

Bayhealth

Presentation to:
**Delaware Health Resources Board
Review Committee**

Request for Approval for:
32 Additional Beds at Kent General Hospital

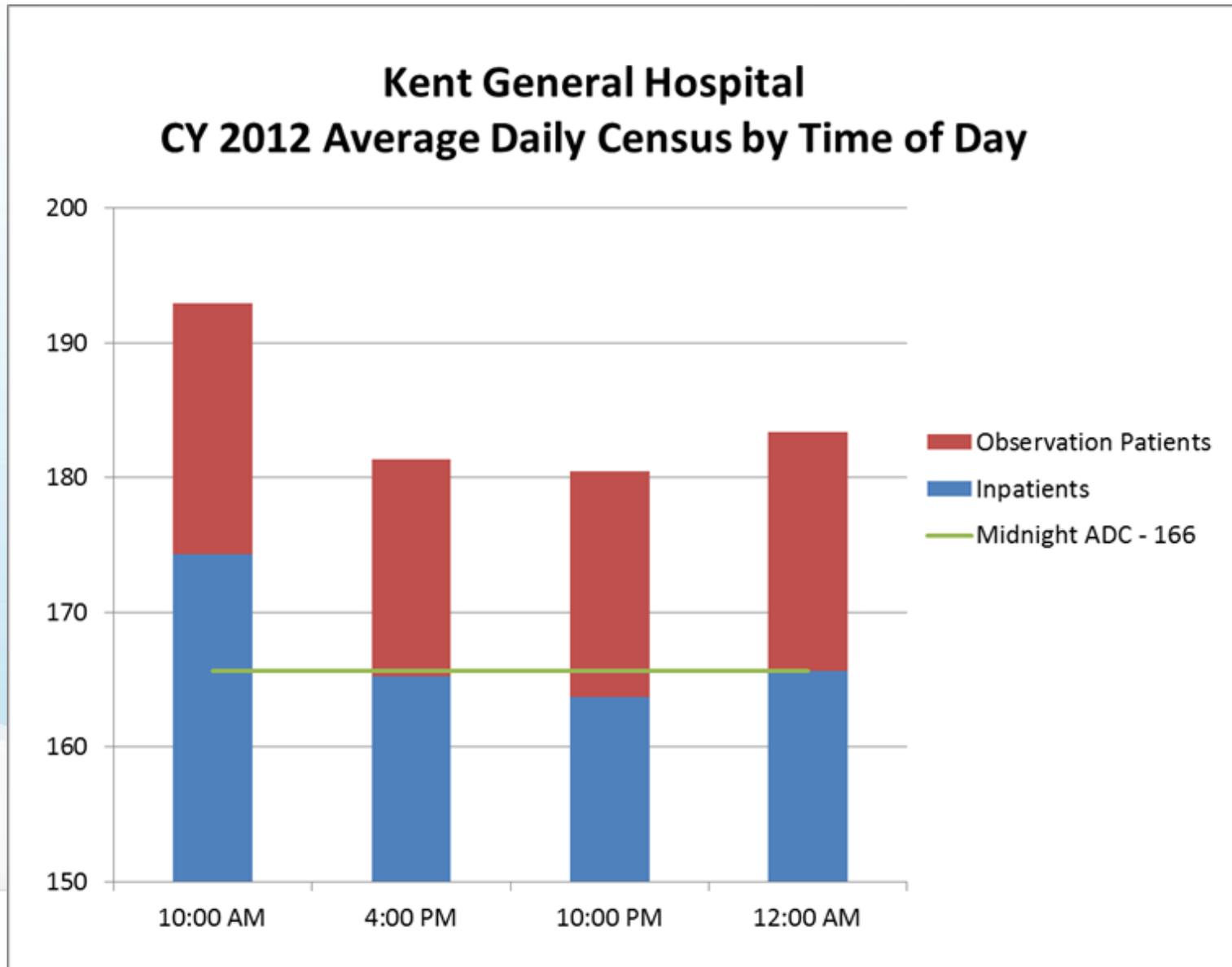
September 4, 2013



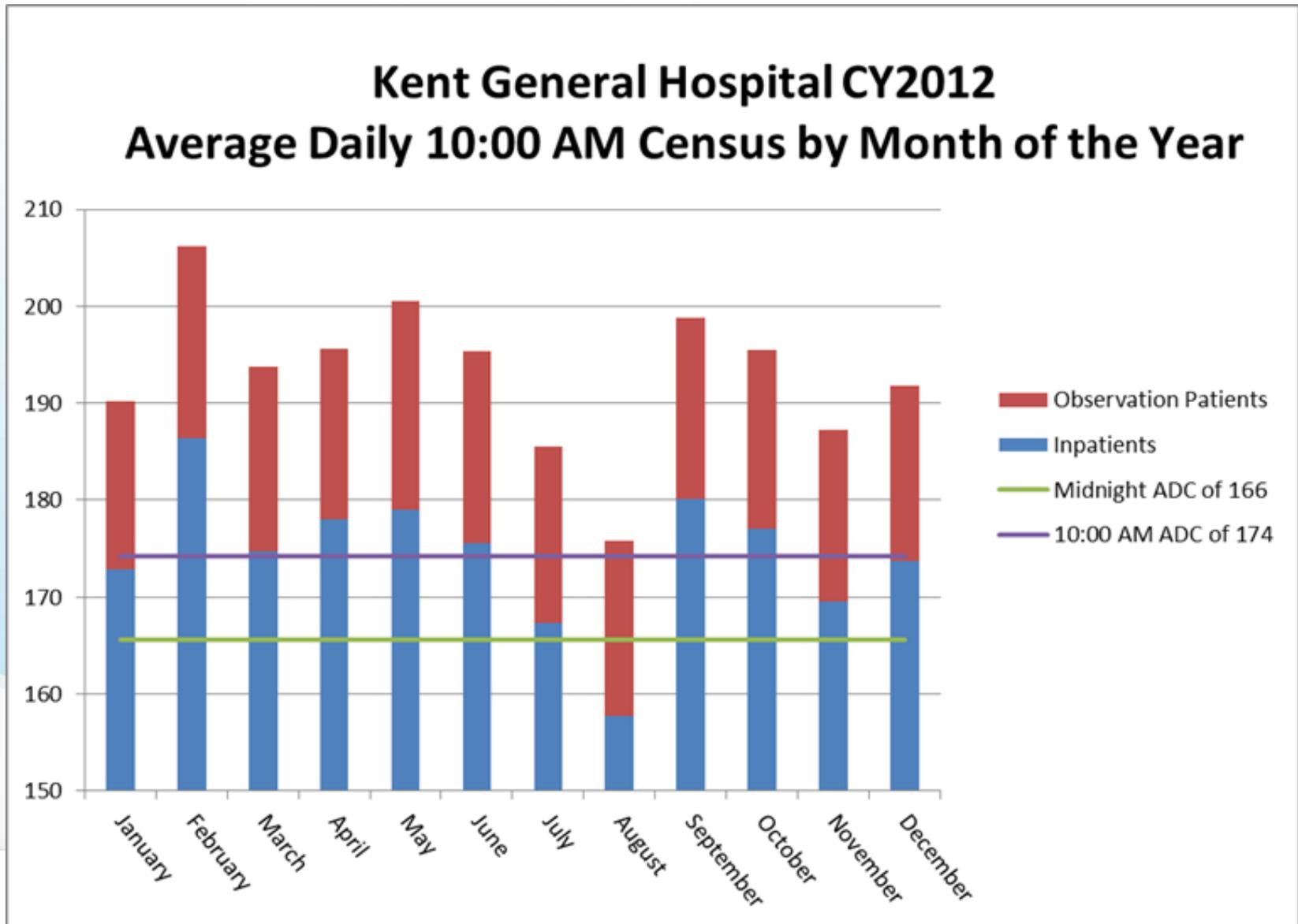
Review Committee Questions

- 1. Historical occupancy rates by each bed category with pediatrics and ob listed separately (table on page 4 of the application).
- 2. Data and methods supporting assumptions in the table on page 9 of the application
- 3. Basis for bed need projections (HRB methods, Bayhealth methods or combination of both)
- 4. Anticipated changes to bad debt projections based on changes in health care coverage for Delawareans
- 5. Summary of seasonal variations in ADC

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1. Historical occupancy rates by each bed category with pediatrics and ob listed separately (table on page 4 of the application).

Kent General Occupancy Rates by Bed Type				
Fiscal Year	2010	2011	2012	2013
Occupancy Rates				
General Med/Surg	91%	91%	93%	86%
Intensive Care (ICU)	66%	68%	86%	87%
Women's Services	67%	61%	52%	65%
Pediatrics	46%	44%	38%	36%
Intermediate Care (IMC)	82%	87%	88%	93%

4. Anticipated changes to bad debt projections based on changes in health care coverage for Delawareans

- Calculations based on FY 2012 financials
- Operating cost of \$1.12 million per bed

3. Basis for bed need projections (HRB methods, Bayhealth methods or combination of both)

- **Bayhealth Methodology**
 - Adjusts for peak census periods
 - Includes observation patients
 - Considers seasonal variation
 - Includes pediatric patients
- **Health Resources Plan Methodology**
 - Significant fluctuations
 - Doesn't consider other factors that impact bed need

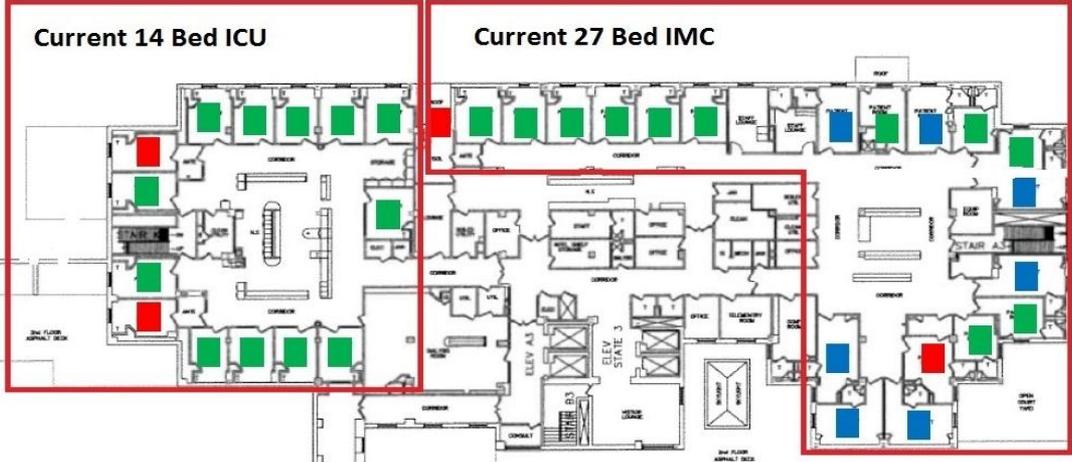
2. Data and methods supporting assumptions in the table on page 9 of the application.

Bayhealth Bed Projection Assumptions	
Assumption	Impact on Patient Days
Aging Population	Increase
Population Growth	Increase
Increased Insurance Coverage	Increase
Re-Admission Reduction	Decrease
Focus on Preventative Care	Decrease
Focus on Population Management	Decrease
Use Rates for Inpatient Services	Flat
Market Share	Flat

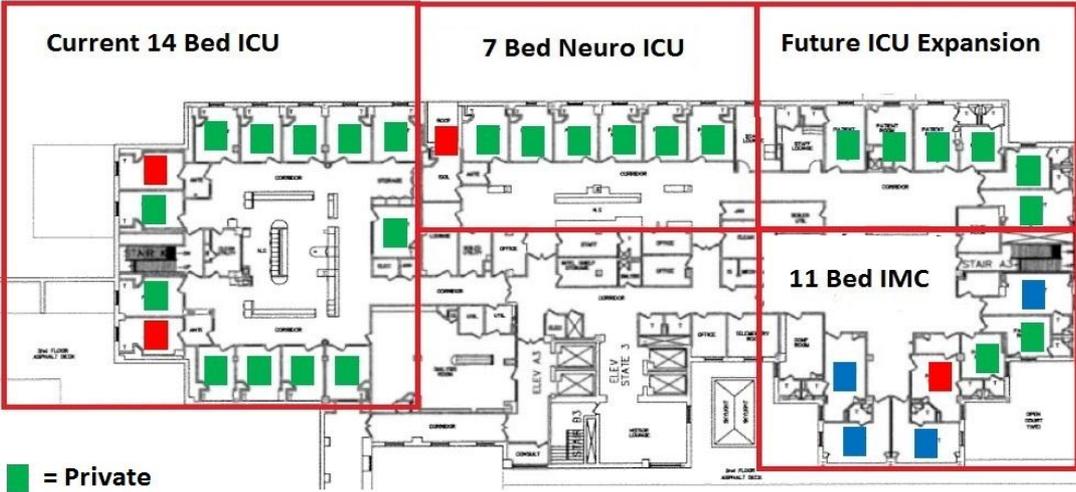
Questions?

Growth Rate Comparison	
Advisory Board Inpatient Estimator	
5 Year Average Growth	1.97%
10 Year Average Growth	2.09%
Truven - Market Planner Plus	
Baseline	
5 Year Average Growth	2.66%
10 Year Average Growth	3.00%
Adjusted and Trended	
5 Year Average Growth	3.03%
10 Year Average Growth	3.21%
Bayhealth Planning Model	
5 Year Average Growth	2.19%
10 Year Average Growth	2.13%

Current Second Floor Layout



Future Second Floor Layout



- = Private
- = Semi-Private
- = Private Isolation