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Architect

501 Coffman Street
Pinckneyville, Illinois 62274-1509
July 4, 2011

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Architectural Supervisor
Project Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street (2nd floor)
Springfield, Illinois 62761

Dear Supervisor:

Subject: Pinckneyville Community
Hospital Plan B

By the way of introduction, I was the administrator of the Pinckneyville Community Hospital from 1966 to 1989 when your department approved plans for a 44 bed addition to the hospital for use as a Skilled Care Facility. These services were discontinued by the administration and board of directors in 2008 after an over thirty-four years of successful operation in 2008. They have been seeking to replace the 1965 hospital and its 1976 addition and its Family Medical Center and its Rehabilitation and fitness Center which are centrally located with a new \$34 million dollar hospital complex located two and one half miles from the center of the city.

The administrator and the maintenance supervisor are planning to seek your advice regarding future building requirements, so I thought I would provide some background information. Much of this information regarding the building systems and equipment is from a 2003 study from the hospital's consulting firm's analysis.

I have been opposed to this complex since it was first conceived for the following reasons:

- All the buildings are structurally sound and conveniently located for the aging population of the City of Pinckneyville and the Hospital District. Ninety-one percent of the population of the hospital district preferred the present location and renovation of the present buildings. (All families in the District had an opportunity to respond to the detailed survey.) Over seventy percent of the in-patients and out-patients are over sixty years of age which makes the present location convenient.
- The hospital is surrounded by other competitive hospitals. Marshall-Browning hospital in Du Quoin, which recently completed a ten million dollar renovation, it is about fifteen miles south-east in Perry County; Washington County Hospital is about nineteen miles north; Sparta Community hospital is about twenty miles north-west and they recently completed a one and one half million dollar renovation and St. Joseph hospital which is twenty miles to the south and is starting construction on a one and four tenth million dollar renovation. All of the competing hospitals were constructed in the nineteen sixties and had new buildings and renovations in the nineteen seventeen's and are modern. Many of the hospitals were designed by the same architects. The United States Department of Housing and Urban Development concluded after a lengthy, costly survey that a new hospital complex was not needed in Perry County. The hospital administration and board is currently applying for loan

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guarantees with the United States Department of Agriculture with a similar costly survey. They are engaged with the private sector where they are required to have six months of profitable operations.

- Loss of industry. In 2007, a major industry closed its doors. It had, in recent years employed as many as 800 employees. After an extensive effort they have prospective employment for 16 workers. Based on past experience with the closure of the coal industry, it is likely that high unemployment levels will remain at over 10% for over thirteen years. Currently Perry County has one of the highest unemployment levels in the State of Illinois.
- A new hospital building versus renovation of the present buildings: Except for two regional hospitals located near Interstate highways and growing populations, there have been no rural hospitals constructed in Southern Illinois since the 1960's. The administrators and the boards of directors prefer renovating and building additions to existing facilities. The reason is two fold the income levels are below the state levels and that many hospitals were built when Hill Burton and governmental programs provided funding in the 1960's. and they meet the health care needs of the residents.
- The Pinckneyville Hospital Board of Directors apparently made a policy decision not to purchase replacement hospital systems and building related equipment from the depreciation funds in 2003 and instead accumulated funds to build a new hospital complex and now, because of poor economic conditions must wait until conditions improve.
- Suggested priority items for renovation instead of a new hospital complex:
 - Quick response sprinkler heads in all areas of the hospital, physicians' offices and the rehabilitation and fitness center. This fire-safety improvement is urgently needed as Pinckneyville relies on a volunteer fire department.
 - Two-way nurse call system. This low cost item will result in quicker staff response to patient needs and better utilization of staff.
 - Heating and air conditioning system improvements. This includes room units which have exceeded their life expectancy. If there was a break down of this essential system, it would be difficult to replace in summer and winter months.
 - Boiler and related system and related improvements. Some of this equipment was purchased and installed in 1965 and should be replaced or modernized. It would be difficult to repair or replace during high usage months.
 - Replacement of emergency generator. The present 1965 generator is at its maximum capacity for three elevators and needs to be replaced.
 - Helicopter Landing. A helicopter landing platform should be made near one of the three elevators. This would provide quicker transfer of accident and other patients. Presently the high school football field is used as a landing site..

Other considerations: The hospital board and the City of Pinckneyville have invested several million dollars in the site two and one half miles

east of Pinckneyville which should be used productively. I would like to propose that a new Corey Shaw Memorial Rehabilitation Center, replacing the present Southern Illinois Rehabilitation and Fitness Center and be built on this site. The building should have space for hydrotherapy as well as teaching healthy living. The present building is in a high traffic area with limited parking. (Corey Shaw was a young fire fighter who died fighting a fire two blocks from the present hospital.) Conclusion: These suggested renovations and improvements will continue to make the hospital; one of the best small hospitals in our region and eliminate the need for a new hospital complex during these difficult economic times.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "George W. Ranta".

George W. Ranta, MPA MS

Enclosure: Letter USDA
Letter to John Shotton

USDA

501 Coffman Street
Pinckneyville, IL 62274-1509
January 10, 2011

USDA Rural Development
State Office
2118 W. Park Court
Suite A
Champaign, IL 61821

Possible Loan Application
Pinckneyville Community Hospital
Pinckneyville, IL 62274

Attention: Michael Wallace::

By way of introduction, my name is George W. Ranta and I was the administrator of the Pinckneyville Community Hospital in 1976 when a loan was awarded for the construction of a major addition to the hospital by the United States Department of Agriculture. The addition currently provides medical/surgical nursing services to all the inpatients as well as the dietary services, and related services. At the time it was known as Farmer Home Administration. The loan allowed the provision of a Medicare approved Skilled Nursing Facility of forty-four beds. These services were discontinued by the present administration and the board of directors in 2008 after thirty-two years of high quality resident care.

I would like to discuss why I am opposed to the construction of a forty million dollar (\$40,000,000+/-) hospital complex when a renovation of the existing two buildings could accomplish the same objective at a fraction of the cost to the Medicare program, Medicaid, insurance companies and local taxpayers. My reasoning follows:

***Planning:** Administration and the Boards of Directors of Pinckneyville Community Hospital and Marshall Browning Hospital in nearby Du Quoin held a series of meetings to discuss having only one 25 bed hospital in Perry County as it had been determined that only one 25 bed critical access hospital was needed for Perry County.

***End of Cooperation:** After a series of meetings during which consultants presented their findings, the Pinckneyville Board of Directors declared that they would only accept a location two miles east of Pinckneyville. Du Quoin is a city with about twice the residential population of Pinckneyville; has a State Fair ground with over 10,000 visitors annually and two railroad tracks crossing State highways without overpasses. It is located about eighteen miles from Pinckneyville. The talks ended and Pinckneyville decided to go "alone" and build a new hospital complex.

***Lack of Citizen Participation.** Pinckneyville Community Hospital is a District hospital where the citizens of the district feel that they own the hospital which is conveniently located near the crossroads of two heavily traveled State roads. The hospital is within ten blocks where the majority of the Districts population lives in three directions and where all the health and safety resources are located. A three member committee of the board made the location recommendation to the board which they adopted.

***Present Buildings:** The present hospital is composed of two buildings connected by a corridor. One building was constructed in 1965 under the Hill-Burton program; the Appalachian program and a local hospital district bond issue.

It is four stories high and has a lobby, a maintenance area and a power plant, which is one story. The other building is the aforementioned 1976 building. When the 1976 building was constructed the laboratory was relocated and renovated by moving into the kitchen and dining room area; radiology was renovated and enlarged by using the former laboratory. Sprinklers were added to the basement and lobby areas. In addition there is a ten/fifteen year old physicians office building and a rehabilitation and fitness center in a renovated building. Different hospital boards acquired many parking spaces as needed.

***Southern Illinois Traditions:** Small and larger Southern Illinois hospitals have renovated and enlarged their facilities by remaining on their present site. The only new buildings have been two regional hospitals located on two interstate highways. They are in growing communities such as Mount Vernon and Marion. The reason the small rural hospitals renovate is that the income levels are substantially below the state-wide wage levels and that they have cost conscience administrators and boards of directors. The proposed new hospital complex would be the first new critical access hospital in the Southern Illinois area.

***Unemployment and Poverty.** Beginning in 2003 a large record packaging factory started reducing its employment level and by 2007 closed their 800 employee plant which resulted in the total loss of 800 jobs. Despite efforts over a three year period to sell the plant the only buyer was one who required only sixteen jobs. The new plant owners are in tax default and trying to lease part of the plant. The result has been that Perry County and the Pinckneyville area has one of the highest unemployment levels in the state. The area is also on the State poverty warning list.

***Skilled Care.** At the same time that the hospital administration was planning a new hospital complex they were considering closing the hospital's Medicare approved Skilled Nursing Facility. The facility had been relocated to the 1965 building in order to reduce costs. They had received "loss" estimates from auditors ranging from \$400,000 annually to over \$1,000,000. In the hospital's submission to the State, they only included the revenue generated by the room charge. Most of the residents were in very fragile health and required almost monthly laboratory, specialist and other expensive services. Based on this information, the State allowed the facility to close in 2007.

This in my judgment was a major mistake. By eliminating a major source of revenue, namely, laboratory, radiology, physical therapy and specialty clinics and by transferring residents out of the hospital's service area it would offset any losses. The hospital made no effort to increase room charge to competitive levels, to reduce staff to competitive levels, or to seek other cost reduction measures. I offered three different plans to improve the building and reduce the number of residents which were ignored. This revenue would be lost annually forever to the surrounding hospitals and their physicians as there was no Medicare certified facility in the hospital's service area.

This closure of the Skilled Nursing Facility had serious consequence to the residents, their families and to the hospital's reputation as a caring institution. The Board was warned by me in writing and by a social worker that residents who were moved from one nursing home to another one would die within three months before and after the move. This projection occurred – thirty-nine of the forty residents died as predicted.

The citizens of the hospital district widely believed that the Skilled Nursing Facility generated the revenue and supported the hospital rather than causing financial

losses. According to a knowledgeable source, the hospital had sufficient accumulated reserves to continue operating the Skilled Nursing Facility for another 7 years despite the "losses".

***Surveys.** Because of my concerns about the Skilled Nursing Facility and the construction of a new hospital complex, I felt it was my civic duty to see if others shared my concern, so I prepared a detailed survey for the Hospital District's voters. This was followed by a second survey which included suggestions made on the first survey. Every family had an opportunity to comment on the project. Ninety-one percent of the participants wanted to renovate the present hospital and retain their highly rated Skilled Nursing Facility. Petitions to retain the Skilled Nursing Facility were gathered in the District and presented to the hospital board. I gave the Board copies of the survey with no response.

After the Hospital Board voted to close the facility, the issue was placed on an advisory ballot and eighty-nine percent of the districts' voters voted that the Skilled Nursing Facility should be part of the hospital. All of this was ignored by the hospital board.

The tax payers were concerned about rising taxes and the possibility of losing their hospital. Also, at the same time there was discussion of replacing the eighty year old high school which would affect real estate taxes. It has since then been approved.

***Renovation of the Present Hospital.** I prepared a suggested plan to add a forty foot wide addition on the south side of the 1965 hospital building which would more than double the existing area of the radiology department as well as other service areas. It could be two or three stories high. This suggestion was ignored.

At a later date, I suggested in a letter to the Chairman, a plan to use the 1976 building. The Board Room and the Classroom would become the new laboratory while the present laboratory would become the kitchen and dining room. With the closing of the Skilled Nursing Facility and with only an average of seven patients annually on the nursing floor compared to one hundred residents and medical/surgical patients at one time. The large dining room and kitchen would become the radiology, nuclear medicine, ultra sound and CAT Scanning department. The Specialty department area would become the new emergency room. A new elevator would be added in the space provided near the laboratory. All of this would provide quick access to the nursing floor and its patients. The classroom which usually has 10-12 practical nursing students could be relocated to the 1965 building. The hospital board could meet in the conference room of the physician's office building. All of this renovation could be accomplished without major construction and building space allocation could be the same as in the proposed new hospital.

***Building Systems and Building Equipment.** In reviewing the Hospital's Certificate of Need application to the State to build a new hospital complex, it quickly became apparent that hospital had not purchased any or improved any plant systems or purchased any replacement equipment since 2003 when consultants prepared their report. Some of the items were low cost and safety related, for example, quick response replacement parts to the sprinklers; replacement of the nurse call system from a one way buzzer to a two way audio system. Some were expensive such as improving the boilers of the heating plant. The objective was to build their funded depreciation for a new

hospital complex rather than use the monies to maintain the building. However, the hospital continued, every month to purchase the latest medical equipment. The problem with that decision was that the State required that there is duplicate equipment available at both the closing hospital and the new hospital. The cost of the new equipment was in the millions. Other hospitals would be reluctant to purchase used medical equipment. There would be a loss to the Medicare and to other financial programs. These purchases would decrease financial reserves while awaiting approval to build the complex.

Likewise, there was available property near the main parking area which would have nearly doubled the main parking area. I believe that this property is still available. It had been the pattern of prior administrations and boards to purchase nearby property as soon as it became available.

***Physician Recruitment and Retention** In the last twenty years there have been eight physician/surgeons resignations. Currently there are only two physicians who have worked at the hospital more than three years. A newly recruited physician signed only a one year contract. He reportedly will remain if he is kept busy. Based on admission patterns in the Certificate of Need, it has taken two years for a new physician to achieve a fifty percent level of appointments in their office practice. The two physician assistants on some days have no office appointments although they have been employed as long as ten years. The public is reluctant to accept new physicians. About three years ago, a twenty year physician resigned and began seeing his patients in a hospital twenty miles away and his wife, a local resident, began seeing patients in another hospital eighteen miles away. This twenty year physician represented thirty-eight percent of medical/surgical admissions and swing bed admissions in some of the years before his resignation.

The hospital board and administration was warned at a board meeting by a senior physician that it was not the lack of doctors but a lack of patients that kept the patient population low. Due to the lack of manufacturing jobs, the area population is not likely to grow. The proposed site of a new hospital building complex, two miles from the center of the City of Pinckneyville will be a deterrent and safety hazard to local senior citizens and those considering retiring to Pinckneyville because of the heavy grain and packaged products truck traffic from nearby packaging plants and as many as 100 concrete carrying trucks from a location near the proposed hospital. With over seventy percent of hospital and outpatient admissions to patients over sixty years of age, they might stop making their appointments or go in different directions to hospitals that can be reached with less traffic.

***Motivation to Build a New Hospital Complex.** I believe the desire to build a new hospital complex is based on community economic development rather than need. The heart of the hospital – the medical/surgical floor is modern in every respect. The semi-private rooms are large and could easily be converted to private rooms with space for couches for family members or visitors. They are cheerful with large windows and quiet with soundproofing. The layout of the rooms is in an "H" pattern with the nursing station in the middle along with support areas. There are two solariums at each end of the building. Currently one of the solariums is used as a pharmacy. The square foot area is larger than those in the proposed hospital. The State surveyors have a minimum of suggestions. It was designed to meet both State hospital and nursing home standards. The consulting firm had very few suggestions regarding outdated systems or equipment.

During my employment period since 1976 until retirement in 1989, I didn't have a single complaint regarding the nursing floor. The same goes for the rest of the 1976 building.

While Medicare funds will pay fifty three percent of the expenses of the building and Medicaid and insurance some of the rest, it will mean higher costs to governmental units which are the largest employers in the hospital's service area. It will make the hospital non-competitive with area hospitals which have only modest and conservative renovations. A good example is the Herrin Hospital which renovated their much older hospital located in a crowded congested area in two stages costing ten million for each stage and more recently enlarged their emergency room for one million. They have over five times our volume and is growing.

Neighboring Marshall-Browning renovated their hospital at a cost of ten million and Sparta Community Hospital renovated their emergency room at a cost of 1.5 million dollars. All the neighboring hospitals were built in the 1960's, several were designed by the same architects and four of the five had additions or renovations.

*U.S. Department of Housing and Urban Development. The hospital started the lengthy loan guarantee process by board and administration visits the Chicago then to Washington, then a large group visits to Pinckneyville to see the hospital and the proposed site. The end result was a denial to guarantee the loan. The Department felt that there were too many hospitals in the area.

In the Public Hearing at the hospital, Mr. John Shotton, Board President outlined the reason why the board ended the discussions with Marshall-Browning to merge and build one twenty-five bed hospital as the utility connections would have been too expensive. No costs for water, natural gas and sewer were given. (There is a one hundred ninety bed correctional prison nearby and a large two-story motel, both with utilities lines which can be extended.)

Mr. Nathan, a former hospital administrator and HUD representative asked "...why the board wanted to build a twenty-five bed hospital when their medical/surgical nursing unit only averaged seven patients for the last three years?" One of the board members explained that "...the cost to build the twenty-five bed unit wasn't that much more than a ten bed unit." Mr. Nathan went on to say "... it would cost Medicare more for the entire length of the loan to pay for the loan." (This also applies to Medicaid, the insurance companies and the governmental taxpayers and the local taxpayers.) At this point Mr. John Shotton adjourned the meeting to go into Executive Session" to discuss "personnel" with the HUD representatives.

He made a parting remark "...the people of Pinckneyville have let us down."

***Conclusion.** The administration and the hospital board believed that by building the newest rural hospital complex in Southern Illinois; by equipping it with the latest medical equipment; by going "paperless" with their medical records; by recruiting surgeons from thirty miles away; by concentrating only on "hospital services" they would convince the people of the hospital service area that they should have their health care at the up-to-date Pinckneyville Community Hospital.

The administration and the hospital board failed to recognize reality that "bigger is better", namely, that larger hospitals with their many specialists and with their vast experience in treating different diseases will continue to attract patients when they have serious illnesses. This belief would continue to prevail despite the heaviest print and television advertising, exceeding that of all the surrounding hospitals combined; that the

potential hospital complex of itself would attract and make recruiting of physicians easier. This has not been the case as the hospital has been in the recruiting mode for the last twenty years, but now has a retention problem. The health care public is more concerned with the hospital's stability and financial survival when it only has three or four medical/surgical patients at times than they are in approving all the new medical equipment and the hospital going 'paperless'. The typical resident prefers seeing their home town physician rather than traveling to see other neighboring physicians despite extensive promotions so advertising dose not bring patients from surrounding counties.

The administration and the hospital board was uncompromising in its treatment of the health care public by ignoring past achievements since 1951 when the hospital was first organized. By ignoring public support of the Skilled Nursing Facility, they alienated a large segment of the health care public. This alienation continued with the sale and transfer of Durable Medical Equipment; Home Health; Hospice and other community services without any serious attempt to save them.

The closure of the Skilled Nursing Facility, without transferring it to the new complex despite its meaning to the community was particularly hurtful to the families of residents when 39 of the 40 residents died in the months preceding and following the closure.

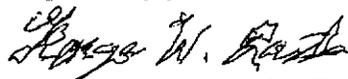
The administration and the hospital board seemed proud of the fact that Medicare will be paying fifty-three percent of the cost of the new hospital over the next forty or so years, but neglecting to say that, that comes out of every ones Federal Income tax especially during difficult economic conditions. The administration and board are continuing advocating a new hospital despite growing deficits and increased payments from Medicare; despite closure of the Skilled Care Facility which they claimed was losing over a million dollars a year. (The losses continued unabated after Skilled Nursing Facility closed.)

I believe that they should renovate the existing hospital. In a newspaper article the hospital's architect was quoted as saying it would cost \$9 to \$13 million. It could be less if they made no structural changes, only changes of function. This renovation would allow the hospital to continue to have a competitive charge structure with neighboring hospitals. The land east of the city could be used for a relocated Rehabilitation and Fitness Center as the present North Main Street location has heavy commercial traffic

The 1976 building had a change order to strengthen its foundation and the 1965 building could have additional outside staircases in the south is required. This building doesn't have any in-patients. .

I am sending some material which I had previously submitted to the United States Department of Housing and Urban Development.

Respectfully yours,



George W. Ranta, MS MPA
Retired Administrator 1966-1989

Enc.