

# Holland & Knight

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**RECEIVED**

*VIA UPS Overnight Mail*

APR 08 2010

Mike Constantino  
Illinois Department of Public Health  
525 W. Jefferson Street  
2<sup>nd</sup> Floor  
Springfield, Illinois 62761

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Re: *Safety Net Impact Statement – Vista Lindenhurst Emergency Center  
Permit Application (Project 10-018)*

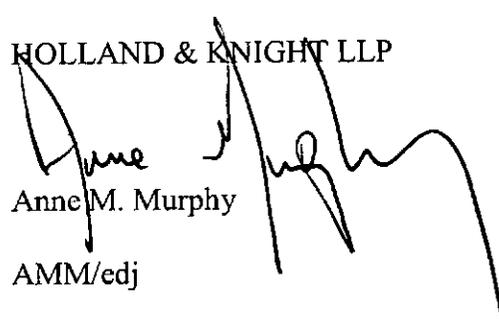
Dear Mike:

As you requested, I enclosed a Safety Net Impact Statement for the captioned FEC Permit Application. Please note this has been labeled as Attachment 77, in accordance with the Board's permit application instructions.

As always, thank you. Let me know if you have any questions or concerns.

Sincerely yours,

HOLLAND & KNIGHT LLP

  
Anne M. Murphy

AMM/edj

cc: Barbara J. Martin

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## Safety Net Impact Statement

The proposed project will enhance safety net services, in the following ways:

Vista Medical Centers East and West, both of which operate under applicant Waukegan Hospitals Company, LLC, clearly are the primary safety net hospital providers in Lake County. Our full-service hospital services are provided at Vista East Medical Center. As we explained to the Board in 2008 and 2009 (in the context of Project 07-045), our Vista hospitals accounted for over 50% of the 2007 Medicaid admissions in hospital Planning Area A-9 (Lake County), which was more than the 5 other hospitals in the Planning Area **combined**. And the dollar value of Vista's charity care services compare favorably with those of the other hospitals in Lake County.

As can be seen in the attached chart, Vista East has provided steadily increasing charity care from 2006 through 2009. In 2009, the cost of charity care at Vista East (calculated using a cost-to-charge ratio) was \$3,343,099, up from \$2,534,099 in 2008. Similarly, net Medicaid revenue at Vista East has increased dramatically from 2007 through 2009, going from \$19,497,853 in 2007 to \$32,312,603 in 2009. This chart was prepared in accordance with the methodologies used to submit annual hospital profile data to IDPH.

In short, we have been the critical provider of safety net inpatient and outpatient services to Medicaid and indigent patients in Lake County, and have shouldered a grossly disproportionate share of the Medicaid and charity care burden in the county. We would apply the Vista charity care and patient service delivery policies at the Lindenhurst FEC site, and also would be subject to EMTALA treatment and stabilization requirements at that site as required under Illinois licensure requirements for FECs. The Board could be confident, based on our past charity care and Medicaid performance and our ongoing commitments, that safety net services would be delivered in good faith at our Lindenhurst site and at our Waukegan sites.

The Lindenhurst campus is essential to Vista's strategic plan for the continued delivery of safety net hospital services to the medically underserved residents of Lake County. The other hospitals in Lake County benefit from locations to the southeast or the northwest, which place those other facilities in demographic areas of the county with high family income levels and with limited Medicaid and charity care needs. In a nutshell, the payor mix at these other hospitals shows much less Medicaid and charity care service delivery than is delivered by Vista. Meanwhile, Vista has been providing the lion's share of Medicaid and charity care

services in the county. To our knowledge, no other hospitals or health systems have expressed an interest in expanding their base of patients from the economically challenged Waukegan area of Lake County that we service. And yet, some of these hospital organizations have shown strong interest in expanding their services into the more affluent north and north central portions of Lake County.

Vista is already doing the majority of the hospital safety net service delivery in Lake County, and therefore experiences disproportionate fiscal challenges associated with high Medicaid volumes and high charity care costs. We respectfully ask that the Board consider this as a factor in favor of affording Vista the opportunity to expand needed emergency service delivery into the north central portion of Lake County. Vista's overall ability to continue its role as the lead safety net provider in Lake County will be enhanced by its expanded service delivery in north central Lake County .

## Vista Medical Center East

	<b>Cost of Charity Care</b>		
	<u>IP</u>	<u>OP</u>	<u>Total</u>
2006	994,027	811,389	1,805,416
2007	1,218,653	1,229,964	2,448,617
2008	1,451,209	1,082,945	2,534,154
2009	2,071,533	1,271,566	3,343,099

	<b>Net Medicaid Revenue</b>		
	<u>IP</u>	<u>OP</u>	<u>Total</u>
2006	17,959,163	5,940,667	23,899,830
2007	12,032,824	7,465,029	19,497,853
2008	21,621,189	6,703,577	28,324,766
2009	26,243,080	6,069,523	32,312,603

## Vista Medical Center West

	<b>Cost of Charity Care</b>		
	<u>IP</u>	<u>OP</u>	<u>Total</u>
2006	257,472	22,612	280,084
2007	21,300	44,185	65,485
2008	35,695	116,440	152,135
2009	406,895	478,327	885,222

	<b>Net Medicaid Revenue</b>		
	<u>IP</u>	<u>OP</u>	<u>Total</u>
2006	1,654,532	2,098,401	3,752,933
2007	1,123,574	4,154,541	5,278,115
2008	2,884,545	3,504,845	6,389,390
2009	3,801,404	1,882,501	5,683,905