

February 17, 2014

RECEIVED

FEB 18 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: February 10, 2014 Public Hearing
Project 13-072
NorthPointe ASTC

Dear Ms. Avery,

Please accept this second response to the opposition comments made at our recent Public Hearing. My initial response letter was based on notes taken during the hearing. This response is based on the information posted on the IHFSRB web site.

We trust this letter will provide a more reasoned level of objectivity and also correct the misstatements and errors voiced during the hearing in order to assist you and your staff in the review process.

1. Statement: Jurisdictional issues will arise given that a licensed Wisconsin Hospital will control an Illinois ASTC provider.

Response: The ASTC will be licensed under, and must, and will comply with all Illinois licensing criteria, so the statement is not valid. In addition, our situation is not inconsistent with other healthcare providers bordering on contiguous states. In fact, IDPH recognizes out-of-state trauma centers as part of the Illinois EMS system. Patients and good healthcare programs do not recognize political boundaries.

At-Home Healthcare
1904 E. Huebbe Parkway
Beloit, WI • (608) 363-5885

Beloit Clinic
1905 E. Huebbe Parkway
Beloit, WI • (608) 364-2200

Clinton Clinic
307 Ogden Avenue
Clinton, WI • (608) 676-2206

Darien Clinic
300 N. Walworth Street
Darien, WI • (262) 882-1151

Janesville Clinic
1321 Creston Park
Janesville, WI • (608) 757-1217

**NorthPointe Health &
Wellness Campus**
5605 E. Rockton Road
Roscoe, IL • (815) 525-4000

NorthPointe Terrace
5601 E. Rockton Road
Roscoe, IL • (815) 525-4800

**Occupational Health Sports
& Family Medicine Center**
1650 Lee Lane
Beloit, WI • (608) 362-0211

Riverside Terrace
3055 S. Riverside Dr.
Beloit, WI • (608) 365-7222

West Side Clinic
1735 Madison Road
Beloit, WI • (608) 363-7510

2. Statement: The project proposes to add laboratory, MRI, and CT services to the NorthPointe Campus without including costs for these programs in the ASTC permit application.

Response: In fact, each of these services already exists on our NorthPointe Health and Wellness Campus. By locating the ASTC at NorthPointe we in fact will not have to duplicate these services and incur these costs. The project proposes to modernize the lab to include a blood bank to support the proposed ASTC. There will be no changes to existing MRI and CT Services. The statement is incorrect.

3. Statement: The applicant ignored IHFSRB criteria in the permit application.

Response: Our permit application responded to all current Review Board criteria otherwise it would not have been deemed complete. Our permit application responded to the applicable criteria.

4. Statement: Current in-market ASTC and ambulatory surgery services are underutilized.

Response: Our permit application assessed in-market capacity and concurred some are underutilized. However, we propose to relocate current volume and, as an integrated healthcare System, retain our patients within our System. Twenty-one (21) multi-specialty physicians have attested to the relocation of these cases (summary provided in attachment 15, Exhibit 15.1 of the application). Also, some of the underutilized market capacity is in single-specialty ASTC's and we propose to develop a multi-specialty ASTC.

5. Statement: If the ASTC is developed, there will be duplication of facilities and services in the market.

Response: The proposed ASTC will replace current Beloit Memorial Hospital (BHM) facilities and not duplicate in-market services in that the project justification is based on relocated cases as attested to in our Permit Application (summary provided in attachment 15, Exhibit 15.1 of the application).

6. Statement: There is excess surgical capacity in the market.

Response: This calculated market excess capacity was well described in our Permit Application. However, we propose to relocate cases existing within our System to our

NorthPointe Campus so the current market capacity will not be affected (summary provided in attachment 15, Exhibit 15.1 of the application).

7. Statement: Access to ambulatory surgery exists within the market.

Response: Beloit Memorial Health System (BMHS) is an integrated provider and provides a full continuum of care. There is no advantage for the System or our physicians to provide healthcare services in non-BMHS facilities. Hence, we are enhancing access to our current programs by existing patients. In addition, we are not duplicating services, but relocating current utilization and services (summary provided in attachment 15, Exhibit 15.1 of the application).

8. Statement: The proposed construction standards are excessive.

Response: By BMHS policy, we provide the highest level standard, as applicable, in developing our facilities. In this case, hospital standards apply.

9. Statement: The Project cost is “outrageous”.

Response: The proposed ASTC construction cost per sq. ft. is consistent with 2008 IHFSRB benchmarks when escalated to the mid-point of construction. Our costs are not “outrageous”.

10. Statement: Estimated project costs “grossly exceed” State Agency experience.

Response: Our estimated construction costs and project costs are consistent with State Agency experience. The statement is not based on legitimate cost comparisons and mixes un-escalated benchmark construction costs with estimated project costs.

11. Statement: The IHFSRB construction cost benchmark of \$291/sq. ft. is far below the proposed NorthPointe cost.

Response: The stated IHFSRB standard is a 2008 benchmark and when escalated to approximately \$348.00 per sq. ft. approximates our proposed / estimated per sq. ft. cost for the NorthPointe ASTC.

12. Statement: The Shelled Space is not justified and not based on a Master Plan

Response: We attested to the fact the proposed shell space was for future physician offices and any completion of this space would require a CON. In addition, the Permit

Application outlines certain facts related to developing the space now and not constructing new space over an occupied area in the future.

13. Statement: BMH modernization costs were not included in the Permit Application.

Response: These costs are not applicable to the proposed ASTC project and our Permit Application fully describes our internal corporate analysis considering hospital-based alterations and modernization costs. The proposed ASTC is a least-cost option.

14. Statement: BMH should utilize temporary or mobile OR's on the BMH Campus to relieve capacity constraints.

Response: We do not believe this to be a reasonable or viable alternative given current healthcare standards and Wisconsin Hospital Licensing Criteria. The suggestion is not reasonable particularly given we have more than capacity constraints as provided in our Permit Application and testimony. Locating the proposed ASTC at NorthPointe is the most cost effective and will reduce patient anxiety by offering the service in an outpatient setting vs. the Hospital. It will also improve patient privacy by offering a separate convenient parking and drop off area.

15. Statement: Expanding and modernizing the BMH Campus is less costly than developing at NorthPointe.

Response: The alternatives considered, as outlined in our Permit Application, demonstrate the proposed NorthPointe ASTC is the least costly option, based on the stated assumptions, as outlined.

16. Statement: Ophthalmology and Pain Management case hours are excessive.

Response: The comparison stated at the Public Hearing suggested 20 minutes case time per ophthalmology case; in fact, the opposing organization reported their respective case hours as 0.92 or 55 minutes per case based on reported 2012 IDPH data. Our proposed / estimated case time is 1.1 hours or 66 minutes, an 11 minute difference, not 46 minutes. We expect the NorthPointe ASTC will be more efficient than hospital based surgery and these case times may improve.

Similarly, the opposing organization stated their pain management cases take less than 20 minutes, whereas their data, according to published IDPH reports, is 43 minutes. We

estimate an average 60 minutes per pain management case and again expect efficiencies in an ASTC.

It is unclear why the public hearing testimony is significantly different than that reported by the opposing organization to the IHFSRB and IDPH.

17. Statement: Beloit justified the current need to add 2 additional operating rooms at BMH, but proposes to build 4 in the NorthPointe ASTC.

Response: The referral letters fully justify the utilization necessary to develop a 4-room ASTC. As stated in our Permit Application, we require additional space within our surgical suite to develop larger operating rooms. In addition, by relocating the utilization volume for a 4-room ASTC, we will be creating an efficient and effective ambulatory care delivery model.

18. Statement: The proposed ASTC charges are excessive.

Response: Charges do not reflect actual reimbursement. We expect our reimbursement, due to various Medicare and Medicaid fee schedules, as well as competitive contractual relationships, will be the same as the current in-market providers.

19. Statement: Poverty level comparative data implies BMH is moving to a better market.

Response: Beloit Health System, by law and regulation, accepts all patients. Our overall service area approximates the same level of poverty inherent in the Rockford region and state-line area so the public hearing statements are not valid. Our patients come from all areas with a varied mix of impoverishment within our service area.

Again we thank you and your staff in considering our Permit Application based on accurate information.

If you have any questions, I can be reached at 608-364-5685 or tmckevett@beloithealthsystem.org.

Sincerely,



Timothy McKeve
President

CC: Mike Constantino, Supervisor, Project Review Section
Ed Parkhurst