

# Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

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HEALTH FACILITIES &  
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LIFE SAFETY & CONSTRUCTION

by FedEx

August 14, 2012

Mr. Michael Constantino  
c/o Illinois Health Facilities  
and Services Review Board  
525 West Jefferson  
Springfield, IL 62761

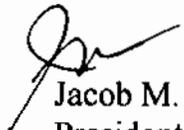
**RE: Project 12-064  
St. Alexius Medical Center  
Hoffman Estates, Illinois  
Addition of NICU Stations**

Dear Mr. Constantino:

Enclosed please find revised ATTACHMENTS 12 and 15 for the above-referenced application, providing up-dated (through July 31,2012) utilization information. The application, as originally filed, contained utilization data for the period ending June 30, 2012.

Should any additional information or documentation be required, please do not hesitate to contact me.

Sincerely,

  
Jacob M. Axel  
President

enclosures

cc K. Clancy

## PURPOSE

The proposed project, which is limited to the addition of eight neonatal intensive care unit (“NICU”) stations at St. Alexius Medical Center (“SAMC”), will improve access to this service for newborns by reducing travel times to other NICUs when St. Alexius Medical Center’s unit is operating at capacity. SAMC’s NICU has experienced extraordinarily-high utilization, operating at an occupancy rate of 80.6% during its initial 12 months of operation, and at 87.0% during the second twelve months (ending July 31, 2012). As a result, the IDPH’s 75% target utilization level has been surpassed, and the overall occupancy rate since the NICU’s opening in August 2010 has been 83.8%.

Also significant is the payor mix of newborns admitted to the NICU. 34.2% of all non-Medicare recipients admitted to SAMC in 2011 were Medicaid recipients. During that same period, 47.5% of the newborns admitted to the NICU were covered by Medicaid.

It is anticipated that the planning or service area will not change appreciably from the existing services area, which is comprised of the far northwestern suburbs. The table on the following page identifies, on a ZIP Code-specific basis, the historical patient origin of the 8-station NICU.

**St. Alexius Medical Center  
Level III Nursery Patient Origin  
February 1, 2011-January 31, 2012**

ZIP Code and Community	%	Cumulative %
60107 - STREAMWOOD	10.98%	10.98%
60133 - HANOVER PARK	8.94%	19.92%
60169 - HOFFMAN ESTATES	8.94%	28.86%
60103 - BARTLETT	6.10%	34.96%
60120 - ELGIN	5.69%	40.65%
60110 - CARPENTERSVILLE	4.88%	45.53%
60074 - PALATINE	4.47%	50.00%
60194 - SCHAUMBURG	4.47%	54.47%
60193 - SCHAUMBURG	3.66%	58.13%
60007 - ELK GROVE VILLAGE	2.85%	60.98%
60123 - ELGIN	2.44%	63.41%
60172 - ROSELLE	2.44%	65.85%
60047 - LAKE ZURICH	2.03%	67.89%
60067 - PALATINE	2.03%	69.92%
60005 - ARLINGTON HEIGHTS	1.63%	71.54%
60056 - MOUNT PROSPECT	1.63%	73.17%
60090 - WHEELING	1.63%	74.80%
60102 - ALGONQUIN	1.63%	76.42%
60142 - HUNTLEY	1.63%	78.05%
60173 - SCHAUMBURG	1.63%	79.67%
60195 - SCHAUMBURG	1.63%	81.30%
60140 - HAMPSHIRE	1.22%	82.52%
other ZIP Code areas, <1.00%	17.48%	100.00%

Newborns from throughout the far northwestern suburbs are routinely admitted to SAMC's Level III nursery following delivery at the hospital (SAMC does not operate a transport program for newborns from other hospitals), with twenty-three ZIP Code areas accounting for 82.52% of the admissions. Each of those ZIP Code areas accounted for a minimum of 1.00% of the NICU's admissions during the twelve-month period.

The measurable goals of the project, which are intended to be reached within three months of the project's completion are: 1) the elimination of the need to refuse

admission to the NICU due to a lack of available stations, and 2) the lowering of the NICU's occupancy rate, consistent with the IDPH standard.

## UTILIZATION

Following receipt of a CON Permit to do so, St. Alexius Medical Center (“SAMC”) opened an eight-station Neonatal Intensive Care Unit (“NICU”) in August 2010. The NICU was given a temporary location, pending the availability of permanent space being developed as a component of the SAMC’s major modernization program, currently under construction. The approved NICU was minimally sized in response to the lack of available space, and the intent was to expand its capacity as demand increased.

Because of its limited capacity, the existing eight-station facility accepts only newborns born at SAMC, as opposed to many other NICU’s that accept newborns in need of NICU services from other hospitals. Even SAMC’s nearby sister hospital, Alexian Brothers Medical Center (“ABMC”), which had nearly 2,300 live births in 2011, transfers its newborns in need of NICU services elsewhere.

During the 12-month period ending July 31, 2012—the second 12-month period of the NICU’s operation—utilization was sufficient to support 9+ stations. During approximately one out of every six days, SAMC’s NICU operates at 100% or greater of its approved capacity. The incremental admissions required to support the proposed sixteen stations will come primarily from three sources: 1) Many of the incremental

patients will be under the care of maternal-fetal medicine specialists and other obstetricians who admit patients to SAMC in anticipation of their babies requiring NICU care. The number of such patients is anticipated to increase. 2) A program to facilitate the transfer of newborns from area hospitals not having NICU capabilities will be developed. Because of capacity issues, SAMC has not accepted transfers from other hospitals in the past. As part of the plans to expand its NICU capacity, however, SAMC will be implementing a transfer program once sufficient station capacity is available. 3) The number of anticipated deliveries at SAMC is projected to increase. Over the five year period 2007-2011, SAMC's live births increased from 2,879 to 3,169; resulting in a growth rate of 2% per year. Growth is anticipated to continue, for a variety of reasons, including high birth rates in communities to the southwest, west and northwest of the hospital, the relocation of Sherman Hospital to the west, and Alexian Brothers Health System's network of primary care clinics in the area, offering prenatal care to the uninsured population in the area.

Consistent with IHFSRB expectations, attached are letters from area physicians and other referral sources, addressing their anticipated referral volume to SAMC's NICU during its first two years following expansion. Cumulatively, those letters identify 102 incremental NICU admissions, resulting in 1,739 NICU patient days, based on the 2011 average length of stay of 17.05 days. Combined with the 2,541 patient days of care provided during the 12-month period ending July 31, 2012, and using the IHFSRB's 75% target occupancy rate, the proposed sixteen NICU stations are supported.