



Bayhealth Hospital, Sussex Campus COPR for Additional Beds

Delaware Health Resources
Board Committee Meeting

August 3, 2023



Background

- Bayhealth Hospital, Sussex Campus Opened February 2019
 - Replaced 168-Bed Milford Memorial Hospital
- Significant Growth for our Med/Surg Units
 - 18% Growth in Admissions
 - 57% Growth in Observation Cases
 - Occupancy Rates Frequently Exceed 100%

Background

- Bed Compliment
 - Opened as a 128 Bed Hospital
 - Added
 - 24 Med/Surg Beds in 2021
 - 5 L&D Beds in 2022
 - Current Configuration
 - 157-Bed Hospital
 - 96 Med/Surg Beds
 - 10 Bed ICU
 - 11 Bed Women's Services
 - 40 Bed Separately Licensed Rehab Unit

Proposed Services

- Inpatient Beds
 - Medical / Surgical Unit
 - 40 beds
 - Intensive Care Unit
 - 6 beds



Sussex Campus Beds

| Bed Type | Current Beds | Beds Proposed to Be Added | Future Beds if COPR Approved |
|-----------------------------|--------------|---------------------------|------------------------------|
| Medical/Surgical | 96 | 40 | 136 |
| Inpatient Rehabilitation | 40 | (40) | 0 |
| ICU | 10 | 6 | 16 |
| Women's Services | 11 | 0 | 11 |
| Total Inpatient Beds | 157 | 6 | 163 |

Sussex Campus Inpat. Bed Demand –Internal Methodology

| Growth | | 2021 | | 10 – Year Bed Need | |
|-------------------------------|---------------|------------|------------------------|--------------------|------------------------|
| Bed Type | Current Beds* | Bed Demand | Additional Beds Needed | Bed Demand | Additional Beds Needed |
| ICU | 10 | 15 | 5 | 16 | 6 |
| Med Surg | 96 | 94 | 0 | 100 | 4 |
| OB | 11 | 6 | 0 | 8 | 0 |
| Peds | - | 0 | 0 | - | - |
| Total Licensed Beds | 117 | 115 | 5 | 124 | 10 |
| Observation | 12 | 16 | 4 | 19 | 7 |
| Total New Rooms Needed | | | 9 | | 17 |

*Assumes 5 beds added to Women’s Services Unit

State Health Resources Mgmt. Plan Methodology

| Current Med/Surg Beds | Base Year ADC ¹ | Projected ADC ² | Med/Surg Bed Need Calculation ³ | Med/Surg Beds Needed |
|-----------------------|----------------------------|----------------------------|--|----------------------|
| 96 | 69.0 | 77.6 | 103.5 | 7.5 |

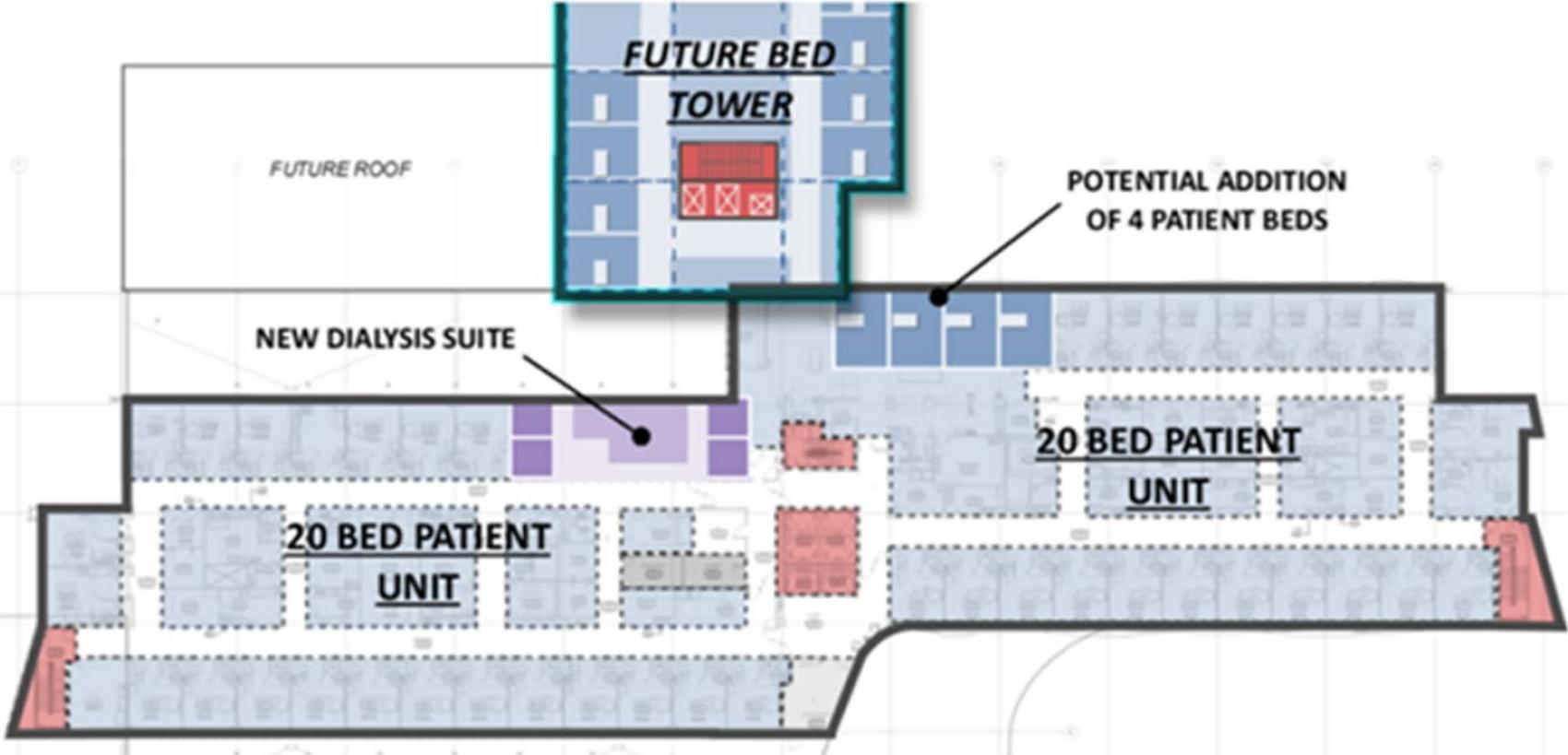
¹Based on FY22

²Projected for FY32

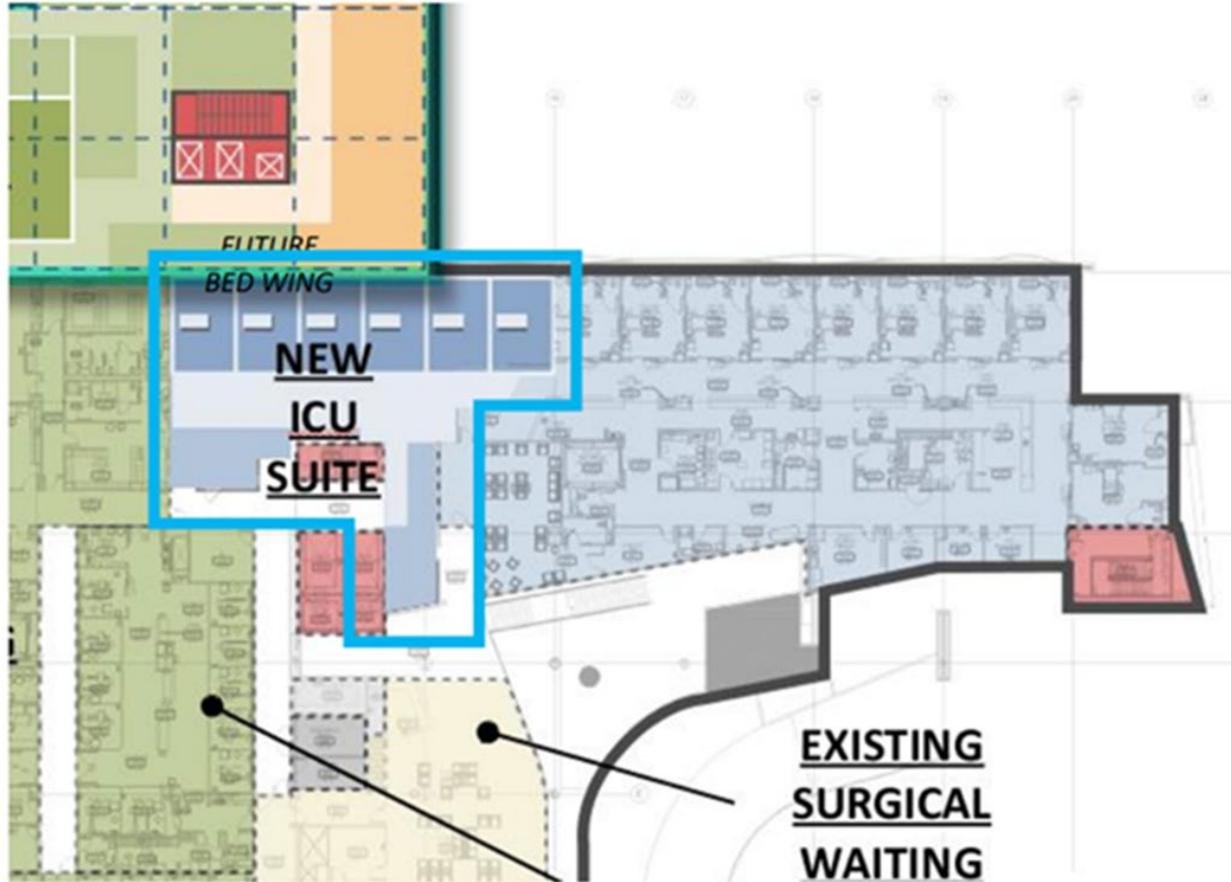
³Acute care bed need calculated at 75 percent occupancy per HRMP guidelines

| Med/Surg Beds Needed | ICU Beds Needed | Observation Beds Needed | Total Beds Needed |
|----------------------|-----------------|-------------------------|-------------------|
| 7.5 | 6 | 7 | 20.5 |

4th Floor Med/Surg



2nd Floor ICU



Four Factors Supporting Project

- Population Growth Resulting in Increased Utilization
- Flexibility to Accommodate Future Utilization Surges
- ICU is Already Operating at a Bed Deficit
- Med/Surg Units Frequently Over Capacity

Bayhealth Sussex Service Area Population

Service Area Population

| | CY 2022 | CY 2027 | Population Inc./(Dec.) 2022-2027 | % Growth 2022-2027 |
|---------------------------------------|----------------|----------------|--|-----------------------|
| Service Area Population: 0-17 | 61,419 | 65,000 | 3,581 | 5.8% |
| Service Area Population: 18-44 | 95,260 | 98,557 | 3,297 | 3.5% |
| Service Area Population: 44-64 | 74,861 | 74,554 | (307) | -0.4% |
| Service Area Population: 65+ | 66,279 | 77,430 | 11,151 | 16.8% |
| Service Area Population: Total | 297,819 | 315,541 | 17,722 | 6.0% |

Source: Stratasan, ESRI Demographics, August 2022.

Historical Utilization and Capacity for Bayhealth Sussex

| | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--|---------|---------|---------|---------|
| Total Patient Days ¹ | 22,369 | 25,824 | 29,045 | 37,006 |
| Total Occupancy ² | 85.1% | 98.0% | 110.5% | 105.6% |
| Inpatient Admissions | 4,405 | 4,553 | 4,642 | 5,043 |
| ICU Patient Days | 2,396 | 2,703 | 3,093 | 3,232 |
| ICU Occupancy Rate | 65.6% | 73.9% | 84.7% | 88.5% |
| <i>Source: Bayhealth Sussex internal data.</i> | | | | |
| <i>¹Patient days include observation days. ² 24-bed unit added Sept.'21</i> | | | | |

- In CY 2021 and CY 2022, 275 and 312 patients, respectively, were held in the ED before transfer to the ICU

Impact to Other Providers

- No Adverse Impact on Other Health Care Providers.
 - Will continue to collaborate
 - Will maintain established referral arrangements with all appropriate providers
 - Care management will continue to assist with the coordination of follow-up care
 - Will continue to transfer patient to the closest appropriate facility when higher level of care is needed
 - This may include Christiana Care's Level 1 Trauma Center or other specialty facilities located outside of the state.

Improvements to Quality

- Improved Quality of Care in the ED:
 - Increased bed capacity will improve ED throughput.
- Improved Quality of Care for Critical Care Patients:
 - Increased ICU capacity will enable faster transfer of patients to the ICU
- Improved Patient Satisfaction:
 - Decreasing the amount of wait/holding time for patients will result in improved experience

Estimated Capital Expense

| | Minimum | Maximum |
|---|----------------|----------------|
| 6 ICU Beds | \$2.5 M | \$3.1 M |
| Dialysis Unit Relocation | 1.0 M | 1.2 M |
| 40 Med/Surg Beds | 0 | 0 |
| Total Range of Capital Expenditure | \$3.5 M | \$4.3 M |

Bayhealth intends to finance project through cash reserves

Financial Projection

| | FY 2021 | FY 2022 | FY 2025 | FY 2026 |
|---|----------------|----------------|----------------|----------------|
| Net Operating Revenue | \$ 217,639,069 | \$ 261,124,626 | \$ 267,431,820 | \$ 273,639,966 |
| Operating Expenses | | | | |
| Salaries & Benefits | 98,777,117 | 120,627,961 | 124,167,605 | 127,689,001 |
| Supplies and Other | 74,918,579 | 88,967,419 | 91,578,033 | 94,175,188 |
| Depreciation and Amortization | 19,194,611 | 20,439,127 | 21,038,882 | 21,635,545 |
| Interest | 1,291,757 | 1,912,303 | 1,759,319 | 1,688,946 |
| Other - Allocated Admin/Overhead | 15,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
| Total Operating Expense | \$ 209,182,064 | \$ 249,946,810 | \$ 256,543,839 | \$ 263,188,681 |
| Gain (Loss) From Operation | \$ 8,457,005 | \$ 11,177,816 | \$ 10,887,981 | \$ 10,451,286 |

Implementation Schedule

| Phase | Anticipated Date |
|---|------------------------|
| COPR Process | Jul. 2023 – Sept. 2023 |
| Design Development / Construction Documents | Aug. 2023 – Feb. 2024 |
| State / Local Agency Review | Feb. 2024 – Apr. 2024 |
| Construction | Jun. 2024 – Dec. 2024 |
| Med Surg Occupancy | Jul. 2024 |
| ICU Occupancy | Jan. 2025 |

Thank

You