

SCHEDULE 1 ATTACHMENT

MOHAWK VALLEY HEALTH SYSTEM

BOARD RESOLUTION

AND

PROJECT NARRATIVE

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
MOHAWK VALLEY HEALTH SYSTEM
ST. ELIZABETH MEDICAL CENTER
FAXTON-ST. LUKE'S HEALTHCARE
(the "Corporations")**

Adopted at a Meeting Held September 28, 2017

WHEREAS, \$300 million has been earmarked in the New York State budget to help create an integrated healthcare delivery system in Oneida County; and

WHEREAS, the legislation provides a once in a lifetime opportunity for the Mohawk Valley Health System (MVHS) to build a new hospital in Utica, NY and transform healthcare for our community consistent with the vision of Triple Aim; and

WHEREAS a new 670,000 SF, 392 inpatient bed, state of the art hospital that would replace St. Elizabeth Medical Center (SEMC) built in 1917 and the St. Luke's Campus of Faxton-St. Luke's Healthcare (FSLH) built in 1957; and

WHEREAS, a new hospital would reduce the number of beds in our community and consolidate patient services to one campus in a Delivery System Reform Incentive Payment Program (DSRIP) oriented program; and

WHEREAS, the Hospital desires to construct a new health care facility in Oneida County in the City of Utica;

NOW, THEREFORE, upon motion duly made, seconded and unanimously carried, it is

RESOLVED, that the officers of the Hospital are hereby authorized and directed to file a Certificate of Need Application with the New York State Department of Health requesting its approval for the construction and operation of a new health care facility in Oneida County in the City of Utica; and

IT IS FURTHER RESOLVED, that the officers of the Hospital are hereby authorized and directed to take whatever actions shall be necessary and execute any and all documents as shall be required to effectuate the intent of the foregoing resolutions; and

IT IS FURTHER RESOLVED, that the Hospital hereby adopts and incorporates by reference any form of specific resolution to carry into effect the purpose and intent of the foregoing resolutions, or covering authority included in matters authorized in the foregoing resolutions, including forms of resolutions in connection therewith that may be required by any state, institution, person or agency and the Hospital be, and hereby is, directed to insert a copy thereof in the minute book of the Hospital following this written action and to certify the same as having been duly adopted thereby.

These resolutions shall take effect immediately.

Dated: September 28, 2017


Gregory P. Evans, Secretary

MOHAWK VALLEY HEALTH SYSTEM

PROJECT NARRATIVE

Proposal

Mohawk Valley Health System (MVHS) is submitting this Full Review Certificate of Need (C.O.N.) Application that seeks approval for the construction of a new hospital campus. Mohawk Valley Health System (MVHS) is the active parent and co-operator of St. Elizabeth Medical Center (SEMC) and Faxton St. Luke's Healthcare St. Luke's Division (St. Luke's). St. Luke's is currently located at 1656 Champlin Avenue, Utica (Oneida County), New York 13502. St. Elizabeth Medical Center is currently located at 2209 Genesee Street, Utica (Oneida County), New York 13501. Cardiac PCI and cardiac surgery services currently offered through the Mohawk Valley Heart Institute are also provided on the campus of St. Elizabeth at 2209 Genesee Street, Utica (Oneida County), New York 13501. This C.O.N. Application will be funded, in part, through the **Health Care Facility Transformation Program: Oneida County** grant awarded to MVHS specifically for this purpose. This project is one (1) of at least two (2) Applications being submitted to the New York State Department of Health (NYSDOH) for the transformation of services within the Oneida County region, as described in detail below.

Through New York Public Health Law Section 2825-b, New York State created the "Oneida County Health Care Transformation Program" that set aside up to \$300 million in capital grant funding for the sole purpose of consolidating multiple licensed healthcare facilities into an integrated system of care, within the largest population center in Oneida County (i.e., Utica). Through a response to a Request for Applications (RFA #1505060325) from the New York State Department of Health (NYSDOH) and Dormitory Authority of the State of New York (DASNY), MVHS was awarded \$300 million in grant funding for the project proposed in this C.O.N. Application (i.e., the creation of a new hospital campus), which will result in the transformation of healthcare services in the region.

Current Situation

MVHS is currently the active parent and co-operator of St. Luke's and St. Elizabeth. In addition, cardiac PCI and cardiac surgery services currently offered through the Mohawk Valley Heart Institute are provided on the campus of St. Elizabeth at 2209 Genesee Street, Utica (Oneida County), New York 13501. The location and NYSDOH identifying information for these facilities are as follows:

- Faxton St. Luke's Healthcare St. Luke's Division – Operating Certificate #3202003H; PFI #0599 – 1656 Champlin Avenue, Utica (Oneida County), New York 13502.
- St. Elizabeth Medical Center – Operating Certificate #3202002H; PFI #0598 – 2209 Genesee Street, Utica (Oneida County), New York 13501.
- Mohawk Valley Heart Institute (MVHI) – Operating Certificate #3202004H; PFI #7528 – 2209 Genesee Street, Utica (Oneida County), New York 13501.

Future Situation

This C.O.N. Application is the first in a series of (at least two (2)) Applications that Mohawk Valley Health System and its two (2) related facilities (St. Elizabeth and St. Luke's) will be submitting that will lead to the merger of St. Elizabeth and St. Luke's, and the relocation and consolidation of the majority of services comprising St. Elizabeth and St. Luke's to the new hospital campus in Utica, New York. A description of the expected Application submissions is as follows:

- Application #1 – Full Review C.O.N. Application (Subject of this Application) – Construction of a new hospital campus. The new, consolidated hospital campus will be located on a 25-acre parcel of land generally bordered by the following streets in Utica (Oneida County), New York 13501: State Street, Broadway, Oriskany Street West, and Columbia Street.¹ Please refer to **Appendix I** for a map of the proposed campus. An address has not yet been assigned to the site.

¹ The proposed property is comprised of several land parcels, some of which have structures on them that will need to be demolished. Mohawk Valley Health System is in the process of working with the property owners to attempt to purchase the parcels of land for the proposed new hospital campus. Should an owner of the parcel of land elect not to negotiate with MVHS, the Hospital may need to proceed through the eminent domain process to secure the parcel.

Through this C.O.N. Application, all inpatient and most outpatient services from the current St. Elizabeth campus will be relocated to the new hospital campus, which will be known as the “Mohawk Valley Health System Campus”. A separate “merger” C.O.N. Application will be submitted, as described in the next bullet point.²

The following programs and services will remain on the St. Elizabeth site, with no construction or relocation necessary:

- Article 28 Services – The St. Elizabeth site will be converted into an outpatient extension clinic to be known as “St. Elizabeth Campus”. MVHS prefers that this site maintain its current PFI Number. In particular, sleep center services (Mohawk Valley Sleep Disorders Center), cardiac and thoracic surgery-related services (all of which are medical-only services; no surgical services will be provided at this site), primary care and laboratory patient service center (PSC) services will continue to be provided at this site.

The Mohawk Valley Sleep Disorders Center and some primary care services are currently located within the campus located at 2209 Genesee Street, Utica (Oneida County), New York 13501. The cardiac and thoracic surgery offices, other primary care services and the laboratory PCS are located within the Marian Medical Building at 2209 Genesee Street, Utica (Oneida County), New York 13501. This site will become an extension clinic, with no construction needed.³ MVHS prefers that a new operating certificate be created for the

² Upon implementation of the merger project, which will result in MVHS preferably having a single new operating certificate number and PFI number through which the two (2) hospital sites will operate as divisions, MVHS will relocate all inpatient and outpatient services from the St. Elizabeth and the St. Luke’s sites to the new hospital campus (with the exception of 24 PM&R beds at the St. Luke’s Campus and some other outpatient services as described within this C.O.N. application).

³ For purposes of this C.O.N. Application, we are assuming that, although these services will be located in different buildings, they will remain in their current locations and MVHS prefers that they share the same Operating Certificate and PFI number. MVHS is willing to discuss this issue with the State Health Department, should the Department prefer to certify the sleep center and outpatient cardiac/thoracic services, primary care practice and laboratory PSC as separate extension clinics.

extension clinic while maintaining its current PFI number and being certified for the services of “Medical Services – Primary Care” and “Medical Services – Other Medical Specialties”.

- Non-Article 28 Services (St. Elizabeth College of Nursing) – This program is not an Article 28 service, but it will remain on the current site of St. Elizabeth.

- Application #2 – Full Review C.O.N. Application – This project will represent the “merger” C.O.N. Application through which St. Elizabeth and St. Luke’s will be merged to become a single hospital entity, preferably with a single operating certificate number and new PFI number. St. Luke’s will become a division of MVHS. In addition, through that C.O.N. Application, the majority of services from the St. Luke’s and St. Elizabeth sites will be relocated to the new hospital campus. The “merger” project is expected to be implemented while the new hospital campus is being constructed.

The following programs and services will remain on the St. Luke’s campus, with no construction or relocation necessary after the merger:

- Article 28 Services – The St. Luke’s site, which will be a hospital “division”, will retain the following services, with no construction needed: 24 certified, inpatient PM&R beds, laboratory PSC service, outpatient primary care and obstetrics services, and outpatient surgeon offices for medical visits/services.

This site will be known as the “St. Luke’s Campus”. As part of this C.O.N. Application, the majority of the inpatient and outpatient services will relocate to the new hospital campus, leaving behind the 24 PM&R beds and other outpatient services at 1656 Champlin Avenue, Utica (Oneida County). The laboratory PSC, primary care, obstetrics, and outpatient surgeon offices will continue to be located within a Physician Office Building on the St. Luke’s

Campus.⁴ This campus will be certified for 24 inpatient PM&R beds and the certified services of “Medical Services – Primary Care” and “Medical Services – Other Medical Specialties”.

- Article 28 Services – The Operating Certificates of all extension clinics of MVHS (St. Elizabeth and St. Luke’s) will be consolidated under the single operating certificate of the operator. In addition, some of the extension clinic sites with different operating certificates have the same addresses. These sites will need to be consolidated to a single operating certificate for each extension clinic.
- Article 28 Services – To maintain service continuity, PCI and Cardiac Surgery services currently offered through Mohawk Valley Heart Institute will be provided on the new hospital campus. MVHS will work with the NYSDOH to determine how to handle the services offered through the Mohawk Valley Heart Institute, and if this entity can be eliminated.
- Other Article 28 and Article 36 Services
 - St. Luke’s Home – A 202-bed residential health care facility (RHCF) with an Adult Day Health Care Program (ADHCP) affiliated with MVHS.
 - Mohawk Valley Home Care – A licensed home care services agency (LHCSA) affiliated with MVHS.
 - Visiting Nursing Association of Utica and Oneida County – A certified home health agency (CHHA) and a long-term home health care program (LTHHCP) affiliated with MVHS.

⁴ For purposes of this C.O.N. Application, we are assuming that, although the inpatient PM&R beds and the outpatient services will be located in different buildings, they will remain in their same locations and will continue to share the same Operating Certificate and PFI number. MVHS is willing to discuss this issue with the State Health Department, should the Department prefer to certify the outpatient services as a separate extension clinic from the PM&R bed hospital division.

Impact of Overall Transformation on Operating Certificates

The overall transformation project (i.e. not just the implementation of this “new hospital campus” project, but also the merger project) will have an impact upon the operating certificates of the facilities, as follows:

Certified Inpatient Beds

Please refer to **Appendix II** for an inpatient bed complement analysis that shows the number of certified inpatient beds operated at St. Elizabeth and St. Luke’s before and after the implementation of the overall, proposed project, as well as a comparison of St. Elizabeth/St. Luke’s (combined) and the new hospital campus. The overall project will result in the decertification of 174 certified inpatient beds from the healthcare system. It should be noted that almost all 373 beds on the new hospital campus will be located in single-bedded rooms (four (4) rooms on each medical/surgical floor and four (4) rooms on the behavioral health unit will be constructed as semi-private for use only during high census), which is the standard of inpatient care in the 21st century.

St. Elizabeth is currently certified for 201 inpatient beds (please refer to **Appendix II** for the breakdown of beds by certified bed category). Upon the implementation of the overall project, all inpatient beds at St. Elizabeth will be relocated to the new, consolidated hospital campus. As explained above, the St. Elizabeth campus will retain some outpatient programs and services, and it will become an outpatient extension clinic.

St. Luke’s is currently certified for 370 inpatient beds (please refer to **Appendix II** for the breakdown of beds by certified bed category). Upon the implementation of the overall project, all but 24 inpatient PM&R beds will be relocated to the new, consolidated hospital campus. These 24 inpatient PM&R beds will remain in place on the St. Luke’s campus, with no construction required. As explained above, the St. Luke’s campus will retain other programs and services on its campus.

The St. Luke's campus will retain 24 PM&R beds and the new hospital campus will ultimately have 373 beds, so some inpatient beds of St. Elizabeth and St. Luke's will need to be decertified upon implementation of both the new hospital campus and the merger projects.

Please also refer to **Appendix II** for Transition Plans for St. Luke's and St. Elizabeth.

Certified Services on Hospital Campuses (Existing and New)

Please refer to **Appendix III** for an analysis of certified services and an analysis of programs/services for the various campuses involved in the overall project.

Extension Clinic(s)

St. Elizabeth currently operates eight (8) extension clinics and St. Luke's currently operates 21 extension clinics. Together, these 29 extension clinics will continue to be operated by these entities. In addition, St. Luke's has three (3) approved-but-not-operational extension clinics (approved under Project Nos. 142261, 171306 and 171478). Please refer to **Appendix IV** for a list of these extension clinic sites that are impacted by the overall project. As noted above, some of these extension clinics will be consolidated through the "merger" C.O.N. Application that will be submitted while the new hospital campus project is under construction. In addition, the current St. Elizabeth campus will be converted to an extension clinic.

NYSDOH Designations

St. Elizabeth is currently designated by the NYSDOH as a Level III Adult Trauma Center. St. Luke's is currently designated by the NYSDOH as both a Level II Perinatal Center and a Stroke Center. MVHS plans to continue to maintain these three (3) NYSDOH designations – Level III Adult Trauma Center, Level II Perinatal Center and a Stroke Center – at the new hospital campus.

Disposition of Former St. Elizabeth and St. Luke's Buildings

MVHS plans to engage with a third-party firm for the development of a repurposing plan for the campus spaces that will no longer be utilized by MVHS for healthcare services. It is possible that the properties may be sold or used for other functions, but the future disposition is still to be determined.

Non-Article 28 Spaces on New Hospital Campus

The new hospital campus will contain several spaces/buildings that will be non-Article 28 but are being shown on the drawings for this C.O.N. Application. These programs include the following:

- Masonic Medical Research Lab (MMRL) – The MMRL is a biomedical research institute founded in 1958. MMRL will lease certain space on the new hospital campus, within the new hospital building structure, from MVHS. The capital cost of the construction for the MMRL is included as a separate sub-project on C.O.N. Schedule 8B.

- On-Campus Parking Garage – MVHS will work with the City of Utica (the “City”) and the County of Oneida (the “County”) to develop an on-campus parking garage that will serve the parking needs of MVHS and the downtown Utica general public. Through a Memorandum of Agreement (MOA), MVHS, the City and the County have agreed to collaborate in the development of a new, on-campus parking garage on the new hospital campus, as well as the refurbishment of another existing parking garage (the “Kennedy Garage”) in close proximity to the new hospital campus. At this time, it is expected that MVHS will operate and maintain the on-campus parking garage. Please refer to the **Schedule 9 Attachment** for the MOA. The capital costs of the parking garage are not being included in this C.O.N. Application because they will be jointly paid for by Oneida County and the City of Utica.

In addition, MVHS expects to modify this C.O.N. Application in the future to include a Medical Office Building (MOB) on the new MVHS campus that will likely contain Article 28 services. As of

the time of submission of this C.O.N. Application, MVHS had not yet decided what services would be placed within the MOB, so it is not being included in this initial C.O.N. submission.

Project Background

MVHS is the active parent and co-operator of both St. Luke's and St. Elizabeth. St. Luke's is a 370-bed, not-for-profit hospital located at 1656 Champlin Avenue, Utica (Oneida County), New York 13502. St. Elizabeth's is a 201-bed, not-for-profit hospital located at 2209 Genesee Street, Utica (Oneida County), New York 13501. The two (2) facilities are currently located 1.8 miles and six (6) minutes' travel time from one another.

The new hospital campus and merger will enable MVHS to consolidate two (2) existing acute care hospitals into one (1) integrated location, will provide greater access to residents of the City of Utica, Oneida County and the region, and it will improve operational efficiency, patient satisfaction and safety for both patients and caregivers. In particular, the overall project will create a structured delivery system, end the current service fragmentation, increase service integration and coordinate the work of the hospitals and other community-based organizations. Furthermore, the implementation of the overall project will reduce gaps/inefficiencies in care coordination, aligns with payment reform and rebalances healthcare delivery through the reduction in the number of hospital beds as care is shifted from an inpatient care model to an outpatient care model focused on population health.

The proposed location of the project on 25 acres of land adjacent to the central business district of Utica will centralize healthcare services for Oneida County in the most populated area of the County, which is a requirement of the \$300 million grant provided by the NYSDOH under New York Public Health Law Section 2825-b. The additional benefits include the utilization and support of existing parking, retail, restaurants, hotels, small businesses and community events. The new hospital, which

will be approximately 672,000 square feet in size, will also become a catalyst for ongoing and future development of the region.

In addition to improving the efficiency of staff workflow, the proposed consolidation of the two (2) existing acute care facilities will result in a decrease in the total number of inpatient beds from a combined 571 inpatient beds at two (2) campuses to a more efficient model with 174 fewer beds, representing a reduction of about 30%. This is achievable through having 95% private patient rooms, improved throughput metrics, reduced length of stay and a general reduction of utilization in the region, which reflects the national, State and local trends of a reduction in inpatient admissions and an increase in outpatient visits.

The new, consolidated hospital was designed with the following goals in mind:

- 95% of all inpatient rooms will be private to ensure patient privacy, eliminate transfers, promote healing and provide space for families. Private patient rooms also provide greater protection to patients who are highly susceptible to infections and help prevent infections from spreading.
- Patient rooms will be equipped with accommodations for family members and visitors, including seating, Wi-Fi access and a television.
- Patients will have personal control over their room temperature, lighting and window blinds.
- Room design will enable standardization of care and improved efficiency and safety.
- Hospital-wide communication systems will allow for a quieter, more calming environment.
- Critical supplies will be located adjacent to patient rooms to minimize time and travel distances when caring for patients.
- Department locations will be strategically located for maximum efficiency in patient transport and privacy.
- Ample and convenient parking will be constructed to serve various populations, such as patients, visitors, employees, medical staff, vendors and emergency vehicles.

Because of the relocation and decertification of inpatient psychiatric beds through the overall project (please refer to **Appendix II**), the New York State Office of Mental Health (NYSOMH) will also be involved in the review of the overall project. On August 7, 2017, MVHS and its representatives met with representatives of the New York State Office of Mental Health (Mr. Keith McCarthy, Mr. Mark Simone and Ms. Sue Knapik) to discuss the proposed plans for MVHS's new hospital campus. On October 6, 2017, MVHS and its representatives met with Mr. Udo Ammon of the New York State Department of Health and Mr. Keith McCarthy of the NYSOMH to again discuss its proposed plans.

Please refer to the **Schedule 6 Attachment** for architectural documentation for this project.

Background and Evaluation of Public Need

The affiliation of MVHS with St. Elizabeth's and St. Luke's, which occurred in 2014 (under Project No. 132204), began a process of assessing the current operations of both hospitals and developing a plan to reduce/eliminate the duplication of clinical and building services. A number of services were consolidated to one (1) hospital location, which resulted in a reduction of operational costs, as well as improved patient experiences and staffing efficiencies. However, other programs and services such as inpatient care, emergency services, diagnostic imaging and surgery remained at both campuses because they are needed to help operate a full-service acute care facility. A significant number of support services, including dietary, pharmacy, laboratory, administration, materials management, housekeeping, security, and engineering and maintenance staff – all needed to operate two (2) aging facilities – are currently duplicated at the two (2) sites, less than two (2) miles apart.

Multiple facility options were analyzed, including: (1) maintaining both hospital sites; (2) consolidating one facility into the other facility based upon available land, feasibility with phasing and logistics; and (3) consolidating both facilities to a brand new campus. Based upon its analysis, MVHS decided that the option of consolidating both facilities to a new campus would be the most effective option. First, it would give MVHS the opportunity to improve patient access to serve the

County’s largest population center, which includes the 4th largest refugee program in the United States. Second, consolidating all services to a single site would improve operational efficiency and maximize resources (including physicians and employees). Third, a new, consolidated site will enable MVHS to reduce infrastructure and energy cost/consumption for decades to come. The existing St. Elizabeth and St. Luke’s facilities were constructed in 1917 and 1957. A single campus would reduce the overall building square footage from 928,000 square feet to approximately 672,000 square feet (a 28% decrease).

By consolidating the two (2) facilities to a new campus, MVHS can have nearly all private inpatient rooms, and it will be able to more appropriately segregate the outpatient and inpatient programs of care to meet the needs of population health management. Outpatient services adjacent to a new, integrated healthcare campus will provide a one-(1)-stop care environment for patients who need more specialized care, and a model of care delivery that is seamless and highly accessible.

Inpatient Utilization Statistics

Summary tables of the occupancy rates for St. Elizabeth’s and St. Luke’s (separately) between 2012 and YTD 2017 are as follows:

Table A. Occupancy Rate by Certified Bed Category at St. Elizabeth’s, 2012-YTD 2017

	2012	2013	2014	2015	2016	YTD 2017*
Intensive Care	87.1%	86.5%	88.9	86.8%	85.4%	83.9%
Medical/Surgical	84.4%	74.4%	76.4%	74.1%	72.9%	75.1%
Pediatric	11.1%	8.0%	12.7%	9.7%	7.5%	3.9%
Psychiatric	80.5%	74.5%	81.2%	85.8%	73.1%	72.8%
TOTAL	81.3%	73.0%	75.7%	74.2%	71.6%	72.9%

*Data includes information through September 30, 2017.

Source: Internal data from MVHS

Table B. Occupancy Rate by Certified Bed Category at St. Luke’s, 2012-YTD 2017

	2012	2013	2014	2015	2016	YTD 2017*
Intensive Care/ Coronary Care**	76.4%	75.0%	83.9%	82.9%	79.6%	82.6%
Maternity	61.7%	59.6%	56.5%	56.0%	53.6%	52.4%
Medical/Surgical	58.6%	52.0%	49.0%	48.0%	42.6%	42.2%

Neonatal Continuing/ Intermediate Care***	47.8%	39.4%	33.2%	36.3%	40.8%	36.0%
Pediatric	33.5%	30.5%	29.7%	28.1%	23.1%	24.7%
Physical Medicine & Rehabilitation	61.0%	60.6%	57.4%	56.0%	52.7%	47.4%
Psychiatric	58.8%	60.8%	72.7%	78.1%	70.1%	66.7%
TOTAL	59.1%	54.3%	53.3%	52.9%	48.2%	47.4%

* Data includes information through September 30, 2017.

** Includes 22 certified Intensive Care beds and eight (8) certified Coronary Care beds. MVHS tracks this combined data in this manner.

*** Includes four (4) certified Neonatal Continuing Care beds and eight (8) certified Neonatal Intermediate Care beds. MVHS tracks this combined data in this manner.

Source: Internal data from MVHS

Through the overall project, MVHS will decertify 174 inpatient beds, including three (3) maternity beds, 155 medical-surgical beds, four (4) neonatal continuing care beds, six (6) pediatric beds and six (6) psychiatric beds. Please refer to **Appendix II** for more detailed inpatient utilization statistics by certified bed category for both St. Elizabeth's and St. Luke's.

When the inpatient utilization of both St. Elizabeth's and St. Luke's is combined, the facilities have an overall occupancy rate of 56.4%. Please refer to these statistics in the following table:

Table C. Overall Occupancy Rate by Certified Bed Category at St. Luke's and St. Elizabeth's (Combined) Using 2016 Utilization Data – Current Bed Complement vs. Proposed Bed Complement

	Occupancy Rate	
	Current Bed Complement	Proposed Bed Complement
Intensive Care/Coronary Care	87.8%	87.8%
Maternity	53.6%	60.5%
Medical/Surgical	53.5%	89.2%
Neonatal Continuing/ Intermediate Care	40.8%	61.2%
Pediatric	17.4%	23.9%
Physical Medicine & Rehabilitation	52.7%	52.7%
Psychiatric	71.5%	81.3%
TOTAL	56.4%	81.1%

Upon the implementation of the overall project, which removes 174 inpatient beds from the overall healthcare system, the two (2) facilities of MVHS would have a combined, overall occupancy rate of 81.1% when using 2016 utilization statistics, which is more in line with norms for hospital occupancy in the 21st century and the needs of the hospital.

Through the overall project, MVHS will decertify six (6) inpatient psychiatric beds (i.e., from 50 to 44 beds). Not only is this decertification supported by the historical occupancy rates for inpatient psychiatric beds noted in Table C above, it is also supported by the following statistics:

- Although the number of patient days for inpatient psychiatric patients at the two (2) combined MVHS facilities increased from 2012 to its peak in 2015, it has decreased considerably since 2015. Based upon 2017 data through September 30, 2017, the occupancy rate of the 50 inpatient psychiatric beds was 69.6% (down from the peak occupancy rate of 81.8% in 2015), meaning that about 15 beds remained unused, on average, during this time in 2017.
- A large and growing percentage of inpatient psychiatric cases are originating from outside of Oneida and Herkimer Counties, which means that residents are likely bypassing other inpatient psychiatric units that are closer to home for many residents. These statistics are as follows:

Table D. Number and Percentage of MVHS Inpatient Psychiatric Discharges from Oneida/Herkimer Counties vs. All Other Counties, 2012-YTD 2017

	2012	2013	2014	2015	2016	YTD 2017*
Oneida/Herkimer Counties	1,812	1,707	1,728	1,803	1,766	1,172
All Other Counties	397	450	548	611	540	521
TOTAL	2,209	2,157	2,276	2,414	2,306	1,693
Oneida/Herkimer Counties	82.0%	79.1%	75.9%	74.7%	76.6%	69.2%
All Other Counties	18.0%	20.9%	24.1%	25.3%	23.4%	30.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Mohawk Valley Health System

In 2012, only 18.0% of the inpatient psychiatric cases at MVHS were from patients residing outside of Oneida and Herkimer Counties. By 2017 (using data through September 30, 2017), 30.8% of the inpatient psychiatric cases at MVHS were from patients residing outside of Oneida and Herkimer Counties. Based upon a review of inpatient psychiatric bed projects within the “Central New York” and the “Northeast” areas of New York State on NYSE-CON (which includes Oneida and Herkimer Counties, as well as the surrounding region), since 2012, the only

inpatient psychiatric project that was implemented was the addition of one (1) psychiatric bed at Rome Memorial Hospital (Oneida County), which went from 11 beds to 12 beds through Project No. 132140. The fact that no psychiatric beds were decertified means that many of the patients who travel from outside of Oneida or Herkimer Counties to receive inpatient psychiatric care at MVHS can likely be served on inpatient psychiatric units located closer to their homes. Nevertheless, it is clear that they are attracted to MVHS facilities for various reasons (one of which is likely the high quality of care provided at its facilities).

- MVHS expects to continue to experience a decrease in its inpatient psychiatric utilization, largely due to the transition of care from the inpatient realm to the outpatient realm, and from the expanded use of front-line outpatient behavioral health services. To this end, MVHS and its two (2) hospital facilities operate numerous extension clinics throughout Utica and the surrounding region that provide outpatient behavioral health services. Furthermore, as indicated below in the section entitled “Alignment with DSRIP”, MVHS is continuing to work with its partners through the DSRIP program to integrate behavioral health services into the primary care setting.

Traditionally Underserved Demographic Characteristics

The primary service area (PSA) for this project is comprised of Oneida County. This county contains the two (2) main hospitals (St. Elizabeth’s and St. Luke’s), as well as many of their extension clinics. Oneida County is located in Central New York and had a population of 231,190 in 2016.⁵ The two (2) largest cities in Oneida County are Utica (with a 2015 population of 61,628 (most recent data available)) and Rome (with a 2015 population of about 32,916 (most recent data available)). MVHS’s patients generally come from 45 towns and villages covering 1,257 square miles surrounding the facilities. Approximately two-thirds (67%) of the County’s population resides in urban/suburban areas, while the remaining one-third (33%) resides in rural areas.

⁵ U.S. Census Bureau. American Factfinder. <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>. Accessed on October 18, 2017.

With nearly 18.0% of the population 65 years and older, Oneida County had a median age of 41.1 in 2016.⁶ Furthermore, in 2016, the race/ethnicity of Oneida County was broken down as follows: Hispanic (5.5%); non-Hispanic White (82.2%), non-Hispanic African-American (5.2%), non-Hispanic Asian (4.2%); non-Hispanic other minorities (2.9%).⁷ Furthermore, 17.1% of the population is living at or below the Federal Poverty Level (FPL), demonstrating the high poverty that exists in the region. In the City of Utica, 32.2% of the population is living at or below the FPL.⁸

Oneida County is the home to one of the largest refugee resettlement agencies in the country, Mohawk Valley Resource Center for Refugees (MVRRCR). Since the 1980s, MVRRCR has resettled more than 15,000 individuals in Utica, with ethnicities and nationalities including Vietnamese, Russian, Bosnian, Somali (Bantu), Burmese and Nepali. Importantly, foreign-born residents constituted 18.9% of the Utica population in 2015. Furthermore, about 27.7% of Utica residents aged five (5) and older spoke a language other than English in 2015.⁹

The new hospital campus in downtown Utica will improve access for all area residents, including this large refugee population. MVHS currently spends more than \$800,000 annually to provide language assistance associated with its healthcare services. In particular, the Hospital employs four (4) program specialists/interpreters and 22 per-diem interpreters, and it works with outside agencies to cover 30 different languages and dialects. Lastly, within the rural areas of Oneida County, there are also growing numbers of Amish and Mennonite residents.

PQI Statistics and Poor Health Outcomes

Relative to the PQI measures of the New York State Department of Health, geographic areas that need improved access to care in Oneida County include Utica, Rome and Waterville. These areas have total PQI rates that are up to 170% greater than expected.¹⁰ Please refer to **Appendix V** for

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ https://apps.health.ny.gov/statistics/prevention/quality_indicators/start.map

documentation of these statistics.

Residents of Oneida County also experience poor health outcomes for a number of conditions, including cardiovascular disease, diseases of the heart, coronary heart disease, acute myocardial infarction (heart attack), congestive heart failure, cerebrovascular disease (stroke), hypertension, chronic kidney disease, diabetes, chronic lower respiratory disease, asthma and cancer. Please refer to **Appendix VI** for documentation of these statistics.

Alignment with DSRIP

MVHS is actively involved in the New York State Delivery System Reform Incentive Payment (DSRIP) program, and this proposed project aligns with the goals and system transformation work being done through the program. The overall project supports the development of an integrated delivery system that reduces excess capacity, eliminates the duplication of services and focuses on patient-centered care while improving patient outcomes and reducing costs. The operational efficiencies gained through the new hospital, in concert with DSRIP project implementation, will enhance care coordination and allow resources to be repurposed to better support outpatient models of care and to implement a population health approach for Oneida County.

St. Luke's is a corporate member of the Central New York Care Collaborative (CNYCC) Performing Provider System (PPS), and both St. Luke's and St. Elizabeth's serve as safety net partners within the PPS. The primary goal of DSRIP is to fundamentally transform the healthcare delivery system and reduce avoidable hospital use by 25%. Avoidable hospital use encompasses not only avoidable hospital readmissions, but also inpatient admissions that could have been avoided if the patient had received proper preventive care. MVHS's DSRIP project work is aimed at reducing Potentially Preventable Emergency Room Visits (PPVs), Potentially Preventable Readmissions (PPRs) and improving Prevention Quality Indicators for adults and pediatrics (PQIs and PDIs, respectively). In addition, MVHS is implementing evidence-based strategies for disease management in high

risk/affected populations aiming to improve the management of cardiovascular disease and its associated risk factors. This project addresses blood pressure control, cholesterol management, tobacco cessation, and prevention efforts for stroke and cardiovascular disease.

MVHS is working toward achieving these objectives through the implementation of 11 DSRIP projects designed to support system transformation, clinical improvement and population health. The proposed new hospital project provides the physical infrastructure that removes many of the barriers and challenges currently impeding improvements to these measures. The overall project aligns with DSRIP objectives because it allows for enhanced access to high quality primary care, reduced care gaps and inefficiencies and alignment with payment reform focused on outcomes and population health management. Specific DSRIP performance measures aligned with the project are as follows:

- Increasing the number of practices with NCQA Level 3 Patient-Centered Medical Home (PCMH) recognition: Implementation of DSRIP Project 2.a.i. – Create an Integrated Delivery System that supports the County patients receiving the right care, at the right time and in the right setting. This involves enhancements to primary care, communication and access to health information. MVHS is working with CNYCC to implement a population health management system as a tool for improving communication, efficiency and closing gaps in care for County residents.
- Reducing ED visits for ambulatory sensitive conditions: Implementation of DSRIP Project 2.b.iii – Emergency Department Care Triage for At-Risk Populations provides for a patient navigation program in the proposed Emergency Department to coach patients regarding appropriate ED utilization, address social needs and connect with primary care.
- Reducing hospital admissions for super-utilizers: Implementation of DSRIP Project 2.b.iv – Care Transitions Intervention Model to Reduce 30 Day Readmissions. A key element of this project involves enhancements to care planning and coordination among the healthcare team for those patients most at risk for readmission.
- Integration of behavioral health into the primary care setting: Implementation of DSRIP Project 3.a.i – Integration of Primary Care and Behavioral Health Services enhances a behavioral health network and improves access to behavioral health services for the County.
- Increasing referrals to Health Home: Implementation of DSRIP Project 2.a.ii – DSRIP Care Management will enhance care coordination and management, supporting appropriate utilization of healthcare services.

Background of Mohawk Valley Health System

Mohawk Valley Health System (MVHS) is an integrated delivery system of Faxton-St. Luke's Healthcare and St. Elizabeth Medical Center. MVHS is the active parent and co-operator of St. Luke's and St. Elizabeth's. St. Elizabeth Medical Center is a Catholic hospital, co-sponsored by the Sisters of St. Francis of the Neumann Communities. The Sisters of Francis reserve power related to the mission of St. Elizabeth only. St. Luke's is a secular hospital, and the new proposed hospital (that will result from the implementation of this C.O.N. Application) will also be a secular hospital.

MVHS is also the active parent and co-operator of Mohawk Valley Home Care, LLC, Senior Network Health, LLC, St. Luke's Home Residential Healthcare Facility, Inc., and the Visiting Nurse Association of Utica and Oneida County, Inc. These entities will not be affected by this hospital campus consolidation project.

In 1957, SLMHC opened at its current location in New Hartford. Furthermore, in 1992, the Board of Directors of both Faxton and SLMHC affiliated, forming the Mohawk Valley Network. Between 1998 and 2000, a single management team formed and Faxton St. Luke's Healthcare formed. In 2000, Faxton Hospital (Faxton) and St. Luke's-Memorial Hospital Center (SLMHC) merged to form Faxton-St. Luke's Healthcare. In 2002, all inpatient services consolidated at the St. Luke's campus, and all outpatient services were consolidated to the Faxton campus. The St. Elizabeth's and St. Luke's affiliation began in December 2011, and in March 2014, the Public Health and Health Planning Council approved the active parent and co-operator status for MVHS.

Program Management

MVHS embraces a program of service to reach an underserved population, and an operating philosophy that embodies the principle that comprehensive, coordinated, high-quality care is the right of every person, regardless of age, sex, sexual orientation, race, creed, religion, disability, source of

payment or any other personal characteristic. Services provided through the overall project will be sensitive to the needs of the population and responsive to the desires of the Hospital's patients.

The general operations of the consolidated hospital will adhere to the standards required under 10 NYCRR. MVHS's standards of patient care emphasize accuracy and timeliness of diagnosis, and referral to appropriate medical practitioners. All existing policies and procedures in place at the two (2) hospitals will be incorporated into the operation of the consolidated hospital, which will be operated under the same high standards of care currently in practice at the hospitals.

All administrative aspects of the consolidated hospitals will be directed by an individual who is qualified for such duties by education and experience. The Quality Assurance (QA) Program associated with the consolidated hospitals will be administered by the Chief Quality Officer, Eric Yoss, M.D., F.C.C.P., and the appropriate Medical Director for the services, with the overall oversight from the Chief Medical Officer of MVHS, Michael F. Trevisani, M.D., M.B.A., C.P.E., F.A.S.C.R.S., F.A.C.H.E. Please refer to **Appendix VII** for the curriculum vitae of Dr. Trevisani. The QA Program and operational protocols will be followed for the consolidated hospitals. The QA Program ensures that patients receive the highest level of quality. There are continuing education activities to provide staff with the opportunity to learn the newest technology, techniques and protocols in the provision of services at the Hospital.