



**Project # 221082-C
Jamaica Hospital Medical Center**

Program: Hospital
Purpose: Construction

County: Queens
Acknowledged: March 22, 2022

Executive Summary

Description

Jamaica Hospital Medical Center (JHMC), a 416-bed voluntary not-for-profit Article 28 acute care hospital located at 89th Avenue & Van Wyck Expressway, Jamaica (Queens County), requests approval to expand and modernize its Emergency Department (ED) and add 22 new critical care beds and an interventional suite. Upon completion of this project, JHMC will have 48 ICU beds and 438 total beds. JHMC is the only Level 1 Trauma Center in South Queens.

The expansion and modernization of the ED will address current design and infrastructure deficiencies at JHMC, improving infection control and patient care. The new ED will be expanded into the ground floor of a new 48,534 square foot 3-story plus basement addition on adjacent available property currently utilized as a Doctor's Parking Lot. The 2nd and 3rd floors will house two new critical care units with 22 new critical care beds. In addition to the new construction, renovations will be performed to the existing ED and adjacent areas. The ED project will increase ambulance bays from four (4) to five (5), trauma bays from one (1) to four (4) major and four (4) minor trauma bays, and isolation spaces from one (1) to six (6) with four (4) additional treatment rooms available as step down units.

Medisys Health Network, Inc. (Medisys), a New York not-for-profit corporation, is JHMC's sole voting member. It is also the sole voting member of Flushing Hospital Medical Center, Jamaica Hospital Nursing Home, and other healthcare organizations. Medisys was formed to support and benefit these organizations by providing planning and consulting services and improving service coordination.

OPCHSM Recommendation

Contingent Approval is recommended.

Need Summary

The applicant projects ED visits of 99,400 in Year One and 125,000 in Year Three.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

Total project costs of \$155,270,341 will be met with a Statewide Health Care Facility Transformation Program IV (SHCFTP IV) grant award of \$150,000,000 and \$5,270,341 from ongoing operations of JHMC.

<u>Incremental</u>	<u>Year One</u>	<u>Year Three</u>
<u>Budget:</u>	<u>(2026)</u>	<u>(2028)</u>
Revenues	\$27,998,423	\$46,146,403
Expenses	<u>37,367,403</u>	<u>43,799,851</u>
Net Income/(Loss)	(\$9,368,981)	\$2,346,552

The Enterprise Budget (in 000's) is as follows:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
	<u>(2021)</u>	<u>(2026)</u>	<u>(2028)</u>
Revenues	\$663,882	\$691,880	\$710,028
Expenses	<u>\$662,354</u>	<u>\$699,721</u>	<u>\$706,153</u>
Net Income	\$1,528	(\$7,841)	\$3,875

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of documentation confirming final approval of the Statewide Health Care Facility Transformation Program IV executed grant contract, acceptable to the Department of Health. [BFA]
3. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAER Drawing Submission Guidelines DSG-1.0. [AER]
4. Submission of Mechanical, Electrical, and Plumbing (MEP) Drawings acceptable to the Department, as described in BAER Drawing Submission Guidelines DSG-01. [AER]

Approval conditional upon:

1. This project must be completed by **April 18, 2027**, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and the expiration of the approval. It is the responsibility of the applicant to request prior approval for any extensions to the project approval expiration date. [PMU]
2. Construction must start on or before **September 18, 2023**, and construction must be completed by **January 18, 2027**, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the approved start date, this shall constitute abandonment of the approval. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

April 18, 2023

Need and Program Analysis

Background and Analysis

Jamaica Hospital Medical Center (JHMC), a 416-bed not-for-profit, tertiary care hospital located at 89th Avenue & Van Wyck Expressway in Jamaica (Queens County), seeks approval to construct an addition to expand and modernize its Emergency Department (ED), add 22 critical care beds, and add an interventional suite. The expansion and modernization of the ED will address current design and infrastructure deficiencies at JHMC, improving infection control and patient care. The new total certified bed capacity, including all bed types, will be 438 beds.

The expansion and improvements will be achieved through the construction of a new 48,534 square-foot three-story building with a basement in a parking lot adjacent to the current hospital. The 15,571 square foot ground floor will be used for the new Emergency Department. The second and third floors will provide 8,696 square feet for each of the two new critical care units consisting of 22 new critical care beds. The 15,571-square-foot basement area will provide space for hospital functions being displaced by the expanded ED. Beyond the new construction, approximately 36,265 square feet of renovations will be performed in the existing ED and adjacent areas.

The current ED was built 30 years ago and has a capacity for 60,000 visits. JHMC is the only Level 1 Trauma Center in South Queens and had 2,007 trauma activations in 2021. Occupancy of the existing 26 Intensive Care beds has consistently been in the high 90s in recent years. Direct admissions from the ED to the ICU have ranged from 1,300 to 1,600 per year.

Other improvements include adding one (1) ambulance bay, going from one (1) trauma bay to four (4) major trauma bays and four (4) minor trauma bays with four (4) additional treatment rooms, increase from one (1) to six (6) isolation rooms, and replacing curtained treatment bays with 57 enclosed treatment areas. In addition, it will address air filtration, increase air changes, increase exhaust capabilities, and negative air pressure space allocations. This project will also modernize the Pediatric ED space and seven (7) enclosed geriatric treatment rooms, as well as modernize the ICU rooms.

Staffing is expected to increase as a result of this construction/expansion project by 191.0 FTEs at Year One of the completed project, with no additional increases by Year Three.

The tables below show the current and proposed changes to treatment spaces and beds.

ED Treatment Spaces		
Treatment Spaces	Current	Proposed
Trauma Bays	1	8
Step Down Treatment	0	4
Isolation	1	6
Treatment Bays	27 curtained	57 enclosed
Total	29	75

Source: Applicant

Beds		
Bed Type	Current	Proposed
Coronary Care	4	0
Intensive Care	22	48
Maternity	40	40
Medical / Surgical	228	228
Neonatal Continuing Care	4	4
Neonatal Intensive Care	5	5
Neonatal Intermediate Care	10	10
Pediatric	24	24
Physical Medicine and Rehabilitation	16	16
Psychiatric	56	56
Transitional Care	7	7
Certified Beds Total	416	438

Source: Applicant

The hospital is in Queens County. The population of Queens County, according to 2021 US Census population estimates, was 2,331,143. The population is expected to increase to 2,544,231 by 2028, according to Cornell PAD estimates, a 9.1% increase.

According to Data USA, in 2018, 89.5% of the population in Queens County had health coverage as follows.

Employer Plans	43.2%
Medicaid	25.9%
Medicare	9.8%
Non-Group Plans	10.3%
Military or VA	0.302%

Based on the market share analysis below, the primary service area is Southwest Queens, Jamaica, and East New York neighborhoods. JHMC is the only Level I trauma center in South Queens with proximity to JFK airport.

Market Share Analysis for Jamaica Hospital Medical Center Service Area: 85% of hospital discharges based on patient Zip codes of origin, including the facility with the biggest share in each zip code						
Patient Zip Code	City	Annual average discharges	Percent of facility's total discharges	Cumulative Percent	Facility's Share of Zip Code	Facility with the biggest share of this zip code (%)
11208	Brooklyn	1,289	8.5	8.5	12.7	1629:Jamaica Hospital Medical Center (13%)
11419	Jamaica	1,143	7.5	16	23.8	1629:Jamaica Hospital Medical Center (24%)
11420	Jamaica	1,083	7.1	23.1	22.5	1629:Jamaica Hospital Medical Center (23%)
11434	Jamaica	1,047	6.9	30	13.2	1630:Long Island Jewish Medical Center (24%)
11435	Jamaica	1,022	6.7	36.7	17	1629:Jamaica Hospital Medical Center (17%)
11418	Jamaica	979	6.4	43.1	26.4	1629:Jamaica Hospital Medical Center (26%)
11421	Jamaica	736	4.8	47.9	20.5	1629:Jamaica Hospital Medical Center (21%)
11433	Jamaica	735	4.8	52.8	16.3	1630:Long Island Jewish Medical Center (20%)
11416	Jamaica	668	4.4	57.1	25.3	1629:Jamaica Hospital Medical Center (25%)
11417	Jamaica	616	4	61.2	20.4	1629:Jamaica Hospital Medical Center (20%)

Market Share Analysis for Jamaica Hospital Medical Center Service Area: 85% of hospital discharges based on patient Zip codes of origin, including the facility with the biggest share in each zip code						
Patient Zip Code	City	Annual average discharges	Percent of facility's total discharges	Cumulative Percent	Facility's Share of Zip Code	Facility with the biggest share of this zip code (%)
11432	Jamaica	500	3.3	64.5	6.8	1633:Queens Hospital Center (26%)
11436	Jamaica	486	3.2	67.7	20.8	1629:Jamaica Hospital Medical Center (21%)
11414	Jamaica	399	2.6	70.3	13.2	1630:Long Island Jewish Medical Center (22%)
11207	Brooklyn	322	2.1	72.4	3	1286:Brookdale Hospital Medical Center (14%)
11412	Jamaica	267	1.8	74.2	5.8	1630:Long Island Jewish Medical Center (33%)
11415	Jamaica	238	1.6	75.7	12.4	1630:Long Island Jewish Medical Center (18%)
11413	Jamaica	216	1.4	77.1	4.6	1630:Long Island Jewish Medical Center (27%)
11691	Far Rockaway	199	1.3	78.4	2.3	1635:St Johns Episcopal Hospital So Shore (38%)
11423	Jamaica	182	1.2	79.6	5.1	1630:Long Island Jewish Medical Center (34%)
11354	Flushing	129	0.8	80.5	2.2	1637:Newyork-Presbyterian/Queens (38%)
11422	Jamaica	119	0.8	81.3	3.4	1630:Long Island Jewish Medical Center (28%)
11355	Flushing	104	0.7	81.9	1.4	1637:Newyork-Presbyterian/Queens (47%)
11692	Far Rockaway	97	0.6	82.6	3.7	1635:St Johns Episcopal Hospital So Shore (38%)
11368	Flushing	95	0.6	83.2	0.9	1626:Elmhurst Hospital Center (25%)
11385	Flushing	95	0.6	83.8	1.1	1318:Wyckoff Heights Medical Center (27%)
11429	Jamaica	86	0.6	84.4	2.8	1630:Long Island Jewish Medical Center (39%)
11212	Brooklyn	78	0.5	84.9	0.7	1286:Brookdale Hospital Medical Center (19%)

Source: SPARCS inpatient data (April 1, 2021-March 31, 2022) Data updated 11/03/2022

The applicant states that the current ED was designed to accommodate 60,000 visits per year; however, prior to the COVID-19 pandemic, the ED volume significantly exceeded this volume, with patients facing significant wait times due to high volume and limited space.

The expected ED outcomes of the application include:

- Modernization of the ED to address design and infrastructure deficiencies to better address infection control and improve patient care by adding appropriately sized space with sufficient trauma bays, isolation rooms, and single-occupancy treatment rooms. This will streamline patient and staff flow and improve ventilation.
- Reductions in waiting time, improve staff efficiency, and patient and staff safety and comfort.

According to the applicant, the expanded ED will add to the need for additional critical care beds to accommodate direct admissions from the ED. From 2019 to 2021, there was a 21.3% decrease in ED

visits. The applicant expects ED volume to exceed pre-pandemic levels by year three, seeing 99,400 visits by Year One and 125,000 visits by Year Three.

ED Volume, Historically and Projected								
Source: Applicant								
Year	2016	2017	2018	2019	2020	2021	2022*	2025*
Total ED Visits	119,398	113,284	110,387	113,777	77,996	89,553	99,400	125,000
Volume for 29 Treatment Spaces	4,117	3,906	3,806	3,923	2,690	3,088	3,428	4,310
Volume with 75 Treatment Spaces	1,592	1,510	1,472	1,517	1,040	1,194	1,325	1,667

* Projected data

Prevention Agenda

This project will address current design and infrastructure deficiencies that will allow the ED to be better equipped to prevent the spread of infection and improve patient care.

The applicant has identified the primary and secondary service areas. A quantitative and qualitative description of the population to be served, including a sociodemographic breakdown, was provided.

The hospital's efforts will contribute to the state's goals to "reduce communicable diseases" through a modernized ED and improved ED practices. Specifically,

1. The applicant has provided information about the need for additional critical care beds to accommodate direct admissions from the ED.
2. The project will result in added ambulance bays, trauma bays, and isolation rooms and will replace current curtained treatment bays with 57 enclosed treatment areas. In addition, it will address air filtration, increased air changes, increased exhaust capabilities, and negative air pressure space allocations.
3. The hospital states it is "implementing interventions to expand cancer control services that support local public health priorities." However, the hospital did not specify how these enhancements are consistent with the facility's Community Service Implementation Plan. Specifically, However, no examples are provided, nor does the applicant describe activities that support the local Community Health Improvement Plan. Of particular interest is how the hospital has engaged partners in its efforts to address local public health priorities.
4. The application reports \$200,980,553 in community benefit spending, with \$1,827,901 in spending in the Community Health Improvement Services and Community Benefit Operations category.

Compliance with Applicable Codes, Rules, and Regulations

The medical staff will continue to ensure that the procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and expertise. The Facility's admissions policy includes anti-discrimination provisions regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures are performed in accordance with all applicable federal and state codes, rules, and regulations.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law. Through this project, the applicant will expand and modernize their ED and enhance other hospital treatment areas to serve Queens and surrounding neighborhoods.

Financial Analysis

Total Project Cost and Financing

The total project cost for new construction and the acquisition of moveable equipment is estimated at \$155,270,341 and is broken down as follows:

New Construction	55,519,200
Renovation & Demolition	36,265,000
Site Development	5,337,150
Design Contingency	9,678,420
Construction Contingency	9,678,420
Architect/Engineering Fees	5,323,131
Construction Manager Fees	2,419,605
Capitalized Licensing Fees	1,162,850
Moveable Equipment	29,035,260
CON Application Fee	2,000
CON Processing Fee	849,305
Total Project Cost	155,270,341

The applicant's financing plan appears as follows:

Cash	\$5,270,341
Statewide Health Care Facility Transformation Program IV Grant	<u>\$150,000,000</u>
Total	\$155,270,341

Operating Budget

	<u>Current Year (2021)</u>		<u>Year One (2026)</u>		<u>Year Three (2028)</u>	
	<u>Per Disch.</u>	<u>Total</u>	<u>Per Disch.</u>	<u>Total</u>	<u>Per Disch.</u>	<u>Total</u>
Inpatient Revenues:						
Commercial MC	\$17,818.92	\$43,798,911	\$18,053.96	\$47,337,496	\$18,197.20	\$49,696,552
Medicare FFS	\$26,404.40	50,432,405	\$25,544.20	53,617,270	\$25,051.92	55,740,513
Medicare MC	\$20,420.68	66,877,729	\$19,977.81	70,961,165	\$19,717.27	73,683,456
Medicaid FFS	\$17,483.71	28,865,607	\$17,432.64	31,204,421	\$17,408.94	32,763,631
Medicaid MC	\$13,109.28	86,311,525	\$13,783.95	96,653,038	\$14,188.46	103,547,380
All Other ¹	\$29,116.19	<u>6,172,633</u>	\$28,814.35	<u>6,483,229</u>	<u>\$26,492.07</u>	<u>6,172,654</u>
Inpatient Revenues ²		\$282,458,810		\$306,256,619		\$321,604,186
Expenses:						
(Inpatient)						
Operating	\$21,361.80	\$347,684,626	\$20,761.71	\$364,077,420	\$19,941.66	\$366,447,900
Capital	<u>\$613.55</u>	<u>9,986,177</u>	<u>\$648.95</u>	<u>11,379,965</u>	<u>\$695.13</u>	<u>12,773,752</u>
Inpatient Expenses	\$21,975.35	\$357,670,803	\$21,410.66	\$375,457,385	\$20,636.79	\$379,221,653
Inpatient Income/(Loss)		<u>(\$75,211,993)</u>		<u>(\$69,200,766)</u>		<u>(\$57,617,467)</u>
Utilization (Discharges):		16,276		17,536		18,376

Outpatient Revenues:						
Commercial MC	\$571.05	\$37,787,869	\$583.99	\$39,322,131	\$592.37	\$40,344,972
Medicare FFS	\$461.47	\$6,774,348	\$463.61	\$6,949,272	\$464.98	\$7,065,888
Medicare MC	\$312.98	\$17,082,822	\$313.07	\$17,257,823	\$313.14	\$17,374,491
Medicaid FFS	\$391.70	\$5,978,881	\$388.63	\$6,172,691	\$386.71	\$6,301,897
Medicaid MC	\$231.63	\$54,731,229	\$236.35	\$56,689,449	\$239.43	\$57,994,929
All Other ¹	\$687.98	<u>\$3,053,269</u>	\$677.69	<u>\$3,217,667</u>	\$671.63	<u>\$3,327,265</u>
Outpatient Revenues ²		\$125,408,418		\$129,609,033		\$132,409,442
Expenses: (Outpatient)						
Operating	\$716.67	\$296,175,784	\$744.29	\$313,351,586	\$735.89	\$313,614,746
Capital	<u>20.58</u>	<u>8,506,742</u>	<u>25.92</u>	<u>10,911,759</u>	<u>31.25</u>	<u>13,316,779</u>
Outpatient Expenses	\$737.25	\$304,682,524	\$770.21	\$324,263,345	\$767.14	\$326,931,525
Outpatient Income/(Loss)		<u>(\$179,274,106)</u>		<u>(\$194,654,312)</u>		<u>(\$194,522,083)</u>
Utilization: (Visits)						
		413,269		421,009		426,169
Net Income Loss		<u>(\$254,486,099)</u>		<u>(\$263,855,078)</u>		<u>(\$252,139,550)</u>
Other Op. Rev.		\$222,816,686		\$222,816,686		\$222,816,686
Total Op. Loss		(31,669,413)		(41,038,392)		(29,322,864)
Non-Oper. Rev.		<u>33,198,000</u>		<u>33,198,000</u>		<u>33,198,000</u>
Total Income/(Loss) ³		<u>\$1,528,587</u>		<u>(\$7,840,392)</u>		<u>\$3,875,136</u>

¹ All Other revenue includes workers comp, no-fault Insurance, and minimal self-pay revenue.

² Other Operating Revenues include grant awards, physician billing and professional components, and other income.

³ Total revenues and expenses, as presented, exclude approximately \$265,342,000 in capitation revenues and \$218,586,000 in costs related to capitation revenue.

The following is noted with respect to the submitted budget:

- Current Year revenues and expenses are reflective of JHMC's 2021 audited financial statements.
- Projected volume is based on current community need, emergency department walkout rates attributed to wait times, current level of ambulance diversion at JHMC, as well as additional capacity created as a result of this project.
- Volume by payor is modeled based on JHMC's existing payor mix.
- Rates by payor are based on JHMC's current reimbursement levels and are projected to remain constant.
- The proposed staff mix is based on current and expected future contract staffing levels and the projected staff needed to accommodate the projected increased patient utilization based on the new capacity. Additional staff will be added as needed to ensure quality of care.

Utilization by payor source for inpatient and outpatient services is as follows:

Inpatient:	Current Year	Year One	Year Three
Commercial MC	15.10%	14.95%	14.86%
Medicare FFS	11.74%	11.97%	12.11%
Medicare MC	20.12%	20.26%	20.34%
Medicaid FFS	10.15%	10.21%	10.24%
Medicaid MC	40.45%	39.98%	39.71%
Charity Care	1.14%	1.35%	1.47%
All Other	<u>1.30%</u>	<u>1.28%</u>	<u>1.27%</u>
Total	100.00%	100.00%	100.00%

<u>Outpatient:</u>	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Commercial MC	16.01%	16.00%	15.98%
Medicare FFS	3.55%	3.56%	3.57%
Medicare MC	13.21%	13.09%	13.02%
Medicaid FFS	3.69%	3.77%	3.82%
Medicaid MC	57.18%	56.97%	56.84%
Charity Care	5.28%	5.48%	5.61%
All Other	1.08%	1.13%	1.16%
Total	100.00%	100.00%	100.00%

Capability and Feasibility

Total project costs of \$155,270,341 will be met with a Statewide Health Care Facility Transformation Program IV (SHCF TP IV) grant award of \$150,000,000 and \$5,270,341 from ongoing operations of JHMC. Working capital needs, estimated at \$6,227,901, are based on two months of first-year incremental expenses and will be funded by JHMC's ongoing operations. The submitted budget projects an incremental net loss of \$11,510,667 and an incremental net income of \$722,501 in Years One and Three, respectively. The projected gain in Year 3 is driven by an increase in the number of Treat and Release (T&R) visits and a reduction in ED walkouts, currently estimated to be 5,500 during 2022. Moreover, an additional ambulance bay will help eliminate diversions, estimated at 500 patients per year, and allow for incremental ambulance throughput. The submitted budget appears reasonable.

As shown in BFA Attachment A, Certified Financial Statements as of December 31, 2021, JHMC reported \$30,119,000 in positive working capital, positive net assets of \$14,541,000, and a \$15,086,000 gain from operations. During the period, JHMC received approximately \$94,559,000 in Value-Based Payment Quality Improvement Program (VBPQIP) funding intended to assist facilities in severe financial distress and enable the continuation of operations while allowing the distressed facility to work on long-term sustainability. During 2021, JHMC also received \$1,745,000 in Provider Relief Funds intended to reimburse eligible healthcare providers for eligible expenditures attributable to COVID-19 and revenue loss. While Jamaica maintained a positive working capital and net asset position for the year ended December 31, 2021, these results are primarily attributable to grant funding the facility received during the year. In 2022, the VBPQIP program transitioned to the Directed Payment Template (DPT) model designed to support qualifying Safety Net hospitals through enhanced Medicaid Managed Care rates. These DPT rates are assumed to be applied to the incremental volume for this project. The revenue projections do not assume the additional impact of these rates when applied to all of JHMC's projected utilization, which will provide additional operating support across JHMC's inpatient and outpatient lines.

BFA Attachment B presents JHMC's Internal Financial Statements for the year ending December 31, 2022. During this period, JHMC reported \$8,984,043 in negative working capital, a negative net asset position of \$4,787,077, and an operating loss of \$3,648,293, which was further offset by \$17,058,143 in other non-operating expenses, and \$1,377,962 grant for capital purposes resulting in a net loss of \$19,328,475. The facility's negative financial position is attributable to challenges resulting from the high-need population served, the majority of which are governmental payors. Uncompensated care to the uninsured and patients with coverage who cannot pay their co-pays and deductibles also contribute to financial distress. The closure of six (6) hospitals in Queens within the past several years resulted in a significant strain on Jamaica Hospital, specifically the ED, which was not designed to accommodate the current demand for emergency services.

Conclusion

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Attachments

BFA Attachment A	Jamaica Hospital Medical Center – 2021 Certified Financial Statements
BFA Attachment B	Jamaica Hospital Medical Center – December 31, 2022, Internal Financial Statements