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September 17, 2014

RECEIVED

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VIA OVERNIGHT MAIL AND E-MAIL

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Mike Constantino
Illinois Health Facilities & Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Project #14-043 - Request For Information Dated September 15, 2014

Dear Mr. Constantino:

In response to your request for information directed to Ms. Scheuerman, please be advised as follows. For convenience, we included your requests (in italics) within this correspondence, with our response after each.

Page 20 of the application for permit provides the project medical surgical utilization for 2019. We need to know the projected increase in the projected days as a percentage from 2013 to 2019.

The projected increase as a percentage from 2013 to 2019 is 15.2% . This is based on what we believe will be increased referrals due to recently recruited physicians (795 new admissions by 2019 as referenced in the application), and population growth in the market area (see attached). The population growth of 4.2% is supported by the Claritas data found at pages 137 to 143 of the application. Claritas uses US census data as a baseline, and shows increase in growth in the market area (using zip codes served) versus the F1 Planning Area. More importantly, it is also based on the growing number of people within the population that are ages 50-75, as these individuals typically require more inpatient stays in the medical surgical bed category than the general population.

Page 179 of the application for permit does not provide the projected ICU patient days for 2019. Please provide a chart similar to application page 120 for the medical surgical category of service and the percentage increase in projected patient days for the ICU service from 2013 to 2019.

The Hospital is not relying on any increase in patient days in ICU for 2019. It anticipates the patient days and ADC will be the same as in 2013, which is 5,121 patient days and an ADC of 14. The 2013 utilization supports the proposed number of beds. Please see page 178 of the application.

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For all services that are being provided at the new hospital, we need the projected percentage increase in patient days/services etc. from 2013 to 2019.

As this is not a new hospital, but a replacement hospital, the Hospital had the benefit of current utilization to shape its planning. As such, it conservatively relied on 2013 utilization data to support utilization of all bed categories of service, categories of service and clinical services areas other than categories of service for which the State Board has utilization targets or guidelines. It also reduces its beds in each bed category of service. 2013 utilization supports the proposed categories of service and clinical service areas at the State Board requirements, except for four categories: medical/surgical beds, obstetric beds, endoscopy and labor and delivery rooms ("LDR").

The Hospital notes that with respect to the medical surgical bed category, it relied on very conservative projections to arrive at target occupancy for a 100 bed unit. The Hospital's 2013 utilization supports an 87 bed unit, but this is not consistent with HFSRB requirements for medical surgical beds in MSAs (a 100 bed unit is required for establishment, and a replacement hospital at a different site is bound by the rules on establishment). In addition, the Hospital had a peak census in medical surgical beds in 2013 of 104 and thus it thought it prudent to establish a 100 bed unit. As mentioned previously, with an estimated growth of 4.2% in the market area based on Claritas data, and growth within the aging population aged 50-75, it is able to reach target utilization for a 100 bed unit by 2019.

With respect to obstetrics, the target rate for a 10 bed unit is 60% and the Hospital proposes a 12 bed unit (the target occupancy for 12 beds is 75%). While the Hospital could have proposed a 10 bed unit and met State Board requirements, its peak census in OB in 2013 was 18. Thus, given that fact and the recent recruitment of 3 obstetricians (not anticipated recruitment but actual new physicians at the current facility) the Hospital believed it prudent to replace 12 beds. This will allow it to monitor use of its obstetrics unit, and if necessary increase or decrease beds. However, the 12 bed unit is a reasonable unit given projected utilization. Also, as stated within the application, the 2013 utilization was lower than typical. If one were to take average utilization over a three year period the 12 bed unit would operate at the 75% target.

With respect to the endoscopy service, the current two dedicated endoscopy rooms operate at 95% capacity (based on 2013 utilization). Individuals age 50 or over, a significant growing section of the population, are recommended to have colonoscopies as a baseline, and then every 5 years or more frequently based on history and results. Also, insurance mandates are requiring coverage for colonoscopies. These factors, coupled with the 2013 95% utilization of the existing two rooms, formed the basis for the projections that 3 endoscopy rooms is required for 2019. Building out an extra endoscopy room is not expensive, and appears necessary given 2013 utilization.

With respect to LDR, the Hospital currently has 8 LDRs and is proposing 5. The State Standard for LDRs is 400 births per room, and based on 2013 utilization the Hospital can support 3 rooms.

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However, in many instances as detailed in pages 303-305 of the application, significant time is spent in an LDR without a birth (patients may spend time in false or premature labor which is mitigated and the patient is sent home). In addition, given the slight growth projected in the market area and 3 new obstetricians that joined the medical staff as noted within the application, we expect more obstetric and thus LDR activity by 2019. Lastly, the need for an LDR varies from time to time and season to season – while the Hospital supports 3 rooms, it requires more to accommodate peak census times when multiple women might be laboring at the same time.

The State Board's projected population for the F-01 planning area by CY 2015 indicates an increase in population of 150 individuals or essentially no increase in population in this planning area. You are projecting an increase of 4.2% in your market area. Please explain.

As mentioned, in almost all categories the Hospital is relying on 2013 utilization data and conservatively proposing replacing its services in a manner that reaches State Board target utilization without relying on any projections, including population growth. Having said this, the Hospital ran Claritas data which, consistent with HFSRB growth rates through 2015, showed little growth (through 2014). However, Claritas data (based on US Census data) showed significant growth from 2014 through 2019. This growth is in the service area of the Hospital and not the F1 planning area. Again, in almost all instances population growth in and of itself was not used to support services at target utilization rates or state guidelines. Even with respect to the medical/surgical, obstetrics, LDR and endoscopy services, a combination of population growth generally, growth in the aging population and other factors (such as recent physicians joining the Hospital's Medical Staff, birth rate spikes and declinations, insurance coverage, peak census in 2013) were used to conservatively reach target occupancy in these areas.

We appreciate the opportunity to respond to your questions, and if you have any further questions do not hesitate to contact us.

Sincerely,


Clare Connor Ranalli

Enc.

C: Kathy Olson, Susan Beeler, Janet Schuererman

Population, Ages 15+	2010	2014	2019	% Growth from 2010	% Growth from 2014
Madison/Clinton/St.Clair	457,076	457,323	470,644	0.1%	2.9%
SEB PSA/SSA	316,208	317,489	330,025	0.4%	3.9%
Non SEB Service Area	140,868	139,834	140,619	-0.7%	0.6%