Post Acute Medical Rehabilitation
Hospital of Georgetown

Georgetown, Delaware
Sussex County

Presentation to the
Delaware Health Resources Board

December 12, 2019
Agenda

• Overview of Post Acute Medical and Proposed Project

• CPR Review Criteria and Need for Proposed Project

• Additional Benefits to Delaware
Since inception, Post Acute Medical (PAM) has focused on providing high-quality post-acute care to long-term and rehabilitation hospitals in the U.S.

- Owns and operates 42 hospitals and 22 outpatient clinics
- Executive team collectively possesses over a century of experience running successful LTACHs, start-up IRFs, and outpatient clinics
- Corporate headquarters in Enola, PA
- Over 8,000 employees
- 700 patients served to date in PAM-Dover, which opened February, 2019
Proposal Overview

• 34-bed inpatient rehab hospital and outpatient clinic
• Freestanding hospital with all private rooms
• Featuring advanced therapy technology
• Located in Georgetown, opening in January 2023
• 22297 Dupont Boulevard, near intersection of US 113 and 9
• 42,000 SF
• $17M capital investment
IRFs are licensed hospitals intended for patients who need close medical supervision and intense daily rehabilitation.

IRFs typically treat persons with:
- Strokes
- Neurological disorders
- Spinal cord & traumatic brain injuries (TBI)
- Joint replacements, hip fractures, and other orthopedic trauma
- Amputation

IRFs provide daily physician visits, 24/7 nursing care, a minimum of 3 hours of therapy 5 days a 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 and charges
7. Effect on quality
• Consistent with Governor’s Executive Order 25

• Necessary: PAM Dover turning away 22 - 25 patients per month

• Effective: IRF care helps contain costs per case; appropriate IRF admissions have a history of low acute hospital readmissions and high direct to community discharge
  – 86% of PAM Dover patients discharged direct to community (national avg. is 76%)

• Efficient: Accept direct admit from home or ED without taxing additional healthcare services
• Georgetown has no IRF beds, Service Area has an IRF bed deficit

• IRFs in Delaware are virtually full (83% at Encompass Middletown, 81% at Bayhealth Sussex, 100% at PAM Dover) and Encompass Health in Salisbury, MD at 92%

• Even Delaware and Sussex nursing homes are becoming full; average of 89 percent occupancy rate.

• IRF patients benefit from beds close to home, friends, and family to maximize quality

• Private rooms offer better patient and family experience

• Freestanding facilities offer unique quality advantages
### Project Need (Calculations)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019</th>
<th>2025</th>
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<tbody>
<tr>
<td>a  Total Service Area Population</td>
<td>418,303</td>
<td>450,976</td>
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<tr>
<td>b  Total Over 65 Service Area Population</td>
<td>97,134</td>
<td>116,963</td>
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<tr>
<td>c  IRF Admissions Use Rate</td>
<td>17.21</td>
<td>17.21</td>
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<td>d  Admissions Over 65</td>
<td>1,672</td>
<td>2,013</td>
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<tr>
<td>e  ALOS per Admission</td>
<td>12.7</td>
<td>12.7</td>
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<tr>
<td>f  Days Over 65</td>
<td>21,233</td>
<td>25,567</td>
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<tr>
<td>g  % Medicare</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>h  Total Days</td>
<td>32,666</td>
<td>39,334</td>
</tr>
<tr>
<td>i  Beds at 85%</td>
<td>105</td>
<td>127</td>
</tr>
<tr>
<td>j  Market Share</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>k  IRF Beds Needed by Service Area Pop</td>
<td>95</td>
<td>114</td>
</tr>
<tr>
<td>l  In-migration</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>m  IRF Beds Available in Service Area</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td>n  Market Beds Needed after Inmigration</td>
<td>95</td>
<td>114</td>
</tr>
<tr>
<td>o  Service Area Deficit</td>
<td>(21)</td>
<td>(40)</td>
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By 2025...

- 30,000 more people in service area
- 20,000 more over age 65
- Assume: Local use rate, ALOS 12.7 days, 85 percent occupancy, 90 percent retention of service area with no in-migration
- Current deficit of 21 IRF beds, will grow to 40 beds
Beebe Healthcare
Nanticoke Health Services
Sun Behavioral Health
Skilled Nursing Facilities
Assisted Living Facilities
Capacity to staff with Physical Medicine and Rehabilitation physician coverage today
Nanticoke physician office nearby
e-Bright and Aledade ACO
Alternatives for Service Area Residents

- Traffic congestion on U.S Route 1 is increasingly a deterrent for Sussex County resident use of services in Milford
- Southern Sussex County has no IRF beds
- Limited availability of IRF beds in eastern and western Sussex County
- The continuum of care has a gap. Skilled nursing, home care, and outpatient therapy are the only local options available
- PAM Dover is at capacity and turning patients away
Long-Term Viability

- Break even on cash flows in the 4th month
- Net-positive operating margins in 2nd year
- National supply contracts facilitate cost management
- Highly structured startup and pre-opening process
Quality Overview

• Access to the appropriate service to meet patients’ needs

• Quality outcomes better than national averages at PAM and PAM Dover
  – Functional Improvement
  – Discharge to Home
  – Infection Rates
  – Re-Admission Rates
$10.3M - $11.6M construction project in Georgetown
88 initial jobs created ($5.2M annual salaries and benefits)
Integration with Delaware Health Information Network
Additional clinical training site for Delaware colleges and universities
Build a local community network of support for stroke, Parkinson’s, and traumatic brain injury patients, families, and caregivers
Most importantly, we will provide a new clinical service not currently available in Georgetown
Kristen Smith

EVP and President of Clinical Innovation and Business Intelligence

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THANK YOU