



Project # 182147-C
University Hospital SUNY Health Science Center

Program: Hospital
Purpose: Construction

County: Onondaga
Acknowledged: October 18, 2018

Executive Summary

Description

University Hospital SUNY Health Science Center (SUNY Upstate), a 420-bed, public state, Article 28 hospital located at 750 East Adams Street, Syracuse (Onondaga County), requests approval to add ten pediatric beds to the hospital's operating certificate. The beds were originally constructed as observation beds and utilized as such since 2009 as part of a Vertical Expansion whereby the 11th and 12th floors of the East Tower became the Golisano Children's Hospital (GCH). SUNY Upstate is currently certified for 46 inpatient pediatric beds. Approval of this application will increase the number of pediatric beds to 56 and bring the total certified beds of the hospital to 430.

Year over year inpatient pediatric volumes have increased due to the numerous closures of inpatient pediatric beds in the 17-county region Upstate serves. Adolescent mental health admissions have also increased requiring Upstate to utilize beds as inpatient more often than for observation.

There are no costs associated with the ten-bed addition as the beds already exist within code compliant space.

OPCHSM Recommendation

Contingent Approval

Need Summary

Pediatric utilization at Upstate saw significant growth in 2017, increasing from approximately 66% in 2016 to 95% the following year. It is this increase that led to the decision of the applicant to increase the number of pediatric

beds. The applicant states that several hospitals in the surrounding counties have stopped admitting pediatric patients and simply refer them to Upstate.

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

There are no project costs for this application. The budget is as follows:

Table with 3 columns: Budget Type, Category, Amount. Includes Incremental Budget, Enterprise Budget, Revenues, Expenses, Gain, and Loss for Year One and Three.

The Enterprise Budget does not include \$40,782,000 in Non-Operating revenues that will offset the total deficit as shown on BFA Attachment A.

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 State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-02. [AER]
2. Submission of Engineering (MEP) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-02. [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 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

April 11, 2019

Need and Program Analysis

Background and Analysis

University Hospital SUNY Health Science Center (Upstate) is seeking approval to certify an additional 10 pediatric beds to bring the net new total of 430 beds.

Bed Type	Current	Change	Proposed
Bone Marrow Transplant	4		4
Burns Care	6		6
Recovery Care	2		2
Coronary Care	8		8
Intensive Care	45		45
Medical / Surgical	226		226
Pediatric	46	10	56
Pediatric ICU	15		15
Physical Medicine and Rehabilitation	30		30
Prisoner	10		10
Psychiatric	24		24
Traumatic Brain Injury	4		4
Total	420	10	430

Name	County	Ped Beds	2014	2015	2016	2017
University Hospital SUNY	Onondaga	61	64.2%	64.5%	66.1%	94.7%
Crouse Hospital	Onondaga	31	3.3%	7.0%	3.9%	0.0%
Auburn Community	Cayuga	4	6.8%	2.7%	3.4%	0.0%
Oneida Healthcare	Madison	12	4.0%	2.2%	0.7%	0.8%
Cortland Regional	Cortland	8	0.8%	0.2%	0.3%	0.0%
Oswego Hospital	Oswego	12	0.0%	0.0%	0.0%	0.0%

The table above shows the significant rise in utilization for the pediatric beds at Upstate and the steady decline to the other hospitals in the region with pediatric beds. Due to the recent increase in pediatric volume at Upstate resulting from the decline in pediatric utilization at area hospitals in the region and increases in mental health adolescent and pediatric admissions and holds, the volumes have necessitated the need for an increase in the number of pediatric beds. Approval of the additional 10 pediatric beds will help improve the access and delivery of care to the adolescent population in the Central NY region.

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

Despite being a public hospital not required to submit a Community Service Plan, SUNY Upstate noted that it has selected two Prevention Agenda (PA) priorities to focus on and that both are directly related to this project:

- Reducing Obesity in Children and Adults; and
- Preventing Substance Abuse and Other Mental Emotional and Behavioral Disorders, specifically related to identifying gaps in youth behavioral and mental health services. Upstate participated in the Youth Mental Health Task Force and Zero Suicide in Onondaga County initiative.

Upstate is implementing the following EBIs to support the Onondaga County PA goals:

- Increase participation in Centering Pregnancy Programs;
- increase the number of hospitals with Baby-Friendly designation including one of their campuses;
- Implement the Million Hearts Campaign smoking cessation strategies in primary care practices, including screening all adult primary care patients for tobacco use to promote cessation in collaboration with LHD;
- Increase referrals to chronic disease self-management classes from primary care physicians;
- Increase number of providers receiving education on pain management, addiction, prescribing practices and early identification of substance abuse and enhance instruction on pain management and opioid prescribing in medical school curriculum;
- Increase number of adult patients screening using SBIRT;
- Engaging family members in suicide prevention and ensuring that all patients have a Suicide Care Management Plan;
- Implementing standardized prescription drug monitoring program in ED; and
- Ensuring that patients treated for substance use disorder are discharged appropriately;

Upstate reported that it collaborates with the Onondaga County Health Department, Onondaga County Department of Social Services, along with numerous organizations serving children. In addition to collection of intervention-specific process measures, they are using data from the PA dashboard and information from other sources.

Conclusion

Upstate's pediatric volume growth shows a compelling need for additional beds. 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

Operating Budget

The applicant has submitted their Inpatient Pediatric service operating budget for the current year (2017), and the first and third years of operations with the additional beds, in 2019 dollars, shown below:

<u>Inpatient:</u>	<u>Current Year</u>	<u>Year One & Three</u>
<u>Revenues:</u>	<u>Total</u>	<u>Total</u>
Commercial	\$20,228,447	\$24,293,926
Medicare	72,277	84,856
Medicaid	7,005,993	10,853,582
Other*	<u>532,537</u>	<u>922,898</u>
Total Inpt Pediatric Rev	\$27,839,254	\$36,155,262
Expenses:		
Operating	\$37,219,509	\$42,632,049
Capital	<u>2,206,607</u>	<u>2,504,862</u>
Total Inpt Pediatric Exp.	\$39,426,116	\$45,136,911
Gain/(Loss):	<u>(\$11,586,862)</u>	<u>(\$8,981,649)</u>
Discharges	5,331	6,176
Cost per Discharge	\$7,395.63	\$7,308.44

*All Other revenues include Governmental, Self-Pay, and Workers' Compensation.

The following is noted with respect to the submitted budget:

- The current year revenues and expenses reflect the 2017 Institutional Cost Report as filed and certified.
- Year one and year three reflect projected incremental net revenue and expense, both direct and indirect for pediatric discharges based on a pediatric patient population that never spent any time in the Pediatric ICU.
- Year three budget is projected at the same levels of care and utilization as year one based on conservative expectations.
- The projected year one and year three budgets estimate an additional net operating income of \$2,605,213.
- Utilization by payor for the first and third years of operation (anticipated to be identical to the current year) is as follows:

<u>Inpatient</u>	<u>%</u>
Commercial	33.2%
Medicare	0.1%
Medicaid	60.5%
All Other*	<u>6.2%</u>
Total	100.0%

Revenues and expenses are based upon the hospital's current experience in operating inpatient pediatric hospital services. The increase in revenue and expenses in Year One and Year Three is due to the anticipated increase in patient volume related to the added beds, and an increase in staffing needs (20.7 FTE nurses and 6.9 Aides/Orderlies will be added).

Capability and Feasibility

There are no project costs associated with this application. BFA Attachment A is the 2017 consolidated certified financial statements of the University Hospital of the State University of New York Upstate

Medical University for the year ended December 31, 2017, which shows the entity maintained positive working capital and net asset positions and experienced an operating loss of \$64,863,000. The cause of the 2017 loss was due to a \$74 million adjustment that reduced the Disproportionate Share Revenue loss estimates between 2014 and 2017, and a \$57.4 million increase in supplies and other expenses.

BFA Attachment B is the consolidated internal financial statements of the University Hospital of the State University of New York Upstate Medical University as of October 31, 2018, which show the entity experienced an operating loss of \$5,869,000. The loss represents an improvement of \$58.9 million over a ten-month period from December 31, 2017, and in addition is offset by SUNY Upstate's capital appropriations of \$2,271,000 resulting in a net position of \$3,599,000.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

- Attachment A SUNY Upstate - 2017 Certified Financial Statements
- Attachment B SUNY Upstate - Internal Financial Statements through October 30, 2018