



South Jersey **Healthcare**

Changing Medicine. Changing Lives.

**Proposed Pilot Veterans
Administration/South Jersey
Healthcare Community
Patient Care Center**

**Presented by South Jersey Healthcare
September 16, 2003**

Executive Summary

Proposed Veterans Administration Community Patient Care Center

Case Statement

South Jersey Healthcare (“SJH”) is proposing the Veterans Administration (“VA”) consider introducing a model pilot program of inpatient care to service veterans from the seven southern counties of New Jersey. This pilot program, we believe will increase the quality of medical care for veterans, decrease operational costs, enhance access and achieve a level of patient satisfaction that the VA has not experienced in the past.

The model that we are introducing is built upon developing a partnership between SJH and the VA focusing on a hub and spoke model. In this model, tertiary services are delivered at the hub center and inpatient acute care services are integrated into the existing community based health care delivery system.

In short, we are suggesting you consider providing veterans acute inpatient services through the SJH existing network by building a 24-bed patient wing which will be attached to our new 238-bed, state-of-the-art, replacement community hospital to be open in fall of 2004. This new hospital, South Jersey Healthcare Regional Medical Center (“RMC”) is to be located in Vineland, NJ, centrally located to all of South Jersey and easily accessible off of one the most important highways in South Jersey, Route 55.

A New Model for Delivering Care to Veterans

The model that SJH is proposing would create a link between civilian and veteran health care services which will result in a new era of care for both SJH and the VA. Through collaboration, the VA and SJH will work together in creating a new model of care piloted through a project in which veterans are provided a full array of inpatient services in a local community hospital, keeping veterans close to their families and support networks.

The new SJH Regional Medical Center (“RMC”) provides a perfect opportunity for both SJH and the VA to move towards this new model of care. The RMC is a state-of-the-art facility that was designed with the care of the patient in mind. Several features, including wireless monitoring, handheld documentation, and pneumatic tube medication delivery, were designed into this facility to reduce costs and to make the provision of care easier on both the patient and the practitioner.

This program also represents an opportunity for the VA to create a working partnership with a local civilian hospital in providing care to the veteran population. This program is particularly

appealing in that this relationship would not only allow the VA a chance to explore new models of providing care at the local level, but also has the potential to increase veteran satisfaction with the VA. One could also envision the success of this program spurring future partnerships, further pushing care down to the local level.

South Jersey Healthcare Service Offerings

1. Coverage of Veteran Benefits

By partnering with SJH, the VA can be assured that SJH will be able to cover the range of benefits outlined in the Uniform Benefit Package. As noted earlier, this program would allow veterans to receive their inpatient care in a local setting without sacrificing the benefits to which they are entitled. South Jersey Healthcare, with the new Regional Medical Center would provide the VA and its veterans with an ideal facility to pilot this program.

Referring to the Uniform Benefit Package, SJH, within its system of care is able to offer all of the covered services, including:

- Acute medical and surgical care;
- Mental health and substance abuse;
- Emergency services;
- Bereavement counseling;
- Comprehensive rehabilitation;
- Home Health, Hospice, Respite, and Palliative care;
- Reconstructive surgery; and
- Pregnancy and delivery services.

In addition, SJH would be able to assist veterans in procuring prescription drugs (outside of the acute care setting), durable medical equipment, prosthetic, and orthotic devices. By being able to provide these services in the local civilian hospital, SJH feels that the veteran's satisfaction with the care they receive and their perception of the VA's attentiveness to their needs will increase.

2. Access to Specialists

In creating the Regional RMC, SJH designed the physical layout and operations around four clinically focused units. These four units: Women and Children Health, Surgical, Medical, and Cardiac, allow SJH to increase the efficiency and efficacy of the care provided to our patients by aligning our staff and ancillary services around the needs of the patient. Additionally, each unit is capable of providing intensive and step-down levels of care as well as general acute care. This ability allows SJH to virtually eliminate the need to transfer the patient to another unit within the hospital. This capability also allows SJH to develop the

skills of our nursing staff by allowing them to become more specialized. This not only creates a stronger workforce, but provides our patients with a higher level of service.

SJH would not have been able to make this design work were it not for the support of over 400 physicians, many of who are specialists, practicing at SJH hospitals. Covering almost every specialty, SJH specialists provide high quality care to their patients. With the support of these individuals, SJH has been able to introduce and promote a variety of services. These services include:

- **Neurosurgery** – In the fall of 2002, SJH began providing neurosurgery services. This service did not previously exist in the area and would often require patients to travel over an hour away to receive care. To date, this program has been a great success for SJH and the region. Based on this success and the support of our neurosurgeon, planning has begun to expand the service into a Neuroscience program which will include neurology, neurosurgery, pain management, and psychiatry.
- **Urology** – With over 10 board certified urologists on staff, SJH serves a wide range of patients. In addition to treating an inpatient population, SJH urologists also hold clinics addressing the needs of the community. One such example is a clinic jointly held with physical rehabilitation that provides assistance for those suffer from incontinence problems.
- **Cardiology** – With the opening of the RMC, SJH will introduce low risk cardiac catheterization services in our region. This service will represent a tremendous advance in cardiac diagnostics in Cumberland County as patients, similar to Neurosurgery, would often have travel over an hour away to receive care. Staffed by two large cardiology groups with an ample supply of interventional cardiologists, SJH does not anticipate any difficulty in patients obtaining timely care. Based on the success of the cardiac catheterization laboratory, SJH plans to explore expanding its cardiac service from low risk cardiac catheterization to a full open-heart program in the coming years.
- **Psycho-social programs** – As the sole provider of inpatient psycho-social care in Cumberland County, SJH and its ancillary providers are well prepared to handle the care of our veteran population. With 43 total beds, including 29 dedicated to our adult population, SJH offers psychosocial services ranging from inpatient psychiatric care to daytime partial care to an affiliated crisis center. All of these psycho-social services work together in the care of the patient.
- **Women’s Health** – Recognizing the importance of caring for the unique needs of our female population, SJH has designated a 14-bed unit at the RMC specifically for Women’s Health. Located adjacent to women’s imaging and staffed by physicians

whose specialties include gynecology, gynecology/oncology, and obstetrics, patients are assured that they are being cared for by physicians, nurses, and other staff dedicated to caring for their needs. Additionally, SJH will offer a 24-bed LDRP/Postpartum unit as well as an intermediate care nursery in providing for the needs of our expectant mothers and babies.

- **Oncology** – The South Jersey Regional Cancer Center is a nationally certified comprehensive community cancer center. Affiliated with the nationally known Fox Chase Cancer Center, the SJRCC provides medical oncology and radiation oncology services to the southern New Jersey region. While currently located at the South Jersey Outpatient Center in Millville, New Jersey, SJH is in the design phase of constructing a new SJRCC facility adjacent to the RMC. This new facility will replace the current Millville site and will include medical oncology and 2 linear accelerators, one of which will be equipped with IMRT technology.

However, in order to truly be a valuable resource to our community, SJH must not only offer a variety of services, but must also produce high quality outcomes within those services. SJH takes quality very seriously, and it has always been an integral part of our mission and vision. An example of our dedication to quality is seen in our quality improvement efforts in 4 areas: surgical infection prevention, community acquired pneumonia care, AMI, and heart failure. By addressing quality in these four areas, SJH is addressing a large portion of the patients we serve and working to provide the highest level of quality care possible.

In addition to these areas, SJH has developed care programs aimed at providing high quality outcomes for our patients. One example is SJH's JointCare program. JointCare is a multidisciplinary program focusing on hip and knee replacement surgery, which includes orthopedics and physical rehabilitation. This program has become such a great success for SJH by decreasing length of stay and increasing outcomes and patient satisfaction it is serving as a template for future programs as SJH continually examines the way care is provided.

SJH also realizes that inpatient care is not only provided in an acute care facility. Among the post acute continuum of care options available to SJH patients are HomeCare and HospiceCare of South Jersey and the Rehabilitation Hospital of South Jersey. HomeCare and HospiceCare of South Jersey is an SJH affiliate providing a variety of services throughout southern New Jersey including home care, hospice, respite, and homemaker services. Also notable is the Rehabilitation Hospital of South Jersey. Founded by Francis Bonner, M.D., a highly regarded physiatrist from Philadelphia, the Rehabilitation Hospital provides a setting and staff dedicated to providing treatment for a full range of rehabilitative care, including spinal cord and brain injury.

These programs are but a small part of the total care provided by South Jersey Healthcare. SJH is committed to providing the highest level of quality care and is constantly striving to

meet the ever-changing needs and demands of our patients.

3. Access to Emerging Trends and Technology

An additional benefit to a working partnership between the VA and SJH would be increased access to emerging technologies and trends. In healthcare, the private sector is often better able to adapt to or acquire new trends and technologies at a faster pace as compared to the public sector. By partnering with SJH the VA would be better able to provide the most up-to-date services and technologies to the veteran population.

Examples of emerging technologies being implemented at SJH include:

- **Advanced diagnostic imaging** – In its commitment to providing a high level of care to its patients, SJH has invested significant dollars to advance its diagnostic imaging capabilities. In addition to CT and MRI technologies, SJH has recently implemented PET Scan services. This technology provides providers and patients the ability to detect cancerous tumors at an earlier stage where intervention can make a difference. Also being implemented is the PACs platform that will allow for filmless images to be transmitted over the internet to physicians. This technology will allow for a quicker turnaround time from when the test was completed to when the patient will be made aware of the results.
- **IMRT equipped linear accelerator** – When SJH relocates the South Jersey Regional Cancer Center to the RMC, it will implement IMRT technology in its fight against cancer. IMRT allows the oncologist to deliver higher doses of radiation to a tumor while protecting surrounding tissues. This not only allows the physician to increase the efficacy of care, but also allows the patient to experience minimized side effects.
- **Cardiac Catheterization** – As noted earlier, upon opening the RMC, SJH will implement a low risk cardiac catheterization lab. Staffed by two large groups of interventional cardiologists and cardiologists, this technology is a step forward in cardiac care in Cumberland County.
- **Pneumatic Tube Delivery System** – While not a technology that the patient may see, the pneumatic tube delivery system will greatly impact the way in which care is provided to the patient. By facilitating the delivery of medications and other medical supplies, this system will allow for the nursing staff to spend more time in direct patient care and less time searching and retrieving medical supplies and pharmaceuticals. This increase in efficiency will have a positive effect on the patient, even if they cannot see it.

In addition, an emerging trend that may be available to the VA is the concept of a “swing bed”. A swing bed creates a tremendous amount of flexibility in an organization by allowing a single bed to serve a full range of care need, from general acute to ICU. This capability fits with SJH’s overall design of the facility in allowing the patient to receive, should they require it, intensive, step-down, and general acute care without needless transfers. This might be attractive to the VA as it tries to minimize its investment in bricks and mortar but maintain capacity to care for the full spectrum of services veterans demand.

CONCLUSION

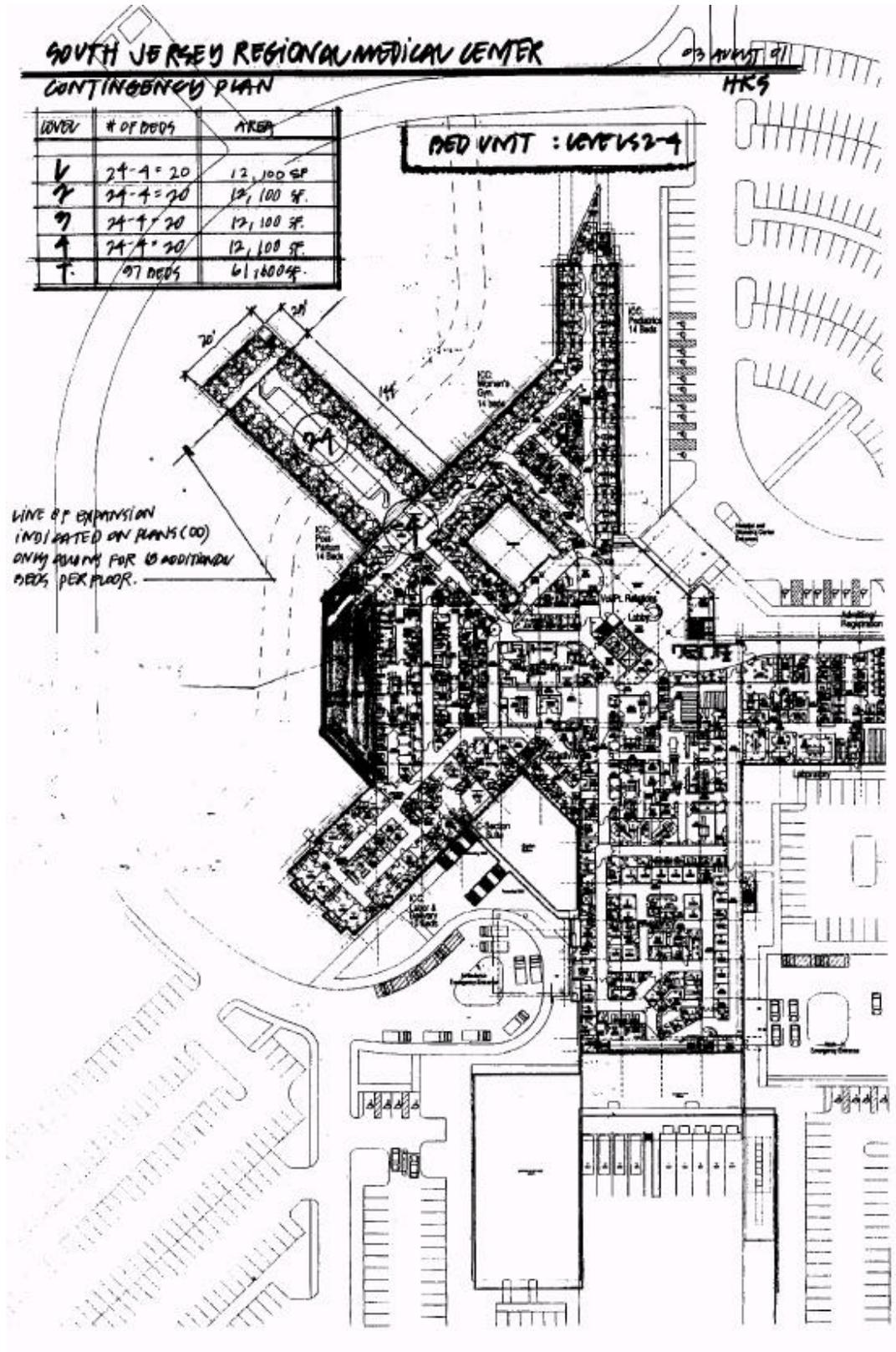
In conclusion, it is SJH’s desire to work with the VA in the development of a VA unit at the RMC. This unit would provide the veterans of South Jersey a centralized point of access for inpatient care and would allow the VA to allocate its resources to other pressing endeavors. It is our hope that the VA is as excited about this opportunity as we are and will continue our dialogue and make this project a reality.

Appendix A: Southern New Jersey Veteran Demand



<p>Hospitals:</p> <ol style="list-style-type: none"> 1. SJH Regional Medical Center (opens 2004), Vineland 2. SJH Bridgeton Hospital 3. SJH Elmer Hospital 4. SJH Newcomb Hospital (Vineland) 5. SJH Outpatient Center, Millville <p>Community Health Centers:</p> <ol style="list-style-type: none"> 6. Community Health Care, Bridgeton 7. Community Health Care – Satellite Office, Bridgeton High School, 8. Community Health Care – Satellite Office at Downe Township 9. Community Health Care – Dental Office, Vineland 10. Community Health Care – Medical Office, Vineland <p>Wellness:</p> <ol style="list-style-type: none"> 11. SJH Center for Health and Fitness, Vineland 12. SJH Wellness Center (2nd Location of the Fitness Connection) 	<p>Sleep Centers:</p> <ol style="list-style-type: none"> 13. SJH SleepCare Center, Vineland 14. SJH SleepCare Center, Egg Harbor <p>Cancer:</p> <ol style="list-style-type: none"> 15. SJH Regional Cancer Center (partnership with Fox Chase Cancer Center), Millville <p>Home Health:</p> <ol style="list-style-type: none"> 16. HomeCare & HospiceCare Office (Adult Medical Day Programs), Salem 17. Nutrition Site (Adult Medical Day Programs of SJ), Norma 18. Nutrition Site (Adult Medical Day Programs of SJ), Salem 19. Nutrition Site (Adult Medical Day Programs of SJ), Carney's Point 20. Help Services, Salem 21. HospiceCare Office, Vineland
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Appendix B: South Jersey Regional Medical Center



Appendix C: Estimated Bed Need Presented to Congressman LoBiondo

South Jersey Healthcare Demand Forecast for VA

	<u>VA Medical Centers</u>		<u>Total</u>
	<u>Philadelphia</u>	<u>Wilmington</u>	
Total Veterans Served¹	529	285	814
Total Veterans Admissions	756	449	1,205
Est. % of Patient Treated at RMC²	75.0%	75.0%	75.0%
Est. # of Patient Treated at RMC	567	337	904
Estimated Patient Days³			
@ 6.0 days	3,402	2,021	5,423
@ 7.0 days	3,969	2,357	6,326
@ 8.0 days	4,536	2,694	7,230
@ 9.0 days	5,103	3,031	8,134
Estimated Average Daily Census			
@ 6.0 days	9.3	5.5	14.9
@ 7.0 days	10.9	6.5	17.3
@ 8.0 days	12.4	7.4	19.8
@ 9.0 days	14.0	8.3	22.3
Estimate Bed Need @ 80% Occupancy			
@ 6.0 days	12	7	19
@ 7.0 days	14	8	22
@ 8.0 days	16	9	25
@ 9.0 days	17	10	27
Estimated Construction Cost Calculation	Estimated Square Footage⁴	Cost per SqFt⁵	Estimated Construction Cost
@ 19 Beds	8,550	\$350.00	\$2,992,500
@ 22 Beds	9,900	\$350.00	\$3,465,000
@ 25 Beds	11,250	\$350.00	\$3,937,500
@ 27 Beds	12,150	\$350.00	\$4,252,500

Notes

¹ Total number of veterans receiving inpatient care in 2002 who live in one of the following SJ counties:

Atlantic, Burlington, Cape May, Camden, Cumberland, Gloucester and Salem.

² Estimate based in part on Wagner and Yu VA Presentation entitled "HERC's Average Cost Data Set"

accessed May 20, 2003 www.herc.med.va.gov. Report indicated that approximately 88 % of total admissions are acute medical and surgical cases.

The remaining 13% of patients going elsewhere is based on services SJH does not currently provide (i.e. Cardiac Surgery) or patient choice.

³ LOS estimated based on SJH Medicare experience

⁴ Square Footage estimates provided by Granary Associates.

⁵ Estimated cost per square foot based on SJH estimates and experience

Addendum: Description of South Jersey Healthcare

South Jersey Healthcare is currently a three-campus acute care system that serves all of Cumberland County and parts of Salem, Gloucester, Atlantic and Cape May Counties. Two of its campuses are located in Cumberland County, and one, Elmer, in adjacent Salem County. The Cumberland campuses are Bridgeton, located in the city of Bridgeton, and Newcomb, located in the city of Vineland. The Elmer campus is located in the Borough of Elmer in Salem County.

South Jersey Hospital provides general medical and surgical care to both inpatients and outpatients. Each campus offers 24-hour services in radiology, laboratory, cardio-pulmonary and emergency medicine. Staff is on call after hours and on weekends for surgical services and certain diagnostic services such as nuclear medicine and ultrasound.

South Jersey Healthcare - Bridgeton (“SJHB”), founded in 1898, is located in the western portion of Cumberland County and serves the health needs of residents of western and central Cumberland County. The City of Bridgeton is located approximately 50 miles southeast of Philadelphia. The facility consists of six major buildings that are interconnected to form a unified complex. The oldest of these buildings was constructed in 1926. In 1958, a major addition was completed and occupied. In 1973, construction of a 6-story tower wing housing 168 new beds was completed which constituted then first of a 4-phase construction and renovation program. Phases 2 and 3 of the program included the completion of a one story Ambulatory Care Center and the construction of a one-story, operating/recovery room suite. In 1985, the last phase was completed with the addition of the east wing that contained ICU/CCU facilities and a well-equipped birthing center. The final construction phase also ‘provided a new main lobby, a new gift shop, new business and support service, offices, new dietary facilities and a new floor of patient rooms. SJHB’s current licensed capacity is 224 beds. In addition to being a general, acute care hospital, SJHB serves as the regional center for end stage renal dialysis providing both hemodialysis and peritoneal dialysis. It also provides regional mental health services. There are inpatient units for both adult and child/adolescent psychiatric patients and partial hospital programs for the same ages. SJHB also provides basic community obstetrical services and is a member of the Southern New Jersey Perinatal Cooperative.

Following completion of construction of the RMC, SJHB will remain open to house various functions and/or provide a variety of services including the following:

- 1 Mental Health
 - 43 adult and child psychiatric beds, with another 4 adult beds approved
 - Partial care and behavioral health programs targeted at children and adults
- 2 Outpatient Services

- A satellite emergency department
- Renal dialysis
- A lab draw station and lab testing
- Outpatient imaging services
- Physical rehabilitation (physical and occupational therapy and cardiac rehabilitation)
- Obstetrical clinical services

3 Administration

- Most of the senior administrative offices (with the exception of the Chief Operating Officer, Vice President of Medical Affairs, and Vice President of Patient Care Services) will remain or be consolidated at this location.
- The financial and accounting functions, including the business office, accounting, patient accounting, the Chief Financial Officer, the Vice President of Finance, accounts receivable and accounts payable will remain at this location.

4 Community Groups and Affiliates

- SJH is exploring the possibility of leasing unused space in SJHB to local community groups or educational providers
- SJH may lease unused space at SJHB to affiliated organizations such as HomeCare and HospiceCare of South Jersey

South Jersey Healthcare - Newcomb (“SJHN”), is located in the city of Vineland in Cumberland County, approximately 40 miles southeast of Philadelphia. The facility opened as an acute care hospital in January 1924 with 65 beds. Two floors were added in 1969 bringing the total number of beds to its current 235 beds. The West Wing was opened in 1979 and in 1987, a major renovation/construction program was completed which included a new Emergency Care Center, a new Same Day Surgery facility, and expanded outpatient services located in a medical arts building adjacent to SJHN. SJHN serves as a general medical surgical facility. The obstetric services, designated Community Perinatal Center-Intermediate Care, include an 8 bed intermediate care nursery and the ability to accept obstetric patients at 32 weeks gestation or greater. SJHN also provides pediatric services.

On August 1, 1997, South Jersey Health System, Inc. and Newcomb Health Services Corporation, the parent of Newcomb Medical Center (“NMC”), merged. At that point in time, NMC and SJH, two separate legal entities, had a common parent, South Jersey Health System, Inc. As of January 1, 2000, SJH acquired all of the non-real estate assets of NMC in exchange for paying any shortfall in certain obligations of NMC, over and above the collections of NMC. South Jersey Health System, Inc. acquired the real estate of NMC in exchange for providing sufficient funds to NMC to redeem its outstanding bonds.

South Jersey Healthcare - Elmer (“SJHE”), operates a 91-bed acute care community hospital established in 1950 and is located, in Salem County, approximately 35 miles southeast of Philadelphia. Last year, SJH completed an extensive building campaign at SJHE that included renovations to the existing building and the construction of a new building. The two primary components of the building campaign were the expansion and renovation of the ICU and the construction of a new building to house inpatient and outpatient surgery. SJHE currently provides general acute care, services, including cardiac-rehabilitation services, to adult patients and it provides inpatient services for pediatric patients aged 10 and older. In addition, beginning in the fall of 2003, SJHE will begin obstetrical services in a newly constructed area consisting of 5 LDRP beds. SJHE will continue its operations in its current capacities after the completion of construction of the RMC.

South Jersey Outpatient Center - Millville (“SJOCM”), formerly South Jersey Hospital-Millville, (“SJHM”) is located approximately 45 miles from Philadelphia in the facility that formerly housed SJHM. In June 2001, SJH successfully transferred its inpatient acute care services from SJHM to the facility at SJHN, creating SJOCM, without any adverse impact on admissions. Management believes that the majority of patients moved to SJHN because of its close proximity to SJHM. Services provided at this location currently include the Southern New Jersey Regional Cancer Treatment Program, an affiliation of SJH with Fox Chase Cancer Center of Philadelphia. As part of Fox Chase’s regional network, SJH offers area cancer patients a wide range of treatment options including clinical trials. SJH currently operates SJOCM as an outpatient center with a satellite emergency department, outpatient radiology, outpatient radiation oncology, a lab draw station, and physical rehabilitation.

After completion of RMC construction, all of the outpatient services at SJOCM will be transferred to the RMC with the exception of the South Jersey Regional Cancer Center (“SJRCC”). SJH will continue to provide outpatient radiation therapy and medical oncology at SJOCM and the satellite emergency department currently operating at SJOCM will be closed. The SJRCC will remain in Millville until a new facility, adjacent to the RMC, is completed. It is anticipated that services will be transferred to this new facility shortly following the opening of the RMC. SJH has entered into a Letter of Intent (“LOI”) for the sale of the facility which LOI is contingent upon negotiating not only the sale agreement but the lease between SJH and the potential purchaser to permit SJH to continue to use the facility to the extent necessary to provide the services set forth above.

THE SOUTH JERSEY HEALTHCARE REGIONAL MEDICAL CENTER

SJH has received an approved Certificate of Need from NJDOHSS to consolidate three acute care facilities (SJHB, SJHM, SJHN), into one hospital facility, excluding 43 psychiatric beds that will remain at SJHB. SJH will consolidate the non-psychiatric acute care services being provided at SJHB and SJHN at its newly recreated, SJH-Regional Medical Center (“RMC”). Upon completion, the RMC will have a licensed acute care, non-psychiatric bed capacity of 238 compared to the current total of 277 located at the SJHB and SJHN. The licensed beds at the

RMC will include 160 medical/surgical, 36 critical care, 14 postpartum, 10 LDRP, 14 gynecology, and 14 pediatric beds. The licensed bed capacity at SJHE will remain the same and include 84 medical/surgical and 7 critical care beds. The 43 psychiatric beds will remain open at SJHB.

Centrally located to provide easy accessibility for veterans from the 10 Southernmost counties of New Jersey, the new RMC site was carefully selected with significant input from community leaders and is near the geographic and demographic center of Cumberland County at the intersection of Sherman Avenue and College Drive in Vineland near an exit/entrance of Route 55. The RMC will be constructed on part of approximately 62 acres of property owned by SJH. SJH also owns approximately 100 acres of additional land directly across the street from the RMC site. This central location is ideal for providing maximum health care benefits to South New Jersey veterans.

The RMC has been designed and will be constructed as a four-story building that will encompass approximately 405,000 square feet. The RMC will be located on a site comprising 35 acres of the 62-acre property, leaving additional property for expansion or other uses.

The new RMC's central location in Vineland, Cumberland County is centrally located to fully serve the ten southernmost counties of New Jersey, where better veterans' health care access is sorely needed. In addition, the convenient location of the new RMC will greatly benefit veterans who are currently have to travel up to ten hours round trip on the Veterans Service Organizations' vans to Veterans' Administration Medical Centers (VAMC) in Wilmington, Delaware, and Philadelphia, PA by reducing their access to care and shortening waiting times for an appointment at both of these major VAMCs.