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MARK J. TURNER, PRESIDENT

November 24, 2014



Via Federal Express

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and  
Services Review Board  
525 West Jefferson  
Springfield, IL 62761

RECEIVED

NOV 25 2014

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

RE: Project 14-043  
St. Elizabeth's Hospital, Discontinuation of  
Belleville Hospital and Establishment of O'Fallon Hospital

Dear Ms. Avery:

The above-referenced project proposes the discontinuation of St. Elizabeth's Hospital (St. Elizabeth's) in downtown Belleville and the establishment of a new hospital in O'Fallon, Illinois. This project runs counter to both the letter and spirit of the Illinois Health Facilities and Services Review Board (IHFSRB) Act and rules. Memorial Hospital respectfully requests the IHFSRB to disapprove this application.

Project 14-043 would materially diminish the adequacy of services to the community, promote the unnecessary duplication of health care facilities, and fail to address the unmet needs in the community. Moreover, it will undercut the Act's objectives of guaranteeing the availability of quality health care to the general public, and will decrease the accessibility of services to the medically underserved and indigent. Contrary to the Act's purposes of insuring that health care facility actions are deemed in the best interest of the public, the proposed abandonment of Belleville in favor of O'Fallon is designed only to serve the corporate interests of the applicant.

This application does not comply with the IHFSRB applicable review criteria, as discussed below.

1. Section 1110.530.c.3 (**Service Demand**) There are at least three reasons why the application fails to meet the requirements of this criterion:
  - a. The applicant has significantly overstated projected utilization because its calculations assume that the move from Belleville to O'Fallon will not result in any shift in market share or one lost patient from Belleville. It is unrealistic for the applicant to state to its Belleville patients that a move to O'Fallon will not

result in a reduction in access for Belleville residents. The failure of St. Elizabeth's to adequately account for the certain fall-off of Belleville patients undermines all of its utilization projections.

- b. This criteria requires an applicant to document that the proposed number of beds is supportable by the last two years' utilization, or if the applicant proposes the establishment of a new hospital, that the applicant submit projected referrals to support the proposed number of beds. St. Elizabeth is proposing 100 medical surgical beds in O'Fallon. St. Elizabeth's 2012 Medical/Surgical utilization (including observation days) supports 85 beds and its 2013 utilization supports 88 beds, resulting in non-compliance with this review criteria.
  - c. The clinical department head letters submitted by the applicant cannot be used to justify need. Based on agency past practice, these letters must be submitted by actual referring physicians based on historical referral practices. In addition, the submitted letters further misrepresent future utilization by including projections relating to recruitment of physicians. Specifically, the applicant has created a "multiplier" relating to physician recruitment that it applies in calculating prospective utilization. This multiplier, which has never been accepted by the agency in calculating bed need, is referred to as a "Medical Staff Growth Factor." The applicant's argument for justifying a 9.6% increase in its Medical/Surgical days and a 14% increase in its Obstetrical days relies on use of this Medical Staff Growth Factor. To support this growth factor a letter was provided on pages 202 and 203 of the application listing 30 MDs that have joined St. Elizabeth Medical staff since 2012. Of the 30 listed: 2 are pediatricians (which is a service that St. Elizabeth is proposing to discontinue); 2 are no longer practicing in the area; 2 are dentists; 2 are ophthalmologists (which do very little, if any hospital based work); 1 is listed twice; and 3 are Air Force residents that will not practice in the area once their training is complete. As a result, 12 of the 30 names listed will have no impact on the utilization projections of the application. In addition, the increased utilization is projected at the same time that the applicant is proposing to leave Belleville. Therefore, an adjustment should be applied to reflect the decrease that will result from abandoning Belleville. Incorporating patient days to be realized as a result of potential Medical Staff growth is inconsistent with the letter, intent, and spirit of Section 1110.530.c.
2. Section 1110.530.g (**Performance Requirements**) requires a 20 bed minimum for an obstetrics category of service. St. Elizabeth's is proposing to establish an obstetrics service with only 12 beds.
  3. Section 1110.230.c (**Alternatives**). The application failed to provide a sufficient response to merit compliance with this criteria.
    - a. This section requires an applicant to document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project. The applicant has failed to meet the

requirements because it has not provided sufficient documentation relating to the options that best insure continued access to care by Belleville's residents. These options would involve either (1) the renovation of the current hospital site in Belleville; (2) the renovation of the current hospital combined with new construction on-site; and (3) the construction of a replacement hospital located in downtown Belleville. Instead, the applicant has summarily dismissed all Belleville options in favor of relocating to O'Fallon. In dismissing these viable alternatives, the applicant selected the one alternative that will significantly diminish access for Belleville residents, especially those who are financially disadvantaged.

- b. The applicant's Alternatives section fails to evaluate the option of maintaining the existing St. Elizabeth urgent care center in O'Fallon coupled with a downsized Emergency Department. This alternative should have been included because it was preferable to the applicant's proposal. This alternative would reduce the out-of-pocket costs for patients while also reducing the construction costs associated with the proposed hospital's Emergency Department.

4. Section XI (**Safety Net Impact Statement**) of the application is flawed because:

This section requires an applicant to document that the proposal would not negatively impact essential safety net services in the community. St. Elizabeth's project directly and materially guts Belleville's safety net hospital services, and negatively impacts its traditional patient base for the following reasons:

- a. St. Elizabeth's application wrongly defines its community/service area, and, rather than provide comparisons of downtown Belleville to O'Fallon, St. Elizabeth's provides demographic data for all of St. Clair County, to support a position that it is improving access for the financially disadvantaged. This presentation distorts the comparison. In fact, the median household income in ZIP Code area 62269, its proposed O'Fallon site, is \$78,139. In contrast, the median household income in ZIP Code area 62220, its current Belleville site, is \$50,826. In 2013, ZIP Code area 62220 accounted for more Medical/Surgical admissions and more ICU admissions to St. Elizabeth's than any other ZIP Code area.
- b. St. Elizabeth's application claims that St. Clair County is a MUA/HPSA. The entirety of St. Clair County is not a medically underserved area. The identified MUA/HPSA's are located in the western portion of the county (East. Louis and Centreville), further from the proposed site. In addition the application indicates that St. Elizabeth will be moving the Family Practice Residency program to O'Fallon. The residency program is a key safety net provider of services and will create a safety net void in Belleville and neighboring communities.
- c. St. Elizabeth's application did not address the material impact that the abandonment of its Belleville location will have on Memorial Hospital, and

specifically, Memorial's ICU. For decades, Memorial Hospital and St. Elizabeth's Hospital have shared the responsibilities of being safety net providers. Essential to that role is providing access to critically ill or injured patients being transported by EMS providers. St. Elizabeth's did not address the fact that many Belleville residents and residents from surrounding communities now being transported via EMS to St. Elizabeth's will be transported to Memorial, because Memorial will be the closest hospital. For example, and as noted above, the ZIP Code area contributing the largest number of ICU admissions to St. Elizabeth's is 62220, and all EMS transports from ZIP Code area 62220 will be brought to Memorial Hospital, should St. Elizabeth's relocate to O'Fallon. As a result, St. Elizabeth's role as a safety net provider will be significantly diminished.

- d. St. Elizabeth's position that "the proposed replacement will bring safety net services closer to the most vulnerable population because of improved access to the proposed site" is not supportable. Locating a hospital near I-64 does not improve access by vulnerable population(s) who do not own their own vehicles, nor does it significantly change usage patterns by the vulnerable population(s) to the west, that have typically crossed the river to St. Louis for medical care. Further, Memorial Hospital-East, which is currently under construction, is already located near I-64, and access to the proposed St. Elizabeth's O'Fallon site is provided via the same I-64 exit ramp used to access Memorial-East. As a result, St. Elizabeth's goal of providing improved access will be met upon the opening of Memorial Hospital-East.
  - e. St. Elizabeth's stated plans to leave selected outpatient services in downtown Belleville will not insure accessibility to those services. Since none of the services proposed to remain on St. Elizabeth's Belleville site are safety net services or reviewable by the IHFSRB, St. Elizabeth's will be free to discontinue or reduce these services at any time. The services that need to be accessed in an emergency are being removed from downtown Belleville: the Emergency Department, Medical/Surgical beds, the Intensive Care Unit, the Surgery Department, and Cardiac Cath.
5. Section 1110.530.d addresses **Unnecessary Duplication/Maldistribution**. The application fails to include the services to be provided at Memorial Hospital-East. That hospital was unanimously approved by the IHFSRB, is located less than two miles from St. Elizabeth's proposed site, and is currently under construction. This critical omission of the closest hospital to the proposed facility makes the applicant's assessment of duplication and maldistribution meaningless. No assessment of service impact can be complete without consideration of Memorial East's Medical/Surgical beds, obstetrics beds, ICU beds, cardiac catheterization, and those clinical services not designated by IDPH as "categories of service."
  6. The applicant's submission relating to space allocation (Attachment 9) is incomplete because it omits the "observation status accommodations" referenced on page 97 of the application.

7. The applicant omitted the required flood plain map of the proposed site. As a result, it cannot be determined whether or not the proposed project is in compliance with Illinois Executive Order #2005-5, or whether the entire proposed site is suitable for construction.
8. The applicant failed to include all required costs in the "Project Costs and Sources of Funds" table provided in Section I of the application. Specifically, the applicant omitted all costs relating to mine mitigation design and mine mitigation, which are identified in Attachment 7 as totaling \$7,142,451. These costs are required to complete the project, regardless of funding. They should have been identified as a "Use of Funds" in the "Project Costs and Sources of Funds" table, and also should have been noted in the appropriate line item under "Sources of Funds." These costs represent nearly 3% of the project cost.
9. The applicant failed to itemize \$6,880,987 in setting forth "Other Costs to be Capitalized-Belleville Health Center." The rules require itemization of this amount. As presented in the application, the applicant could easily reallocate these funds to the O'Fallon campus.

The application is deficient and inconsistent with the language and spirit of the Act and its rules. Its nonconformance should be delineated in the Board Staff Report.

Thank you for the opportunity to articulate the application's noncompliance.

Sincerely,



Michael McManus  
Chief Operating Officer

cc: Michael Constantino  
Illinois Health Facilities and  
Services Review Board