



34-Bed Post Acute Rehabilitation Hospital at Dover

Dover, Delaware
Kent County

Presentation to the
Delaware Health Resources Board

October 22, 2015



Agenda

1. Introduction to Post Acute Medical and Proposed Project
2. CPR Review Criteria and Need for Proposed Project
3. Additional Benefits to Delaware



Proposal Overview

- 34-bed inpatient and outpatient rehabilitation hospital
- Freestanding facility with all private rooms
- Featuring advanced therapy technology
- Located on the campus of Eden Hill Medical Center in Dover





About Post Acute Medical

- Founded in 2006 with acquisition of Warm Springs Hospital System
- Operates 16 LTACs, 8 IRFs, and 10 outpatient facilities nationally
- Hospitals in Texas, Kansas, Louisiana, Pennsylvania, Oklahoma, and Wisconsin
- Currently, developing three inpatient rehabilitation hospitals
- Core leadership team each have 20+ years experience in operations and management of both IRFs and LTACs
- Collectively, we thrive on being the most trusted resource for post-acute care in our communities
- Corporate office in Enola, PA; 3-hour drive from Dover



Project Participants



Post Acute Medical, Enola, PA
Proposed hospital owner and operator



Eden Hill Medical Center, Dover, DE
Owner of proposed hospital site



MedCore Partners, Dallas, TX
Real estate development firm



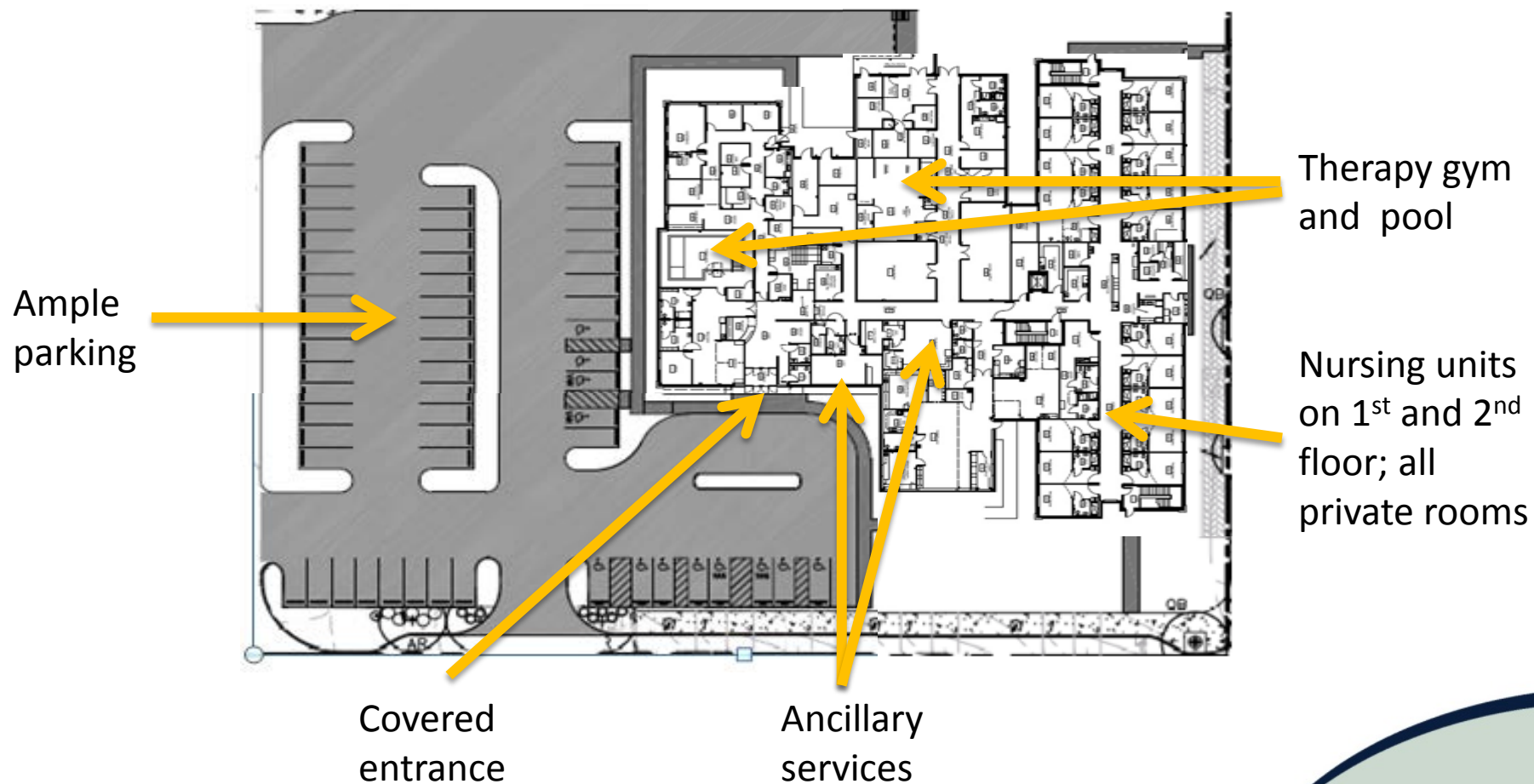
Additional Project Details



- Located at 200 Banning St. on Eden Hill Campus
- 40,000 SF
- \$13.1M fixed capital investment
- 1 mile from BayHealth Kent General



Site and Floor Plans





Inpatient Rehabilitation Facilities

- IRFs are licensed hospitals intended for patients who need intense daily rehabilitation; ALOS between 8 and 13 days
- IRFs typically treat persons with:
 - Strokes
 - Neurological disorders
 - Spinal cord & traumatic brain injuries (TBI)
 - Joint replacements, hip fractures, and other orthopedic trauma
- IRFs provide 24/7 nursing care, 15 hours of therapy/week, full-time Medical Director



IRF vs. SNF

Criterion	Inpatient Rehabilitation	Skilled Nursing
License	Hospital	Skilled Nursing Facility
Patient Admission Criteria	Requires intensive medical management and therapy	Requires “extended care” resulting from hospitalization
Physician presence	Physician rounds daily Specialist care	Physician coverage Requires 1 visit every 30 days
Therapy Provided	Multi-disciplinary program; at least 2 different therapies (PT, OT, ST); minimum 15 hours/week	Minimum 45 minutes/week



CPR Review Criteria

1. Relationship
to HRMP

2. Need

3. Alternatives

4. Relationship
to existing
system

5. Long-term
viability

6. Effect on
cost

7. Effect on
quality



Relationship with HRMP

- The proposed project aligns with the principles of the HRMP by:
 1. Improving access to rehabilitation services while improving quality and minimizing impact on cost;
 2. Offering care to the medically indigent and Medicaid patients;
 3. Coordinating with other providers for seamless patient transitions;
 4. Adding a much needed alternative to other post-acute options;
 5. Strict CMS guidelines prevent overutilization;
 6. Providing additional competition in the Dover market; and
 7. Built-in components to enhance Delaware preventative care initiatives.

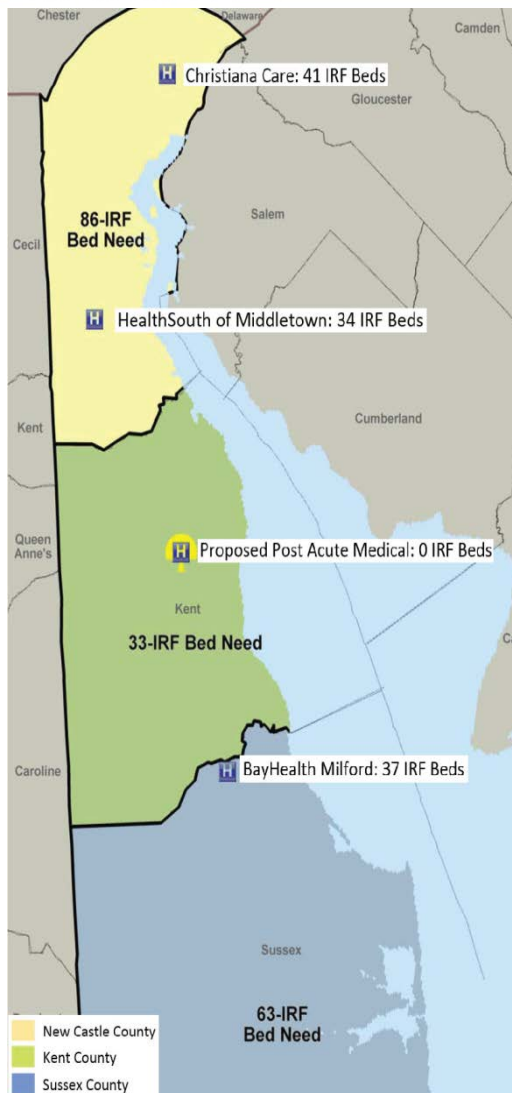


Project Need

- Kent County has a shortage of inpatient rehabilitation beds
- Delaware has a shortage of inpatient rehabilitation beds
- Uneven distribution of beds statewide
- Delaware's second largest city, Dover, has no IRF beds
- Inpatient rehabilitation patients need beds close to home, friends, and family to maximize quality
- Private rooms offer better patient and family experience
- Freestanding facilities offer unique advantages that many patients prefer



Unmet Need in Delaware/Dover



- Unmet bed need of **69** beds across Delaware (33 in Kent County)
- Kent County only county without IRF beds
- SNFs are only overnight rehabilitation option within 20 miles of Dover
- Quantitative need model considers regional variation



Alternatives for Service Area Residents

- Dover residents must travel 20-miles outside of Dover for IRFs services – 1 hour round trip
- Nothing out-of-state is closer
- Other post-acute services such as skilled, home care, and outpatient therapy only options available



Long-Term Viability

- \$10.5M proposed annual operating budget
- Financial arrangement in place for fixed capital (MedCore), working capital (MidCap), and equipment (CCA)
- Project will break even on cash flows in the 8th month
- Will have net-positive operating margins in second year
- National supply contracts
- Post Acute leadership has 20+ years experience in operating financially viable IRFs, including turnaround efforts
- Highly structured startup and pre-opening process
- Labor market analysis shows adequate supply of staff



Quality of Care

- Measure and improve quality using eRehab Data
- Post Acute average daily FIM improvement is 31% better than national averages
- Coordinated care process
 - Pre-admission assessment by clinical navigator and physiatrist
 - Ongoing intensive inter-disciplinary team approach to rehabilitative care to enable assessment and treatment modification
 - Case management to assure smooth transition home
 - Readmission rates less than 10%



Additional Benefits to Delaware

- \$8.6M construction project in Dover
- 150+ jobs created (\$6M annual salaries and benefits)
- Integration with Delaware Health Information Network
- Additional clinical training site for Delaware colleges and universities



- Strong patient advocate for stroke, traumatic brain injury, and others



Timetable

- Post Acute is prepared to begin development upon CPR award
- Proposed opening date of **January, 2018**



Questions

Heidi Bowie, VP of Acquisitions and Facilities Development
1828 Good Hope Road, Ste. 102
Enola, PA 17025
(717)973-8677



Appendix: CPR Review Criteria

Criterion	Post Acute Rehabilitation Hospital at Dover
1. Relationship with HRMP	<ul style="list-style-type: none"> Improves access to high quality rehabilitation for all patients while minimizing cost Creates needed, competitive, high quality health service
2. The need of the population	<ul style="list-style-type: none"> Need for inpatient rehabilitation across Delaware, specifically Kent County Need for IRF beds closer to user population in Dover
3. The availability of less costly and/or more effective alternatives	<ul style="list-style-type: none"> No direct alternatives available
4. The relationship to the existing health care delivery system	<ul style="list-style-type: none"> Intake and discharge plans designed to incorporate pre and post-admission care for each patient, coordination with downstream and upstream providers, including community physicians Willingness to serve as clinical training site
5. The immediate and long term viability	<ul style="list-style-type: none"> Will have net-positive operating margins in second year Post Acute leadership has 20+ years experience in operating financially viable IRFs, including turnaround efforts
6. The anticipated effect on costs and charges	<ul style="list-style-type: none"> IRF patients exhibit reduced acute care readmissions vs. alternatives Freestanding facilities operate at lower cost than hospital-based IRFs (MedPAC)
7. The anticipated effect on quality of care	<ul style="list-style-type: none"> Measure and improve quality using eRehab Data Intense, coordinated care process produces optimal outcomes