Community Health Center of Excellence
Site Address	37-50 72 nd Street Jackson Heights, New York 11372 (Queens County)
Services	Medical Services – Primary Care Dental O/P Medical Services - Other Medical Specialties Neurology Pulmonology Cardiology Vascular Diagnostic Radiology Mental Health
Hours of Operation	Monday-Thursday 8:30 AM to 7 PM Friday 8:30 AM to 5 PM Saturday 9 AM to 5 PM
Staffing (1st Year / 3rd Year)	163.00 FTEs / 163.00 FTEs
Medical Director(s)	David John, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by Elmhurst Hospital Center 0.5 miles / 3 minutes away

Analysis

The primary service area includes the neighborhoods of Jackson Heights and Astoria/Long Island City within Queens County. The population of Queens County was 2,230,722 in 2010 and is estimated to grow to 2,508,764 by 2025; an increase of 12.5%.

The Health Resources & Services Administration (HRSA) has designated West Queens a Health Professional Shortage Area for Primary Care and Mental Health Services.

NYC H + H/Gotham Health received a COVID-19 emergency approval from the Department in May 2020 to construct and certify this site as an extension clinic of East NY Diagnostic and Treatment Center and the site became operational in March of this year. NYC H+H/Gotham Health identified an immediate need to provide outpatient care to address the short, medium, and long-term health impacts on the residents of Queens who have been disproportionately affected by the COVID-19 virus. The site allows the applicant to better serve low-income, uninsured, and underinsured communities of color and to reduce hospitalizations related to the after-effects of COVID-19 that could be better controlled with increased access to ambulatory care. The facility opened in March 2021. This CON seeks approval to establish this site as a D&TC with its own operating certificate number. The D&TC will be federally certified as an FQHC.

The applicant projects 78,300 visits in Year One and 83,000 in Year Three. The D&TC is projecting Medicaid utilization of 57%.

The applicant is committed to serving all persons in need without regard to the ability to pay or source of payment.

Character and Competence

New York City Health and Hospital Corporation d/b/a New York City Health + Hospitals was created by the New York State Legislature in the New York City Health and Hospitals Corporation Act of 1969 and is not subject to establishment approval under §2801-a of the Public Health Law. However, Gotham Health FQHC, Inc., a not-for-profit corporation, is subject to approval for establishment by PHHPC, including the requirement for a character and competence review of its board.

Gotham Health currently co-operates six D&TCs with numerous extension clinics:

East New York D&TC

Cumberland D&TC

Morrisania D&TC

Sydenham D&TC

Seugndo Ruiz Belvis D&TC

Gouverneur Health D&TC

The board of Gotham Health FQHC, Inc. is comprised of the following individuals:

Name	Title
Dolores McCray	Chair
Angelo Moutair	Vice Chair
Elissa Macklin	Secretary
Alyse Portera	Treasurer
Vivian Bright	Member
Fernando Brinn	Member
Antoinette Brown	Member
Paul Covington	Member
Lori Ferguson	Member
Henrietta Ho-Asjoe	Member
Jacqueline Narine	Member
Herman Smith	Member
Edolphus Towns	Member
Denisha Williams Johnson	Member
Donald Young	Member

Delores McCray, PhD, is the Vice President of the Amalgamated Bank in New York. She oversees the retail community bank and her responsibilities include branch growth, profitability, and community outreach. She also trains and develops the branch staff, builds account relationships, and new business development. She was the previous President and CEO of McCray Company, a financial service company.

Angelo Moutair is the Vice President/Branch Manager of JP Morgan Chase. He is responsible for identifying and addressing the needs of new hires and current employees; directing strategies for the growth of the bank's overall depository balance; developing innovative ways to encourage, inspire, motivate, and support team members, and; build a healthy environment which promotes employee development and growth. He was previously employed as the Assistant Vice President and Store Manager 3 of Wells Fargo Bank.

Elissa Macklin has been retired for approximately 11 years. She was previously employed as the Director of Operations in Ambulatory Care Services at Woodhull Hospital Center and was responsible for product and program development, technical applications, labor relations, and organizational infrastructure; development of policies and procedures to ensure quality, efficiency, productivity, and compliance; and experience in governance of community health centers.

Alyse Portera has been is retired for over three years. She was previously the Operations Director of the National Havurah Coordinating Committee. Her responsibilities included working with the chair of the Board of Directors and Program Director to support the mission of NHC. She was previously the Regional Director of Science Operations/Director of Special Projects at Howard Hughes Medical Institute, Chevy

Chase, MD and provided strategic leadership to eight teams throughout the United States which deliver financial, human resources, procurement, and lab management services to 175 research labs with \$150M budget and 900 employees.

Vivian Bright has been retired for six years. She was previously employed as the Business Administrator and Director of Community and Family Center of the Berean Baptist Church for over 25 years. She was the outreach coordinator, providing strong leadership and team building.

Fernando Brinn is the current President of The Brinn Group, a marketing, public relations, and real estate company that he founded. He also founded F. Brinn and Associates, a company that provides services for individuals seeking training and job placement, including a subsidiary company that provides services to individuals with disabilities.

Antoinette Brown is employed by the NYC Department of Education, currently as the Director of the Administrative Payroll Department. She is responsible for the planning and supervision of day to day operations, oversight and management of payroll functions, policies, and systems. She oversees the payroll of managers original jurisdictions, and 17 unions encompassing 49 bargaining units. She conducts training and authors manuals tailored to specific audiences. She arranges hiring, firing, leaves, transfers, and retirement of staff.

Paul Covington has been retired for over nine years. He was previously employed at Paul L. Covington Enterprises, a Tax and Accounting Consultant Firm. He provided tax and financial counseling to individuals, corporate profit and non-profit clients.

Lori Ferguson is the former Director of Health Services and Systems of Lighthouse Guild International. Her responsibilities included integration of efficient service provisions all related services and programs to ensure seamless patient care. She prepared, presented, and executed strategic plans; evaluated opportunities based on market trends and industry shifts; developed dashboard and analyze financial and operational data to determine root cause and manage trends; developed systematic quality review and evaluate effectiveness of the QAPI activities. Prior to Lighthouse Guild, she was employed as the Senior Director of Urban Health Plan and was responsible for directing daily operations of two Article 28 FQHC centers, managing 12 FQHC School Based Health programs and was responsible for the annual collective budget of \$6.6M.

Henrietta Ho-Asjoe is a Consultant and provides expertise in best practice in non-profit management and board development. She also provides expertise and knowledge in addressing public health, social disparities, and assists in culturally and linguistically appropriate program design development, implementation, and evaluation. She was previously employed as the Interim Executive Director of the Coalition for Asian American Children and Families. Her responsibilities included providing administrative and financial oversight of the non-profit with a budget of \$1.8M and ten employees. She was the Executive Director of the General Human Outreach in the Community for three years. She was responsible for providing strategic and administrative oversight to ensure the fiscal integrity of the multi-location non-profit with a budget of \$6M and more than 160 employees.

Jacqueline Narine has been retired for over ten years. Prior to retirement, Jacqueline was the Liaison of NYC H+H/Cumberland Community Advisory Board. She worked with the auxiliary board and the reach out and read Program of Great New York. After retirement, she served as Chairperson of the NYC H+H/Cumberland Community Advisory Board and as a member of the Auxiliary Board. She was successful in gaining capital funding from elected official New York City Council Majority Leader.

Herman Smith has been retired for three years. He was previously the Vice President of Human Resources /Chief Human Resources Executive at the Wildlife Conservation Society and his responsibility included developing and managing all policies and procedures effecting workforce economics, benefits, and employee relations; served as advisor to senior management for establishment of strategic planning goals; and managing three workforces (two domestic and one international) encompassing the United States and 65 countries across all continents. He oversaw organizational performance measures and Human Capital strategic planning initiatives and oversaw the central management with a \$230M personnel services budget connected to 64 countries globally.

Edolphus Towns has been retired for approximately seven years. Prior to retirement, he was a Congressman in the United States House of Representatives. He served on the Energy and Commerce Committee, and three sub committees: Health; Communications, Technology, and the Internet; and Commerce, Manufacturing, and Trade. He was also a Ranking Member of the Subcommittee on Government Organization, Efficiency and Financial Management on the Committee on Oversight and Government Reform-the committee he chaired during the 111th Congress. He is also an Ordained Minister and Social Worker.

Denisha Williams Johnson is Care Manager at Montefiore. Her responsibilities include working with interdisciplinary team to schedule, organize, and participate in case conferences with medical and mental health providers, residential hospital discharge planners and substance abuse providers in the development and ongoing coordination of client's care plans. She was previously employed as a Substance Abuse Counselor at Narco Freedom BO-MMTP Program, a Senior Supportive Case Manager at Federation of Organizations, a Case Manager at the Black Veterans of Social Justice, a CRT Social Worker at Fed Cap WeCare, and the Clinical Coordinator of the Bowery Residence Committee, Inc.

Donald Young is an Instructor at the International Center in New York for approximately 22 years. He teaches intermediate and advanced English classes for foreign born English language students. He is also employed as a Tutor/Instructor at LaGuardia Community College, ESL Laboratory for approximately 23 years. He teaches English language skills to immigrant college students using grammar and other texts, audiovisual aides, and original materials in seminar and classroom settings. He has received the Barney Rainbow award for outstanding achievement and contribution to the Department of City Planning.

David John, MD is the proposed Medical Director. He is the current Chief Medical Officer of New York City Health + Hospitals Gotham and Gotham Health Center for over three (3) years. He is a clinical consultant for Cyril Ross Nursery for HIV/AIDS Children, based in Trinidad, for over 25 years. He received his medical degree from Weill Cornell Medical College. He completed his residency in family Medicine at Catholic Medical Center. He is board certified in Family Practice. He holds the New York State HIV Specialist Designation.

Staff from the Division of Hospitals and Diagnostic & Treatment Centers (DHDTTC) reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the State's Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases, as well as, the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the DHDTTC reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

- The Department issued a Stipulation and Order (S&O) dated June 18, 2021 and fined Bellevue Hospital Center \$10,000.00 based on finding from a complaint survey completed on September 25, 2020. Deficient practice was cited in patient rights resulting in a patient death.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$2,000.00 based on findings from a complaint survey completed on December 3, 2020. Deficient practice was cited in patient rights and hospital responsibilities resulting in three patients eloping from the facility.
- The Department issued a S&O dated June 21, 2021 and fined Woodhull Medical & Mental Health Center \$20,000.00 based in findings from a complaint survey completed in August 24, 2020. Deficient practice was cited due to the facility's failure to ensure that adverse events regarding anesthesia administration to Obstetrics and Gynecology(OB/GYN) patients were reported, investigated, analyzed and corrective actions implemented by the facility's (Quality Assessment Performance Improvement (QAPI) program, which resulted in patient harm and death.

- The Department issued a S&O dated January 27, 2021 and fined Elmhurst Hospital Center \$10,000.00 based on findings from a complaint survey that was completed on February 18, 2020. Deficient practice was cited regarding patient rights-free from abuse and harassment. Specifically, after allegations of sexual assault, the facility failed to complete an investigation to identify issues and areas to improve patient safety.
- The Department issued a S&O dated December 10, 2020 and fined Kings County Hospital Center \$4,000 based on findings from a survey completed on January 24, 2020. Deficient practice was cited in the area of patient elopement. Specifically, the facility failed to identify and assess all patients at risk of elopement, analyze facility data of those at risk of elopement, and develop or implement corrective action to ensure patient safety
- The Department issued a S&O dated November 23, 2020 and fined Lincoln Medical & Mental Health Center \$10,000.00 based on findings from a complaint survey completed on January 15, 2020. Deficient practice was cited in the areas of patient rights and quality assurance. Specifically, the facility failed to prevent unauthorized access of people into patient care areas, which resulted in a stranger being in a patient's room and a patient being sexual assaulted.
- The Department issued a S&O dated July 26, 2018 and fined Elmhurst Hospital Center \$2,000.00 based on findings from a complaint survey completed on January 16, 2018. Deficient practice was cited regarding patient rights. Specifically, the facility failed to monitor patients who had altered mental status with known elopement risk and self-injurious behavior.
- The Department issued a S&O dated August 7, 2017 and fined Jacobi Medical Center \$2,000.00 based on findings from an allegation survey completed on November 9, 2016. Deficient practice was cited regarding patient rights. Specifically, the hospital was found to be using metal handcuffs to restrain a patient who was transported from the Comprehensive Psychiatric Emergency Program (CPEP) unit to the Medical Emergency Department.
- The Department issued a Stipulation and Order S&O dated August 7, 2017 and fined Kings County Hospital Center \$2,000.00 for findings on an allegation survey completed on June 23, 2016. Deficient practice was cited regarding patient rights. Specifically, it was identified that hospital security guards used metal handcuffs to restrain a patient who eloped to a wheelchair.
- The Department issued a S&O dated April 17, 2017 and fined Kings County Hospital Center \$2,000.00 based on findings from an allegation survey completed August 29, 2016. Deficient practice was cited regarding patient rights-sexual assault/abuse. Specifically, the facility failed to develop and implement an adequate plan, including training, that would protect patients from sexual abuse.
- The Department issued a S&O dated February 24, 2014 and fined Kings County Hospital Center \$14,000.00 based on findings from a complaint survey completed on April 24, 2013. Deficient practice was cited for quality assurance and emergency services. Specifically, the facility failed to have a mechanism to ensure communication of positive radiology results to patients, resulting in a patient that had a positive chest x- ray that did not have the results communicated. This resulted in metastatic process.

Conclusion

The individual background review indicates the proposed board members have met the standard for approval as set forth in Public Health Law §2801-a(3). Approval of this project will improve access to a variety of medical services for the neighborhoods of Jackson Heights and Astoria/Long Island City, as well as, the surrounding communities in Queens County.

Financial Analysis

Total Project Cost

Total project cost for renovations and equipment is estimated at \$31,244,030; broken down as follows:

Renovations and Demolition	\$18,693,141
Design Contingency	1,869,314
Construction Contingency	1,869,314
Architect/Engineering Fees	1,259,615
Construction Manager Fees	3,265,590
Other Fees	1,075,405
Moveable Equipment	3,070,438
CON Application Fee	1,250
CON Additional Processing Fee	<u>139,963</u>
Total Project Cost	\$31,244,030

NYC H+H/Gotham Health received emergency approval on May 19, 2020 to proceed with construction of this project due to the COVID-19 emergency.

NYC H+H/Gotham Health will fund the total project cost through \$4,996,183 in accumulated funds and \$26,247,847 in New York City budget appropriations.

Lease Rental Agreement

The applicant has submitted an executed lease agreement; the terms are summarized below:

Date:	August 1, 2019
Premises:	19,289 sq. ft. in a building commonly known as, and located at, 37-46 72nd Street, Jackson Heights (Queens County)
Landlord:	Roosevelt Parc, LLC
Tenant:	New York City Health and Hospitals Corporation
Term:	15-year period, subject to tenant's right to exercise the extension option, which is one additional five-year period.
Rent:	\$1,033,056.00 (\$86,088.00/month) Year One; 3% increases each year thereafter.
Provisions:	\$71,740.00 per annum for common area maintenance, utilities, excess taxes, and insurance.

The applicant indicated that Roosevelt PARC, LLC and NYC H + H are not related in any way, and the lease will be an arm's-length agreement.

Operating Budget

The applicant submitted an incremental operating budget, in 2020 dollars, for the first and third years, summarized below:

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Revenues</u>				
Commercial MC	\$123.27	\$1,121,248	\$127.95	\$1,233,655
Medicare FFS	\$121.70	342,342	\$121.70	362,909
Medicare MC	\$182.97	1,085,184	\$182.97	1,150,319
Medicaid FFS	\$275.47	1,076,812	\$275.47	1,141,547
Medicaid MC	\$262.61	10,769,413	\$262.61	11,415,699
Private Pay *	\$14.53	224,720	\$14.53	238,204
Other **		<u>23,074,795</u>		<u>30,813,243</u>
Total Revenues		\$14,619,719		\$15,542,333

	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Expenses</u>				
Operating	\$276.54	\$21,652,886	\$262.01	\$21,747,067
Capital	<u>\$35.09</u>	<u>2,747,780</u>	<u>\$33.86</u>	<u>2,810,693</u>
Total Expenses	\$311.63	\$24,400,666	\$295.88	\$24,557,760
Excess Revenues over Expenses		<u>(\$1,325,871)</u>		<u>\$6,255,483</u>
Cost Per Visit		\$311.63		\$295.88
Utilization (Visits)		78,300		83,000

* Private pay is for services provided to people who pay their fees on their own. This Center uses it for many reasons such as self-insured or sliding scale payments for individuals who can pay what they can afford.

** Other Revenue is Medicaid Managed Care Panel-Based Revenue and HRSA Grant Revenue of \$400,000 per year. As an underserved community, both Medicaid MC and Medicare MC participate in this incentive revenue program, defined as an increased rate to provide certain populations, who otherwise may not be able to pay for care, with health care. The total with HRSA and Medicaid and Medicare Panel Program is combined above.

The budget is based on the following:

- Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Utilization</u>
Commercial MC	11.6%
Medicare FFS	3.6%
Medicare MC	7.6%
Medicaid FFS	5.0%
Medicaid MC	52.4%
Private Pay	19.7%
Charity Care	0.1%
Total	100.0%

- The projected utilization and staffing for this project are based upon the historical experience of NYC H+H/Gotham Health in providing the outpatient services that will be offered at the proposed D&TC.
- The incremental operating expenses and revenues for this project are based on the utilization projections for the services that are part of this project, given the experience of NYC H+H/Gotham Health.
- The projected first-year loss is due to the high start-up costs relative to the number of projected outpatient visits and ramp up of physician participation in payer incentive programs.
- Incentive pool revenue is projected at approximately 54% of full participation in Year One.

Capability and Feasibility

Total project costs of \$31,244,030 will be met with \$4,996,183 in accumulated funds and \$26,247,847 in New York City budget appropriations.

As shown on BFA Attachment A, NYC H+H/Gotham Health maintained a negative working capital position, a negative net deficit position and experienced an operating gain of \$69,235,000 as of June 30, 2020. BFA Attachment B shows NYC H+H/Gotham Health maintained a positive working capital position, total net negative deficit position and experienced an operating loss of \$131,144,000 according to the December 31, 2020 internal financial statement.

NYC H+H/Gotham Health serves an under-served population, many without insurance and/or homeless, and, therefore, receives various grants and federal funding to support this work. As provided in the budget projections, the HRSA Federal Grant is projected to be \$400,000 for Year One and Year Three, and the enhanced reimbursement from the Medicaid Managed Care panel is projected to be \$8,055,076 in Year One, increasing in Year Three.

Conclusion

It appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BHFP Attachment	Map
BFA Attachment A	New York City Health and Hospitals Corporation - 2019 Certified Financial Statements
BFA Attachment B	New York City, Health and Hospitals Corporation, (Internal Financial Statement) July 1, 2020 to December 31,2020



**Project # 211054-B
Ainsworth Health, LLC**

Program: Diagnostic and Treatment Center **County:** Nassau
Purpose: Establishment and Construction **Acknowledged:** March 10, 2021

Executive Summary

Description

Ainsworth Health, LLC, an existing New York State limited liability company, requests approval to establish and construct a single-specialty Article 28 freestanding ambulatory surgery center (FASC) for the provision of pain management procedures. The Center will have three procedure rooms and be in a sub-leased space on the 3rd floor of the building at 1103 Stewart Avenue, Garden City (Nassau County). Because the proposed FASC space was built to Article 28 standards, there will be no renovations needed to implement this project. After PHHPC approval, the FASC will do business as Ainsworth Ambulatory Surgery Center.

Edward Rubin, M.D, who is Board-Certified in Pain Medicine and Anesthesiology, will serve as Medical Director and is a proposed member of the facility

The applicant will enter into a Transfer and Affiliation Agreement with Mount Sinai South Nassau, which is approximately 9.8 miles (eighteen minutes) from the proposed FASC site.

Ainsworth Health, LLC is member-managed, and the sole manager is Corey Hunter, M.D.

Proposed Ownership	
Ainsworth Health, LLC	
Class A Members	
Corey Hunter, MD	25.0%
Amitabh Gulati, MD	7.5%
Edward Rubin, MD	7.0%
Timothy Canty, MD	7.5%
Madankumar Raj, MD	5.0%
Paul Manadan, MD	5.0%
Frank Ocasio, MD	5.0%
James Romanelli, MD	5.0%
Shariyar Hadi, DO	5.0%
Anthony Fernandes, MD	2.5%
Edward Yost, MD	2.5%
Stewart Avenue Management, LLC	10.0%
Ashraf Boutros, MD (23.33%)	
Anthony Fernandes, MD (10%)	
Arturo Mazzeo, Jr., MD (16.67%)	
Abraham Peller, MD (23.33%)	
David Kessler, DO (6.67%)	
Song Yu, MD (10%)	
Mohammed Safer, DO (10%)	
Class B Member	
Edward Rubin, MD	13.0%
Total	100.0%

OPCHSM Recommendation

Contingent approval with an expiration of the operating certificate five years from the date of its issuance.

Need Summary

The applicant projects 7,643 procedures in Year One and 8,110 in Year Three, with Medicaid participation at 5.0% and Charity Care at 2.0% each year.

These projections are based on the current practices of participating surgeons. Of the procedures moving to the surgery center, 47% are performed in an office-based setting, 42% are performed at a hospital and 12% are performed at another ASC.

Program Summary

The individual background review indicates the proposed members have met the standard for approval as set forth in Public Health Law §2801-a(3).

Financial Summary

There are no project costs associated with this application.

Budget	<u>Year One</u>	<u>Year Three</u>
Revenues	\$4,460,906	\$4,732,858
Expenses	<u>\$3,676,797</u>	<u>\$3,877,161</u>
Net Income	\$784,109	\$855,697

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:

1. Submission of an executed building sublease agreement, acceptable to the Department of Health. [BFA]
2. Submission of a photocopy of a fully executed Certificate of Amendment of the Articles of Organization of Ainsworth Health, LLC, acceptable to the Department. [CSL]
3. Submission of an amended Second Amended and Restated Operating Agreement, acceptable to the Department. [CSL]
4. Submission of a photocopy of an amended and executed Certificate of Amendment of the Articles of Organization of Stewart Avenue Management, LLC, acceptable to the Department. [CSL]
5. Submission of a photocopy of a complete and amended Operating Agreement of Stewart Avenue Management, LLC, acceptable to the Department. [CSL]
6. Submission of a photocopy of an amended Lease Agreement between Landlord R Starz Garden City, LLC and Tenant Corey W. Hunter, M.D PLLC, transacting as Ainsworth Pain Institute, acceptable to the Department. [CSL]
7. Submission of a photocopy of a complete and executed Sublease Agreement between Tenant/Sublessor Corey W. Hunter, M.D PLLC, transacting as Ainsworth Pain Institute and sublessee/applicant Ainsworth Health, LLC, acceptable to the Department. [CSL]
8. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
9. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include a commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
10. Submission of a signed agreement with an outside, independent entity satisfactory to the Department to provide annual reports to DOH. Reports are due no later than April 1st for the prior year and are to be based upon the calendar year. Submission of annual reports will begin after the first full or, if greater or equal to six months after the date of certification, partial year of operation. Reports should include:
 - a. Data displaying actual utilization including procedures;
 - b. Data displaying the breakdown of visits by payor source;
 - c. Data displaying the number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
 - d. Data displaying the number of emergency transfers to a hospital;
 - e. Data displaying the percentage of charity care provided;
 - f. The number of nosocomial infections recorded during the year reported;
 - g. A list of all efforts made to secure charity cases; and
 - h. A description of the progress of contract negotiations with Medicaid managed care plans. [RNR]

Approval conditional upon:

1. This project must be completed by **one year from the date of this letter**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and an expiration of the approval. It is the responsibility of the applicant to request prior approval for any extension to the project approval expiration date. [PMU]

2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]
3. The applicant must ensure registration for and training of facility staff on the Department's Health Commerce System (HCS). The HCS is the secure web-based means by which facilities must communicate with the Department and receive vital information. Upon receipt of the Operating Certificate, the Administrator/director that has day-to-day oversight of the facility's operations shall submit the HCS Access Form at the following link to begin the process to enroll for HCS access for the first time or update enrollment information as necessary:
https://www.health.ny.gov/facilities/hospitals/docs/hcs_access_forms_new_clinics.pdf. Questions may be directed to the Division of Hospitals and Diagnostic & Treatment Centers at 518-402-1004 or email: hospinfo@health.ny.gov. [HSP]
4. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]
5. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

July 29, 2021

Need Analysis

Analysis

The service area is Nassau County. The population of Nassau County in 2010 was 1,339,532 with 594,998 individuals (44.4%) age 45 and over, which are the primary population group utilizing ambulatory surgery services. Per PAD projection data, this population group (45 and over) is estimated to grow to 668,920 by 2025 and represent 47.4% of the projected population of 1,410,875.

The table below shows the number of patient visits for ambulatory surgery centers in Nassau County for 2017 through 2019. Ainsworth will be the first pain management single-specialty ASC in Nassau County.

Spec Type	Facility Name	Patient Visits		
		2017	2018	2019
Multi	Day OP of North Nassau, Inc	936	874	860
Multi	East Hills Surgery Center (opened 12/4/17)	N/A	1,503	3,001
Gastroenterology	Endoscopy Center of Long Island, Inc	7,250	8,536	7,790
Multi	Garden City Surgi Center	7,466	7,524	7,108
Ophthalmology	Island Eye Surgicenter	12,718	15,330	16,538
Gastroenterology	Long Island Center for digestive Health, LLC	5,663	6,058	6,508
Gastroenterology	Meadowbrook Endoscopy Center	9,059	10,058	10,088
Gastroenterology	New Hype Park Endoscopy (opened 12/12/17)	N/A	2,323	4,900
Multi	Pro Health Ambulatory Surgery Center ^{1,2}	6,437	5,844	0
Multi	ProHealth Day OP ASC ^{1,2}	1,861	2,172	0
Multi	South Shore Ambulatory Surgery Center	7,419	7,226	7,325
Gastroenterology	Star Surgical Suites (opened 10/20/20)	N/A	N/A	N/A
Multi	Syosset SurgiCenter (opened 1/15/19) ²	N/A	N/A	0
Total Visits		58,809	67,448	64,118

¹ 2018 figure is an estimation, based upon partial year data.

² No data located for 2019.

The number of projected procedures is 7,643 in Year One and 8,110 in Year Three. These projections are based on the current practices of participating surgeons. Currently, of the procedures moving to the surgery center, 47% are performed in an office-based setting, 42% are performed at a hospital and 12% are performed at another ASC. The table below shows the projected payor source utilization for Years One and Three.

Payor	Year One		Year Three	
	Volume	%	Volume	%
Medicaid MC	382	5.0%	406	5.0%
Medicare FFS	382	5.0%	406	5.0%
Medicare MC	3,134	41.0%	3,325	41.0%
Commercial FFS	1,911	25.0%	2,028	25.0%
Commercial MC	1,452	19.0%	1,541	19.0%
Private Pay	229	3.0%	242	3.0%
Charity Care	153	2.0%	162	2.0%
Total	7,643	100%	8,110	100%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Fidelis, Affinity and Health First. The Center will work collaboratively with federally qualified health centers (FQHC) and other providers to provide service to the under-insured in their service area. The Center has developed a financial assistance policy with a sliding fee scale to be utilized when the Center is operational. T

Conclusion

Approval of this project will provide increased access to pain management surgery services in an outpatient setting for the residents of Nassau County.

Program Analysis

Project Proposal

Proposed Operator	Ainsworth Health, LLC
Doing Business As	Ainsworth Ambulatory Surgery Center
Site Address	1103 Stewart Avenue, Garden City, New York 11530 (Nassau County)
Surgical Specialties	Single Specialty: Pain Management
Operating Rooms	0
Procedure Rooms	3
Hours of Operation	Monday through Friday, 7 am to 5 pm Hours will expand based upon patient demand.
Staffing (1st Year / 3rd Year)	12.3 FTEs / 13.3 FTEs
Medical Director(s)	Edward Rubin, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Is expected to be provided by: Mount Sinai South Nassau 9.8 Miles / 18 minutes
On-call service	Patients who require assistance during hours when the Center is not in operation will be provided with the number of an on-call service, which will be available 24 hours per day, seven (7) day per week, to immediately refer the patient to the Center's on-call physician.

Character and Competence

The ownership of Ainsworth Healthcare, LLC is:

Class A	%
Corey Hunter, M.D.	25%
Edward Rubin, M.D.	7%
Amitabh Gulati, M.D.	7.5%
Timothy Canty, M.D.	7.5%
Mandankumar Raj, M.D.	5%
Paul Manadan, M.D.	5%
Frank Ocasio, M.D.	5%
James Romanelli, M.D.	5%
Shariyar Hadi, D.O.	5%
Anthony Fernandes, M.D.	2.5%
Edward Yost, M.D.	2.5%
Stewart Avenue Management, LLC	10%
Abraham Peller, M.D. (23.33%)	
Ashraf Boutros, M.D. (23.33%)	
Mohammed Safur, M.D. (10.00%)	
David Kessler, D.O. (6.67%)	
Song Yu, M.D. (10.00%)	
Arturo Mezzeo, M.D. (16.67%)	
Anthony Fernandez, M.D. (10.00%)	
Class B	
Edward Rubin, M.D.	13%
TOTAL	100%

Ainsworth Health, LLC is member-managed and the sole manager is Corey Hunter, M.D.

Edward Rubin, M.D, who is Board-Certified in Pain Medicine and Anesthesiology, will serve as Medical Director. Dr. Rubin is both a Class A and Class B member of this facility. According to the applicant, this is due to Dr. Rubin being instrumental in the development of this project, and his Class B membership interests represent the value of this development work. Class B interests are awarded to an individual for their service to the operating entity such that the Class B owner receives a percentage of the profit of the Center without having to contribute capital. In this instance, Dr. Rubin contributed a substantial amount of his time to help develop the Center and will be compensated for his time through Class B membership interests.

Dr. Edward Rubin is the proposed Medical Director and Member. He is the Assistant Professor of Anesthesiology at Hofstra/North Shore Long Island Jewish Medical School. He is an Assistant Attending of Anesthesia at Mount Sinai South Nassau Hospital. He was the previous Director of Chronic Pain Medicine at NYU Winthrop University Hospital. He was the previous Assistant Professor of Anesthesiology at Weill Cornell College of Cornell University. He received his medical degree from St. George's University School of Medicine in Grenada. He completed his residency in Anesthesia at New York Presbyterian Hospital Cornell Medical Center. He completed his residency in Pain Medicine at New York Presbyterian, New York Presbyterian Columbia, Hospital for Special Surgery, and Memorial Sloan-Kettering. He completed his fellowship at the Quad Institute Fellowship Program. He is board-certified in Anesthesiology and Pain Medicine.

Dr. Ashraf Boutros is a retired Anesthesiologist as of March 2020. He was previously employed as an Attending Anesthesiologist at Winthrop University Hospital. He was previously employed as an Attending Anesthesiologist at State University of New York Downstate Medical Center, Kings County Hospital, and Long Island University Hospital for over seven years. He received his medical degree from the State University Medical Center of New York Downstate Medical Center at Brooklyn. He completed his residency in Internal Medicine at Long Island University Hospital. He completed his residency in Anesthesia at State University of New York Downstate Medical Center at Brooklyn and Catholic University of Leuven in Belgium. He is board-certified in Critical Care and Anesthesiology.

Dr. Timothy Canty is a practicing Anesthesiologist and Director at Manhattan Pain Fellowship. He trains physicians to become board-certified interventional pain practitioners. He is an Adjunct Clinical Assistant Professor at New York University School of Nursing. He is an Attending Anesthesiologist in Mount Sinai Health System Department of Anesthesiology. He is the Executive Director of Comprehensive Spine and Pain Center of New York. He was previously employed as an Attending Anesthesiologist at Northwell Health. He was a Staff Physician in the Department of Pain Medicine at Beth Israel Hospital.

Dr. Anthony Fernandes is an Anesthesiologist at Envision and Nassau Anesthesia Associates. Before this employment, he was in his Pain Medicine fellowship at New York Presbyterian Hospital Weill Cornell, Hospital of Special Surgery, and Memorial Sloan Kettering. He completed his residency in Anesthesiology at New York Presbyterian Columbia. He received his medical degree from Rutgers Robert Wood Johnson Medical School in New Jersey. He is board-certified in Anesthesiology.

Dr. Amitabh Gulati is a practicing Anesthesiologist who is the present Director of Chronic Pain at Memorial Sloan Kettering and Weill Cornell School of Medicine. He received his medical degree from Baylor College of Medicine in Texas. He completed his residency in Internal Medicine at Baylor College of Medicine and in Anesthesiology at Emory University School of Medicine. He completed a fellowship in Chronic Pain Management at Weill Cornell College of Medicine, Memorial Sloan Kettering, and Hospital for Special Surgery, and in Medical Acupuncture at Helms Medical Institute and UCLA Continuing Medical Education. He is board-certified in Anesthesiology and Pain Management.

Dr. Shariyar Hadi is a practicing Family Medicine Physician and Medical Director at Shariyar Hadi DO PC. He was previously an Attending Physician at Purnima Kothari PC. He was a previous Attending Physician at Best Medical Care. He received his medical degree from New York College of Osteopathic Medicine. He completed his residency in Family Medicine at Peninsula Hospital Center and his

Fellowship in Family Medicine at St. John's Episcopal Hospital. He is board-certified in Family Practice Medicine.

Dr. Corey Hunter is an Assistant Clinical Professor at the Department of Physical Medicine & Rehabilitation at Icahn School of Medicine of Mount Sinai Medical Center. He is the Executive Director of the Ainsworth Institute of Pain Management. He was previously a Pain Medicine Fellow at the Tri-Institute Pain Medicine Fellowship at Cornell University. He received his medical degree from Drexel University College of Medicine. He completed his Physician Medicine and Rehabilitation Residency at NYU Langone Medical Center and his Pain Medicine fellowship at Cornell Institute Tri-Institute Pain Medicine Fellowship.

Dr. David Kessler is an Attending Anesthesiologist for Nassau Anesthesia Associates, P.C.. He is an Attending Anesthesiologist at NYU/Winthrop Hospital. He completed his medical degree from the New York College of Osteopathic Medicine. He completed his residency in Anesthesiology at Nassau University Medical Center. He is board-certified in Anesthesiology and Pain Management.

Dr. Paul Manadan is a practicing Anesthesiologist and Owner of New Millennium Pain and Spine Medicine, PLLC. He is a Pain Management Consultant at Flushing Hospital. He was the previous Staff Anesthesiologist and Interventional Pain Specialist at Avanguard Medical Group. He was a Staff Anesthesiologist at Westside GI. He was the previous Director of Flushing Hospital Pain Center. He was a locums Anesthesiologist for Three Rivers Health in Michigan. He received his medical degree from Northeast Ohio Medical University. He completed his residency in Anesthesiology and fellowship in Pain Management at the University of Michigan Medical Center. He is board-certified in Interventional Pain Management and Anesthesiology.

Dr. Arturo Mazzeo is an Attending Anesthesiologist at Winthrop University Hospital. He was previously an Attending Anesthesiologist at Maimonides Medical Center. He received his medical degree at Ross University School of Medicine in the Commonwealth of Dominica. He completed his residency in Anesthesiology at Maimonides Medical Center. He is board-certified in Anesthesiology.

Dr. Frank Ocasio is an Owner and Director of North Shore Headache and Spine. He is an Attending Anesthesiologist at Northwell Health Huntington Hospital. He is an Assistant Professor of Anesthesiology and Pain Management at Zucker School of Medicine at Hofstra. He is a Committee Chair of Enhanced Recovery After Surgery at Hunting Hospitals. He is the Director of the Acute Pain Management Department of Huntington Hospital. He is the Committee Chair of the Pain Management Committee of Huntington Hospital. He was a previous Partner at North American Partners in Anesthesia, LLP. He received his medical degree at Weill Cornell College of Cornell University. He completed his residency in Anesthesiology at New York Presbyterian Hospital, Weill Cornell Medical Center, Hospital for Special Surgery, and Memorial Sloan Kettering Cancer Center. He completed his fellowship in Pain Medicine at Mount Sinai Medical Center. He is board-certified in Anesthesiology.

Dr. Abraham Peller is a Physician Anesthesiologist and Partner at Nassau Anesthesia Associates. He is an Attending Physician at Winthrop University Hospital Department of Anesthesiology. He was previously an Attending Physician at Nassau County Medical Center Department of Anesthesiology. He was previously an Attending Physician at the Hospital for Joint Diseases Orthopedic Institute Department of Anesthesiology. He is the Founder and President of Hardama Medical Services, Proprietary Consultative Medicine and Innovation. He received his medical degree from the State University of New York Downstate Medical Center. He completed his residency in Anesthesia at the State University of New York Downstate Medical Center.

Dr. Madankumar Raj is the Director of New York iSpine Specialist Medical P.C. He was the previous Director of The Spine Center Neurological Surgery P.C. He was the previous Medical Director of The Spine Center Good Shepherd Rehabilitation Network. He was the previous Division Chief of Physical Medicine and Rehabilitation of Bassett Health Care. He received his medical degree from the Madurai Medical College in India. He completed his residency in Pain Medicine at State University of New York Downstate Medical Center and in Physical Medicine and Rehabilitation at Albert Einstein College of Medicine of Yeshiva University. He is board-certified in Physical Medicine and Rehabilitation with a sub-certification in Pain Medicine.

Dr. James Romanelli is a practicing Plastic Surgeon employed at James N. Romanelli, MD, PC. He is the Chief of Staff at Hunting Hospital. He is the Assistant Clinical Professor of Surgery at Zucker School of Medicine at Hofstra Northwell. He completed his medical degree at the State University of New York Health Science Center at Brooklyn. He completed his residency in General Surgery at Staten Island University Hospital and in Urology at State University of New York Downstate Hospital. He completed his residency in Plastic and Reconstructive Surgery at Baylor College of Medicine/St. Luke's Episcopal Hospital. He is board-certified in Plastic Surgery.

Dr. Mohammed Safur is an Attending Anesthesiologist who has been in private practice at Nassau Anesthesia Associates P.C. He is the Clinical Coordinator of the Anesthesiologist for the Operating Room where he manages the daily workflow, working along with the operating room staff to improve the efficiency and provide safe care to patients. He received his medical degree from the University of New England College of Osteopathic Medicine. He completed his residency In Anesthesiology at St. Luke's-Roosevelt Hospital Center. He is board-certified in Anesthesiology.

Dr. Edward Yost is an Anesthesiologist and Managing & Practicing Partner at North Coast Anesthesia where he provides anesthesia to multiple outpatient and office-based facilities throughout New York and Connecticut. He was the previous Owner of Connecticut Wellness & Pain. He was employed as an Anesthesiologist at PPG Anesthesia. He was employed as a General Anesthesia Attending Physician at Brookhaven Anesthesia Associates, LLC. He received his medical degree from the State University of New York Stony Brook. He completed his residency in Anesthesiology at Stony Brook University Hospital Medical Center. He is board-certified in Anesthesiology and Pain Medicine.

Dr. Song Yu is the Chief of Anesthesiology at NYU Winthrop Hospital. He is currently a Clinical Assistant Professor in the Department of Anesthesiology at State University of New York Stony Brook. He was the previous Vice Chairman of Anesthesiology at NYU Winthrop University Hospital. He was an Executive Board member of Nassau Anesthesia Associates. He is a present Member of the Trauma Committee of NYU Winthrop Trauma Committee. He is a present Representative of the Hospital Wide Critical Care Committee of NYU Winthrop University Hospital. He completed his medical degree at Tufts University School of Medicine. He completed his residency in General Surgery at Baystate Medical Center and Anesthesiology at Hartford Hospital. He is board-certified in Anesthesiology.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Dr. James Romanelli disclosed that he is named in a malpractice suit involving a patient who underwent surgery by his employed physician in 2018. The patient claims complications from that physician. She was never seen or treated by Dr. Romanelli. The case is open however Dr. Romanelli expects to be dismissed.

Dr. Romanelli disclosed in September 2018 he was sued for wrongful termination. He terminated an employee in March 2017 for poor attendance. She claimed wrongful termination. Upon the advice of counsel, Dr. Romanelli agreed to an insurance settlement of \$170,000.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Integration with Community Resources

For those patients who do not identify a primary care provider (PCP), the Center will refer the patient to the large network of primary care providers available at Mount Sinai South Nassau, the backup hospital for the proposed Center. In addition, prior to leaving the Center, each patient will be provided information concerning the local availability of primary care services.

The Applicant commits to providing charity care for persons without the ability to pay, and to utilize a sliding scale fee for persons who are unable to pay the full charge for services or are uninsured. The proposed budget projects two (2%) percent of cases will be for persons requiring charity, reduced compensation, or uncompensated care. This will be in addition to the revenue from the Center that will be redirected to the State's bad debt and charity care pool. In addition, the operating budget also includes 5% Medicaid. The Center will develop, maintain, and update a sliding fee scale considerate of the means for serving uninsured and persons without the ability to pay the entire charge.

The Center will collaborate with local community-based organizations such as churches, synagogues, and social services agencies to make them aware of the services available at the proposed Center. Dr. Rubin, a proposed member of the Center, is a current member of the Board of the Nassau County Medical Society and past President of the New York Society of Interventional Pain Physicians. He will specifically reach out to his colleagues at these organizations to make them aware of the Center and its services. The Applicant's mission of the Center is to serve all persons in need regardless of age, color, race, creed, national origin, religion, sex, marital status, disability, payor source, or any other personal characteristic or qualification, including the ability to pay. To accomplish this mission, the Center will: concentrate on serving residents of the local communities near its location, to satisfy the unmet needs of these communities, which originally led the Center to locate there. The Center will make physicians and patients in its local communities aware, and encourage the use, of the services, and promote the accessibility of its services by operating at times that promote accessibility, provide culturally sensitive services, including services that assist individuals to overcome physical and language barriers, and encourage patients to freely offer opinions regarding how accessibility and service can be improved.

The Center intends on using an Electronic Medical Record (EMR) program and to fully integrate and exchange information with an established Regional Health Information Organization (RHIO) with the capability for clinical referral and event notification. The Center does not expect to participate in an Accountable Care Organization or a Medical Home.

Conclusion

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicants' character and competence or standing in the community.

Financial Analysis

Lease Agreement

The applicant submitted an executed lease rental agreement for the site to be occupied, the terms of which are summarized below:

Date:	November 1, 2016
Premises:	Approximately 13,412 sq. ft. located at Suites 300 and 301, 1103 Stewart Avenue, New York, New York, 11530
Lessor:	R Starz Garden City, LLC
Lessee:	Corey W. Hunter, M.D., PLLC (transacting as Ainsworth Pain Institute)
Term:	10 years and 6 months with an option to renew with two additional 5-year terms
Rental:	\$402,360 annually (\$30 per sq. ft.) with a 3% annual increase after the first year
Provisions:	The lessee shall be responsible for taxes, insurance, maintenance, and utilities.

Sublease Agreement

The applicant has submitted a draft sublease rental agreement for the site to be occupied, the terms of which are summarized below:

Date:	TBD
Premises:	Approximately 13,412 sq. ft. located at Suites 300 and 301, 1103 Stewart Avenue, New York, New York, 11530 (of this space Suite 300 with 8,002 Sq. ft. is being used for this project, the remaining suite 301 with 5,410 sq. ft will be sub-sub leased at a later date)
Sublessor:	Corey W. Hunter, M.D., PLLC (transacting as Ainsworth Pain Institute)
Sublessee:	Ainsworth Health, LLC
Term:	Remaining portion of the initial 10 year and 6 months term with an option to renew with two additional 5-year terms
Rental:	\$402,360 annually (\$30 per sq. ft.) with a 3% annual increase after the first year
Provisions:	The sublessee shall be responsible for taxes, insurance, maintenance, and utilities.

The applicant has submitted letters from two real estate brokers attesting to the reasonableness of the per square foot rental.

Operating Budget

The applicant has submitted the first and third year projected operating budgets, in 2021 dollars, as summarized below:

	<u>Year One</u>		<u>Year Three</u>	
<u>Revenues</u>	<u>Per Procedure</u>	<u>Total</u>	<u>Per Procedure</u>	<u>Total</u>
Medicaid Managed Care	\$339.45	\$129,669	\$338.85	\$137,574
Medicare Fee-For-Service	\$534.47	204,168	\$533.53	216,615
Medicare Managed Care	\$454.07	1,423,050	\$454.08	1,509,804
Commercial Fee-For-Service	\$854.71	1,633,343	\$854.50	1,732,917
Commercial Managed Care	\$774.77	1,124,965	\$774.77	1,193,546
Private Pay	<u>\$160.48</u>	<u>36,750</u>	<u>\$160.46</u>	<u>38,991</u>
Total Patient Revenues		\$4,551,945		\$4,829,447
Bad Debt Expense		<u>(91,039)</u>		<u>(96,589)</u>
Total Net Patient Revenues		\$4,460,906		\$4,732,858
 <u>Expenses</u>				
Operating	\$393.36	\$3,006,864	\$391.39	\$3,174,180
Capital	<u>\$87.64</u>	<u>669,933</u>	<u>\$86.68</u>	<u>702,981</u>
Total Expenses	\$481.00	\$3,676,797	\$478.07	\$3,877,161
 Net Income		\$784,109		\$855,697
Utilization (Procedures)		7,644		8,110

Utilization broken down by payor source during the first and third years is as follows:

<u>Payor</u>	<u>Years One & Three</u>
Medicaid Managed Care	5%
Medicare Fee-For-Service	5%
Medicare Managed Care	41%
Commercial Fee-For-Service	25%
Commercial Managed Care	19%
Private Pay	3%
Charity Care	<u>2%</u>
	100%

- Expense assumptions are based on the participating physician’s experience providing pain management services.
- Revenue assumptions are based on the experience of similar FASCs in New York State.
- Physicians letters have been submitted by the applicant to support the volume budgeted for the ambulatory surgery center. The Physicians expect to have an annual growth rate of 3%.
- A Charity Care policy will be in place to provide financial assistance to patients in need based on a sliding fee scale.

Capability and Feasibility

There are no project costs associated with this application.

Working capital requirements are estimated at \$646,194, which is equivalent to two months of third year expenses and will be met entirely with proposed member’s equity. BFA Attachment A is the Net Worth Statement of Ainsworth Health, LLC, which indicates the availability of sufficient funds to meet the working capital requirements. BFA Attachment B, the pro forma balance sheet for the applicant, indicates that the facility will begin operations with members’ equity of \$3,206,208.

The submitted budget indicates net income of \$784,109 and \$855,697 during the first and third years. Revenues are based on current reimbursement rates for pain management services.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Supplemental Information

DOH Comment

The Department reached out to proximate hospitals asking for information on the impact of the proposed ambulatory surgery center (ASC). None of the hospitals responded. Therefore, in the absence of comments from hospitals near the ASC, the Department finds no basis for reversal or modification of the recommendation for approval of this application based on public need, financial feasibility, and owner/operator character and competence.

Attachments

- BFA Attachment A Net Worth Statements for Ainsworth Health, LLC
- BFA Attachment B Pro Forma Balance Sheet for Ainsworth Health, LLC
- BHFP Attachment Map