



August 2, 2016

Ms. Jana Fussell
Certificate of Need Coordinator
Oregon Health Authority
800 NE Oregon Street, Suite 305
Portland OR 97232

Dear Ms. Fussell:

RE: Responses to Oregon Health Authority Questions Regarding NEWCO's Request to Establish a 100-Bed Inpatient Psychiatric Hospital in Washington County (CN #675)

On behalf of Fairfax Behavioral Health and Universal Health Services, I am pleased to provide additional responses to the Oregon Health Authority ("OHA") questions included in your letter to me dated July 25, 2016.

I would be happy to answer any questions you have on the above responses. I can be reached at ron.escarda@uhsinc.com or at 425.821.2000, extension 1500.

Yours Truly,

A handwritten signature in black ink, appearing to read "Ron Escarda", written in a cursive style.

Ron Escarda
Group Director, Northwest Region-UHS, and CEO, Fairfax Behavioral Health

1. **Question #3, of my April 26, 2016 letter to you specifically asked: “Have there been any problems at the UHS-owned Cedar Hills Hospital related to issues of safety or patient care within the past two years? This includes but is not limited to, issues such as elopements from the facility or police contact through the emergency management system. If so, please discuss.”**

Your June 28, 2016 response failed to answer this question. Please provide a yes or no answer to the question posed. If the answer is yes, your response should include a discussion of the number and type of incidents that have occurred and an explanation of how the hospital has addressed, or is addressing, them.

Since opening in 2009, Cedar Hills Hospital has encountered only a small handful of safety or patient care issues. The facility’s Risk Management, Performance Improvement, and Environment of Care programs continually monitor incidents and develop action plans to correct systemic issues that may impact patient care. Over the past two years, the following incidents have occurred, and have been resolved accordingly:

- **Patient Elopement:** In March of 2016, an involuntary patient on the facility’s Crisis Stabilization Unit was able to break through two sets of magnetically locked doors and elope off of hospital property. Local law enforcement was notified of the event and they were able to locate the patient in under one hour. Due to the damage done to the facility’s most secure unit, the patient was taken to a local Emergency Department for further psychiatric treatment. The facility has since upgraded the exit doors to a higher grade of steel and will be installing a second magnetic lock on the doors to prevent future incidents. Administrative staff met with the Washington County Sheriff’s Department as well as Providence St. Vincent Medical Center staff to debrief this incident and performance improvement action plans have been developed.
- **Patient Elopement:** In May of 2016, a voluntary patient eloped from the facility during a monitored outdoor break. Hospital staff notified law enforcement and the patient was located, but police chose not to bring the patient back to Cedar Hills Hospital because she did not pose an imminent risk to herself or others. To prevent future incidents, the staffing ratio for outdoor breaks has been increased and the criteria for patients to participate in off-campus activities have been altered.
- **Oregon Health Authority Site Visit:** In May of 2016, the Oregon Health Authority conducted a site visit to follow-up on an incident of patient aggression that occurred in March. OHA found Cedar Hills Hospital deficient in several areas related to the documentation of seclusion and restraint in one patient chart, and cited the facility with five standard-level deficiencies. The submission of a corrective action plan is voluntary, but Cedar Hills Hospital developed a corrective action plan to correct the documentation issues, and this plan was submitted in July of 2016.

2. **On page 20 of your June 28, 2016 letter, item 26, third sentence, you write that: “We also have an internal medicine function for assisting the Psychiatric providers in their care management.” Please explain what you mean by “an**

internal medicine function.” While the meaning of internal medicine is obvious, I am uncertain what is meant by “an internal medicine function.” Please provide a detailed staffing plan for the proposed hospital, delineating the number and type of physicians, nurses, technicians and other necessary staff that you will employ.

Cedar Hills Hospital utilizes community Internal Medicine physicians (and Family Practice physicians) as independent contractors, as required, but they are not employees of Cedar Hills. These physicians, as independent contractors, perform patient H&Ps (history and physicals), and provide medical consultations. Cedar Hills Hospital has family practice and internal medicine physicians on-call 24/7. These physicians collaborate with the attending psychiatrists to provide the best patient care possible. This is what was meant by the phrase “internal medicine function.”

Staffing Question

In our Application, provided to the Oregon Health Authority, January 5 2016, we stated: “Once it is fully operational, our proposed facility will have approximately 188 full-time employees, as well as 6 – 7 physicians. The proposed start-up date is January 1, 2018.”¹ In Table 29 (pages 65-66) of our Application, we provided the projected number of FTEs (“full-time equivalent” employees), by type of FTE, by year over the forecast period Year 1 (2018) through Year 5 (2022).² As stated on page 65, the FTE projections, by class, are based on Cedar Hills 2015 actuals, adjusted for the assumed patient mix and ramp rates of patient days and outpatient visits. We have provided Table 29 below, for convenience. This provides the requested information regarding a detailed staffing plan, by type of staff.

¹ Please see Fairfax Behavioral Health, “Request for Approval to Establish and Operate a 100-Bed Hospital in Wilsonville Oregon,” January 5, 2016, page 13.

² Ibid, pages 65-66.

Table 29. NEWCO Oregon, Inc. Projected Number of Full-Time Equivalent Employees, Year 1 (2018) Through Year 5 (2022). (Page 66, Application)

	Year 1	Year 2	Year 3	Year 4	Year 5
	2018	2019	2020	2021	2022
NEWCO Utilization					
Inpatient Average Daily Census	12.5	31.3	54.8	74.1	80.0
Outpatient Visits	2,650	6,624	11,593	15,661	16,914
Hours per FTE in Period	2,088	2,080	2,080	2,080	2,088
Schedule of FTEs (Full-Time Equivalent) by Class					
Orientation	2.80	3.00	4.00	4.50	5.00
Nursing Admin (Director of Nursing + Supervisory FTEs)	8.60	8.60	8.60	8.60	8.60
Adult & Child/Adolescent	15.10	34.46	60.31	81.48	87.99
Adult/Adol -- IOP/PHP	1.48	3.00	6.00	7.50	8.00
Recreation Therapy	1.12	1.74	3.05	4.11	4.44
Group Therapy	1.72	3.92	6.85	9.26	10.00
Social Services Admin	0.50	0.50	1.00	1.00	1.00
Pharmacy	1.40	1.60	1.60	2.22	2.40
Dietary	6.00	6.00	6.00	7.00	7.00
Plant Operations	2.00	2.00	3.00	3.00	3.00
Housekeeping	2.50	2.35	4.11	5.56	6.00
Patient Transport	-	1.00	2.00	3.00	3.00
Intake	9.60	9.60	11.00	12.50	13.20
Mobile Intake	2.00	2.00	3.00	3.00	3.00
Quality Assurance	1.00	1.00	1.00	1.00	1.00
Utilization Review	1.16	1.96	3.43	4.63	5.00
Medical Records	1.50	1.50	1.52	2.05	2.21
Communications/PBX	2.77	2.77	2.77	2.77	2.77
Patient Accounts	2.45	3.00	3.00	3.00	4.00
Fiscal Accounting-CFO & AP/Payroll	2.00	2.00	2.00	2.00	2.00
Administration-CEO & Admin Assist	2.00	2.00	2.00	2.00	2.00
Marketing	3.00	4.00	4.00	4.00	4.00
Personnel	1.00	1.50	1.50	2.00	2.00
Total	71.70	99.50	141.74	176.17	187.62

As part of the explanation of Table 29, we also explained that wages and salaries have been calculated from hourly rates by FTE class, based on Cedar Hills actuals, from year-to-date 2015.³ Benefits are modeled as 20% of wages and salaries, based on Cedar Hills actuals for year-to-date 2015. There is no wage or salary inflation included in any forecasts.

It should be noted, as stated above, there would be 6-7 physicians employed by NEWCO. However, we did not include this number of employed physicians in FTE totals in Table 29. It is the practice of Universal Health Services to include all physician expenses, whether employed or contract, within Professional Fees. Thus, Exhibit 12, Oregon Certificate of

³ Ibid, page 66.

Need Utilization and Financial Forms includes all physician expenses in Professional Fees, which include Medical Director stipends, medical staff compensation (salaries) and compensation for physicians' call coverage, performance of H&Ps (history and physicals for patients), patient follow-ups, consults and compensation for uncompensated care. These are based on Cedar Hills' actuals from year-to-date 2015. Exhibit 12 lists Professional Fees as \$866,346 in Year 1, increasing to \$3,334,178 in Year 5.

In terms of the number of employed physicians, given the range of 6-7 physicians employed by NEWCO, as stated in our Application, the majority would be psychiatrists. There would also be either employed or independent contractor family practice and internal medicine physicians. It should be noted this employment figure is a function of both daily coverage and patient volumes. The intended patient-to-physician ratio is 12:1 for employed physicians, and if needed, NEWCO would also hire independent contractors to maintain this ratio as patient volumes increased. It should also be noted this count of physicians does not include weekend providers, which could be an additional 2-4 providers depending on how many weekend days the fulltime staff work. As stated above, these projected physician expenses were included in Professional Fees in Exhibit 12 in our Application.