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RECEIVED

AUG 24 2010

HEALTH FACILITIES &
SERVICES REVIEW BOARD

August 23, 2010

Mike Constantino
Illinois Department of Public Health
Illinois Health Facilities and Services Review Board
525 West Jefferson Street (2nd Floor)
Springfield, Illinois 62761

RE: PROJECT: 10-045 Kewanee Hospital

Dear Mr. Constantino:

Attached is a letter received from Mr. Brad Solberg, CEO at Hammond-Henry Hospital in Geneseo, Illinois regarding Kewanee Hospital's closure of the obstetric unit. Please note that the date authored is July 19, 2010 received on July 20, 2010. Per 77 Ill. Administrative Code Section 1110.130(c), failure by a facility to respond within the prescribed 15-day response period constitutes a non-rebuttable assumption that the discontinuation will not have an adverse impact for that facility. Mr. Solberg received the impact statement on June 4, 2010 thus not responding until well after the 15-day time period.

As noted in the application to the HFSRB, Kewanee Hospital CEO Margaret Gustafson was in contact with Mr. Solberg prior to the closure announcement and at that time he indicated no issue with the pending obstetric closure.

Thank you for your time in reviewing the attached correspondence. If you have further questions, please contact me at the number listed below or Margaret Gustafson, CEO at (309) 852-7520 or via e-mail at mgustafson@kewaneehospital.com.

Sincerely,

A handwritten signature in cursive script that reads 'Lynn A. Fulton'.

Lynn A. Fulton, COO
(309) 852-7521
lfulton@kewaneehospital.com

CC Margaret Gustafson, CEO

Enc.



REC'D JUL 20 2010

July 19, 2010

Margaret Gustafson, CEO
Kewanee Hospital
1051 W. South St.
P.O. Box 747
Kewanee, IL 61443

RE: Impact Statement for Obstetric Services Closure

Dear Margaret:

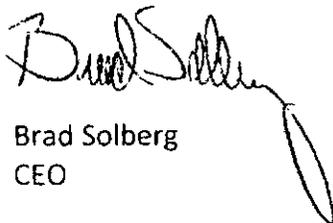
This letter is in response to your request for an impact statement on the closure of the obstetrics services at Kewanee Hospital. Due to the relationship with several of the physicians in Kewanee, Hammond-Henry Hospital now anticipates a significant impact in its operations due to this closure.

Over the past five years, Hammond-Henry has performed anywhere from 115 to 135 annual deliveries. We now anticipate that number to increase by at least 90 deliveries per year because of this action.

It was stated in formal press releases that Kewanee Hospital discontinued its obstetrics services due to the number of Medicaid patients and the low reimbursement from Medicaid for the service. In addition to the Medicaid reimbursement, HFS Hospital Access Improvement Payments are based, in part, on the volume of Medicaid obstetrics. These payments are fixed for the next three years. Therefore, Kewanee Hospital will receive payment for services that are no longer being provided. Hammond-Henry will not receive any adjustments to the HAIP despite a substantial increase in Medicaid obstetrical patients.

We anticipate that discrepancy at approximately \$110,000 and would appreciate consideration of this disparity on behalf of Kewanee Hospital and the Illinois Department of Health and Family Services.

Sincerely,



Brad Solberg
CEO