

**The Valley Hospital's Opposition
to HUMC's Certificate of Need
Application to Establish a
New Hospital in Bergen County**



**HUMC's CON Application
includes many
misrepresentations of fact
that need to be corrected**

Myth #1: The Reinhardt Report is Irrelevant and Dated

Fact: The Reinhardt Report recognized the region where the proposed hospital is planned as one of the most over-bedded regions in the State.

Fact: Three hospitals have closed since the publication of the report, however two of those hospitals were in Passaic, not Bergen County.

Fact: Bergen County has 2.53 beds per 1,000 people, more beds per capita than most other counties in the State.

Fact: Bergen County's population is stable, while other counties are growing at much higher rates.

Conclusion: The findings of the Reinhardt Commission are indeed still relevant as is evidenced by current low occupancy levels and troubling financial indicators at area hospitals.

Myth # 2: Current Occupancy Levels Support the Opening of a New Hospital

Fact: HUMC reports occupancy based on MAINTAINED not LICENSED beds.

Fact: In 2010, area hospitals reported the following occupancy levels based on Licensed Beds.

EHMC	42.1%
Holy Name	57.6%*
Valley	78.0%
HUMC	84.9%*

*Overstated, includes same day patients

Fact: On MAINTAINED beds alone, there are more than 300 available beds on any given night in Bergen County.

Conclusion: Given the low and declining occupancy levels at area hospitals and the availability of over 300 maintained beds on any given night, it is clear that the region does not need a new hospital.

Available Beds in Bergen County, 2010

	Licensed Beds	Maintained Beds	Patient Days	ADC	Licensed	Maintained
EHMC	520	311	80,090	219	301	92
HUMC	735	669	217,918	597	138	72
HNMC	361	307	79,254	217	144	90
VALLEY	431	431	131,093	359	72	72
Available Beds					654	325

Source: B2, 4Q2010

Myth #3: Acute Care Beds at BRMC Should Not Be Counted in the Bed Needs Assessment

Fact: BRMC reports 173 medical-surgical, critical care and acute psychiatric beds on its B2 forms.

Fact: All area hospital's acute psychiatric beds and admissions were included in the bed need studies completed by the Reinhardt Commission.

Conclusion: BRMC's beds are available and should be included in the region's bed capacity.

Myth # 4: Bergen County's Senior Population is Expected to Grow at Staggering Rates

Fact: The applicant cites a Department of Labor projection of a 37% increase in senior population by 2028 for Bergen County based on 2000 census data, rather than using more current data from the 2010 census.

Fact: The same data source indicates that the senior population in NJ will increase by 67% with some counties projecting growth rates over 100%.

Conclusion: In contrast to the projections for both NJ and other counties in the State, Bergen County's growth in senior population is not significant and does not warrant a new hospital.

Myth # 5: The Closure of Barnert and PBI has Created a Significant Burden on Bergen County Hospitals

Fact: Passaic County discharges declined by close to seven percent from 2006 – 2010.

Fact: Bergen County Hospitals reported an increase of only 3,133 discharges after the closures.

Fact: St. Joseph's Healthcare System controls 47.3% of the Passaic County market.

Fact: In addition, a remarkable 32% of Passaic County patients seek care outside of Passaic and Bergen Counties.

Conclusion: Bergen County Hospitals were not significantly burdened by the closure of Barnert and PBI.

Myth#6: Observation Days Have an Appreciable Impact on Occupancy Rates

Fact: HUMC's method of adjusting occupancy rates by 12% to account for observation days is disingenuous and overstated.

Fact: There is no consistency on how observation days are reported by hospitals in NJ.

Fact: In 2009, HUMC reported in its Medicare Cost Report that only 1% of patient days were observation days. Now HUMC is reporting an inflated and unsubstantiated 12%.

Conclusion: Observation days need to be reported accurately and in any event have a minimal impact on overall occupancy rates.

Myth#7: A New 128 Bed Hospital Will Have a Limited Impact on Area Hospitals

Fact: The Lewin Group concluded that Valley would lose approximately 3,000 cases and EHMC would lose 1,800 cases if a new hospital is opened in Bergen County.

Fact: In August 2011, the Lewin Group provided an updated assessment and projected that if Valley and EHMC were to lose just 50% of the volume it gained after the closure of PVH, the financial losses would be a staggering \$14 million for Valley and \$9 million for EHMC.

Fact: Through June 2011, EHMC reported an operating gain of only \$1 million.

Conclusion: It is an outrage to claim that depleting \$25 million in revenue from other area hospitals would have a limited impact on those institutions and their ability to provide patient care.

Operational and Financial Indicators 2006- 2010

	2010	2009	2008	2007	2006
ENGLEWOOD HOSPITAL AND MEDICAL CENTER					
Operating Margin	1.8	0.5	0.9	0.9	(2.8)
Current Ratio	1.75	1.55	1.46	1.31	1.18
Days Cash	51.5	27.5	28.9	23.6	25.1
HOLY NAME MEDICAL CENTER					
Operating Margin	1.3	0.9	0.7	(1.3)	0.1
Current Ratio	3.17	3.05	2.60	2.05	2.34
Days Cash	118.8	81.4	81.3	97.7	100.1
THE VALLEY HOSPITAL					
Operating Margin	5.7	3.5	3.5	4.2	1.9
Current Ratio	6.65	6.74	5.69	5.78	5.18
Days Cash	254.7	226.5	193.9	209.6	185.9
HACKENSACK UNIVERSITY MEDICAL CENTER					
Operating Margin	4.5	2.3	1.3	5.5	2.3
Current Ratio	3.59	3.45	3.95	5.59	4.49
Days Cash	146.3	120.3	131.3	145.7	131.0

Source: NJ Hospital Association FAST Report

Myth #8: Former Commissioner of Health Jacobs Supported the Re-opening of PVH

Fact: The Commissioner actually stated, *"I find the discontinuance [of PVH] would strengthen the nearby hospitals located in PVH's service area by increasing their occupancy and contributing toward rationalizing the delivery of inpatient services in the region"*

Commissioner Fred Jacobs, M.D., December 2007

Conclusion: Former Commissioner Jacobs and the DOHSS staff clearly and unequivocally supported the closure of PVH.

Myth#9: Demand for Acute Care Services Will Increase

Fact: Demand for inpatient services decreased by 4.6% in Bergen County and 6.6% in Passaic County 2006-2010.

Fact: Industry experts generally agree that reducing Medicare re-admission rates and providing better care management through medical homes can reduce admissions by 20% or more.

Fact: Reform initiatives will likely result in lower utilization rates as seen in highly managed markets.

Conclusion: Demand for acute care services has been steadily declining in the region and will continue to decline as a result of healthcare reform.

Myth#10: HUMC-North will get 44% of its patients from Rockland County

Fact: In 2006, only 7.5% of PVH's patients came from Rockland County.

Fact: In 2010, four years after the closure of PVH, Good Samaritan and Nyack Hospitals have 65.3% of the Rockland County market.

Fact: The two Rockland County Hospitals have opposed the opening of a new hospital.

Conclusion: The claim that 44% of patients will come from Rockland County is an effort to mask the fact that Bergen County hospitals will be irreparably harmed by this proposal.

Conclusion: Further, if one were to believe HUMC's assertion that 44% of the new hospital's patients will come from Rockland County, it actually refutes HUMC's position that a new hospital is needed to serve the Pascack Valley region.

Myth#11: Residents of the PVH Area Endure Unacceptable Drive Times

Fact: The results of HUMC's Traffic Study are as follows:

Valley 18.9 to 20.4 minutes

EHMC 21.5 to 24.7 minutes

Fact: In its report on access to care in Hudson County, Navigant, the State's own consultant, indicated that generally acceptable drive times are 30 minutes in urban areas and 45-60 minutes in rural areas.

Conclusion: No one in the Pascack Valley region needs to travel more than 25 minutes, during peak hours, to access hospital care.

Myth#12: Valley's ED Cannot Handle Patient Demand

Fact: Valley's Emergency volume has increased 13.5% since 2006, while its most recent Press Ganey patient satisfaction scores were at the 96th percentile nationally and 99th percentile in New Jersey.

Fact: Valley's ED was on divert only twice in 2010.

Fact: In 2010, Valley's Emergency Department was presented with the J.D. Powers *Distinguished Hospital Award for Emergency Department Services*.

Conclusion: Valley's Emergency Department is not only meeting the needs of the community, it is providing exceptional patient care and service.

Myth#13: Opening a New Teaching Hospital is the Solution to Impending Physician Shortages

Fact: Only 43% of the physicians trained in New Jersey actually end up staying and practicing in the state.

Fact: The issues impacting the state's physician supply are complex and related to funding for GME and high malpractice costs, not simply that too few physicians are trained.

Conclusion: Opening a hospital just to add 30 residency slots will do nothing to address the exodus of NJ trained physicians and is fiscally irresponsible.

Myth#14: Opening a New Hospital will Create 700 Jobs

Fact: Since PVH closed, Valley and EPMC hired 528 new employees, many from the failed hospital. Should a new hospital open, patients and jobs will once again migrate from one hospital to another.

Conclusion: In an era of declining demand, opening a new hospital will not create jobs in the area, jobs will simply migrate from one hospital to another.

Myth#15: A For-profit, Venture Capital Firm from Texas is Committed to the PVH Community

Fact: LHP, a for-profit, venture capital firm will be the majority owner.

Fact: The principals of LHP have a long and questionable track record that should be carefully scrutinized.

Fact: HUMC claims in its CON that it will meet its clinic obligations, yet it does not fulfill this obligation at its main campus.

Conclusion: LHP's only interest in Pascack Valley is to generate profits for its investors at the expense of the not-for-profit hospitals that have served this region for decades.

Myth#16: Re-opening the failed PVH is the Most Economical Approach to Adding Capacity

Fact: HUMC's claim that re-opening PVH is more economically sound than investing in Valley's plans for *Renewal* is wrong.

Fact: HUMC is looking to invest in a failed hospital that closed four years ago, while Valley is making an investment to replace aging infrastructure on its main campus, the site of New Jersey's second busiest hospital. This is not unlike the actions taken by HUMC and other hospitals throughout the state, all looking to modernize their hospitals to provide appropriate care and service to the community.

Conclusion: There is no need for a new hospital when excess bed capacity already exists in Bergen County and the most economical approach to adding capacity, should it ever be needed, is to open additional licensed beds that are not currently in use.

Myth#17: HUMC's Application Complies with CON Guidelines

Fact: Regulations provide that a CON should not be approved if it will have an adverse impact on other health care providers.

Fact: A new hospital in Bergen County will weaken existing hospitals, add unnecessary costs to the system, and compromise quality as volume is dispersed among an even greater number of hospitals.

Fact: Weaker hospitals in the region will be unable to sustain current levels of care and services as a result of decreased volume and significant loss of revenue by the opening of an unneeded hospital.

Conclusion: HUMC's proposal flies in the face of rational health planning principles and will destabilize the entire health care system in Bergen County.