



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

<b>DOCKET ITEM</b> A-01	<b>BOARD MEETING:</b> August 8, 2024	<b>PROJECT NUMBER:</b> 21-029
<b>PERMIT HOLDERS(S):</b> Quincy Physicians and Surgeons, PLLC d/b/a Quincy Medical Group		
<b>FACILITY NAME and LOCATION:</b> Quincy Medical Group Birth Center, Quincy		

**STATE BOARD STAFF REPORT**  
**PERMIT RENEWAL REQUEST**

**I. Background**

On April 26, 2022, the State Board approved Project #21-029. The permit authorized the establishment of a Freestanding Birth Center in Quincy. The State Agency notes the project is not obligated, and the current project completion date is June 30, 2024.  
Project cost: \$2,162,795.

State Board Staff notes the permit holders submitted the permit renewal request on May 16, 2024. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

**II. Findings**

State Board Staff notes this is the second renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

May 30, 2023: Board Chairwoman approves first permit renewal, extending the project completion date 12 months, from June 30, 2023, to June 30, 2024.

### III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of June 30, 2025. This would extend the project's completion date twelve months, from June 30, 2024, to June 30, 2025.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is proceeding with due diligence and is approximately 20% complete. Design development, drawing review, and budget finalization have been completed, and a preliminary review of the building plans have been completed by the Illinois Department of Public Health.
- Completion of finish construction
  - Equipment installation and licensure inspections
  - Facility licensure
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the recent cost increases in labor, materials, and equipment compelled the permit holders to reconfigure the project design and budget, resulting in delays in the commencement of construction. Delays in the construction timeline were also encountered due to necessary evaluations to determine if the project is compliant with IDPH Administrative rules under the Birth Center Licensing Act.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$273,800 (12.7% of the overall permit amount of \$2,162,795) has been expended to date, and that sufficient funds exist to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders indicate the project cost will not deviate from the approved permit amount of \$2,162,795.

### IV. Project Description & Other Background Information

The permit authorized the establishment of a Freestanding Birth Center in Quincy. Project cost: \$2,162,795.

Permit Issuance Date: April 26, 2022

Project Obligation Date: June 30, 2024

Original Project Completion Date: June 30, 2023

Proposed Project Completion Date: June 30, 2024  
(12-month renewal request, 1<sup>st</sup> request)

Proposed Project Completion Date: June 30, 2025  
(12-month renewal request, 2<sup>nd</sup> request)

**V. Applicable Rules for Permit Renewal Requests**

77 Ill. Adm. Code 1130.230(h)(5) states that a permit holder shall be assessed a \$500 application processing fee. Permit renewal requests that are not received at least 45 days prior to the expiration date of the permit shall be subject to an additional \$500 late application processing fee. Any permit renewal request received by the State Board after the stated completion date is subject to the fines provided in the Health Facilities Planning Act.

77 Ill. Adm. Code 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 Ill. Adm. Code 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 Ill. Adm. Code 1130.740(c) (1-4) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following:

- 1) the requested completion dates.
- 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date.
- 3) a statement as to the reasons why the project has not been completed; and
- 4) confirmatory evidence by the permit holder' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 Ill. Adm. Code 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny, or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 Ill. Adm. Code 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holder will be afforded an opportunity for an administrative hearing.

**VI. Other Information**

Appended to this report are the following: the permit holders' documents for a permit renewal and a copy of the original State Board Staff Report.



May 16, 2024

Via Hand-Delivery and E-Mail

Mr. John Kniery  
Illinois Health Facilities and Services Review Board  
525 West Jefferson, 2<sup>nd</sup> floor  
Springfield, IL 62761

RE: Permit Renewal Request - Request for Extension of Project Completion Date  
Project # 21-029  
Quincy Medical Group Birth Center

Dear Mr. Kniery:

On April 26, 2022, the Illinois Health Facilities and Services Review Board (“HFSRB”) granted a permit for the above-referenced project to establish a birth center in Quincy, Illinois. On behalf of Quincy Physicians & Surgeons Clinic, PLLC d/b/a Quincy Medical Group, and pursuant to 77 Ill. Admin. Code § 1130.740, we are seeking an extension of the project completion date to June 30, 2025.

#### **Requested Extension of Project Completion Date**

We request a 12-month extension of the project completion date from June 30, 2024 to June 30, 2025.

#### **Status of Project and Statement Regarding Completion of the Project**

We are requesting an extension of the project completion date to complete construction. To date, we’ve expended \$273,800 and the project is 20% complete. Design development, drawing review, and budget finalization have been completed. We also worked with the Illinois Department of Public Health Division of Life Safety and Construction in relation to a preliminary review of plans for the birth center. The project was delayed as we worked diligently to ensure that the budget stayed within the approved project costs despite cost increases due to inflation, supply chain issues, and increased interest rates. The project was also delayed to evaluate whether changes to the project were needed to comply with the administrative rules of the Illinois Department of Public Health applicable to birth centers licensed under the Birth Center Licensing Act (with such rules effective September 2023).



**Confirmatory Evidence of Project Compliance**

Pursuant to 77 Ill. Admin. Code § 1130.740, I hereby certify that the project's costs and scope are in compliance with the terms of the project approved by the HFSRB and that sufficient financial resources are available to complete the project.

Enclosed please find the required \$500 processing fee. Please let me know of any questions on this request.

Sincerely,

A handwritten signature in black ink that reads 'Carol Brockmiller'. The signature is written in a cursive, flowing style.

Carol Brockmiller  
Chief Executive Officer  
Quincy Medical Group

Enclosure



STATE OF ILLINOIS  
**HEALTH FACILITIES AND SERVICES REVIEW BOARD**

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<b>DOCKET NO:</b> H-01	<b>BOARD MEETING:</b> April 26, 2022	<b>PROJECT NO:</b> 21-029	<b>PROJECT COST:</b> Original: \$2,162,795
<b>FACILITY NAME:</b> Quincy Medical Group Birth Center		<b>CITY:</b> Quincy	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA:</b> III

**PROJECT DESCRIPTION:** The Applicant (Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group) proposes to establish a 3-room free-standing birthing center in Quincy, Illinois. The anticipated cost of the project is \$2,162,795. The anticipated completion date is June 30, 2023.

Information concerning this Application for Permit can be found at  
<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/Quincy-Medical-Group-Birth-Center,-Quincy---21-029.aspx>

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The Applicant (Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group) proposes to establish a 3-room free-standing birthing center in Quincy, Illinois. The anticipated cost of the project is \$2,162,795. The anticipated completion date is June 30, 2023.
- This Birthing Center Application for Permit is being submitted under the Alternative Health Care Delivery Act (210 ILCS 3/1). The Alternative Health Care Delivery Act allows the State Board of Health through the Illinois Department of Public Health to recommend to the General Assembly and Governor those models that should be authorized as alternative health care models for which demonstration programs should be initiated. Currently there are four alternative health care models<sup>1</sup> that the Illinois Health Facilities and Services Review Board must approve before an Applicant can begin operation and be licensed under this program:
  - Birthing Center
  - Children’s Community Based Health Care Centers
  - Community Based Residential Rehabilitation Centers
  - SubAcute Care Hospital Model
- On March 1, 2022, a Type A Modification was submitted that replaced Quincy Physicians & Surgeons, S. C. d/b/a Quincy Medical Group with Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group as the Applicant. A public hearing was conducted March 18, 2022, regarding the Type A Modification.

### ALTERNATIVE HEALTH CARE DELIVERY MODEL-BIRTHING CENTER

- In 2009 the General Assembly approved (PA 96-0699) the birth center model as a demonstration program under the Alternative Health Care Delivery Act [210 ILCS 3]. The purpose of the demonstration project is to evaluate the birth center model for quality factors, access, and the impact on health care costs. Each applicant approved under this model will be required to periodically submit data necessary for evaluating the model's effectiveness. The General Assembly initially authorized the establishment of **10 birth center models** in the demonstration program including:
  - 4 located in the combined Cook, DuPage, Kane, Lake, McHenry, and Will counties.
  - 3 located in municipalities with a population of 50,000 or more not located in an area described above; and
  - 3 located in rural areas.
- In each of the geographic groups identified above, **one** birth center shall be owned or operated by a hospital and **one** birth center shall be owned and operated by a federally qualified health center (“FQHC”).
- **Public Act 102-0414 effective August 20, 2021**, amended the Alternative Health Care Delivery Act by increasing the number of birth centers in the State of Illinois. This Amendment allows 10 (rather than 4) birth centers in Chicago and the collar counties. These include additional sites on the south and west sides of Chicago. Two (rather than 1) birth centers are to be owned or operated by a Federally Qualified Health Center. Additionally, one birth center is to be in the A-3 Hospital

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<sup>1</sup> Post-Surgical Recovery Care Model was closed in 2008. Free Standing Emergency Centers would require legislation to reopen the model.



Planning Area<sup>2</sup>. One additional birth center is to be in East St. Louis in the F-1 Hospital Planning Area<sup>3</sup>. The total number of allowed birth centers has been increased from 10 to 17 birth centers.

- **Public Act 102-0518 effective August 20, 2021**, created the Birth Center Licensing Act that will require licensing of birth centers.
- The **first 3 birth centers** authorized to operate by the Department shall be in or predominantly serve the residents of a health professional shortage area as determined by the United States Department of Health and Human Services. There shall be no more than 2 birth centers authorized to operate in any single health planning area for obstetric services as determined under the Illinois Health Facilities Planning Act. If a birth center is located outside of a health professional shortage area, (i) the birth center shall be located in a health planning area with a demonstrated need for obstetrical service beds, as determined by the Health Facilities and Services Review Board or (ii) there must be a reduction in the existing number of obstetrical service beds in the planning area so that the establishment of the birth center does **not** result in an increase in the total number of obstetrical service beds in the health planning area.
- The proposed birth center (Project #21-029) is the **sixth birth center** to be proposed in the State of Illinois under the Alternative Health Care Model.
  - The **First** Application (Permit #12-084), PCC South Family Health Center, Berwyn, was approved on February 5, 2013, and was completed on December 31, 2014. PCC South Family Health Center is a FQHC.
  - The **Second** Application (Project #15-006) Bloomington-Normal Birthing Center was approved April 21, 2015 and was completed on September 23, 2017.
  - The **Third** Application (Permit #20-003), Burr Ridge Birthing Center was approved February 25, 2020, and completed April 1, 2021.
  - The **Fourth** Application (Permit #20-029), Birth Center of Chicago was approved September 22, 2020. This project has not been completed.
  - The **Fifth** Application (Permit #21-021) NorthPointe Birth Center was approved on December 14, 2021. This project has not been completed.
- As of the date of this report rules implementing the licensing legislation has not been completed by the Illinois Department of Public Health.

#### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- This project is before the State Board because the project proposes to establish a health care facility as defined by Illinois Health Facilities Planning Act.

#### **PUBLIC HEARING/COMMENTS**

- As mentioned above a public hearing was conducted by the State Board and letters of support and opposition have been received by the State Board.

#### **SUMMARY:**

- The State Board does not have a need methodology for birthing centers, nor size or utilization

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<sup>2</sup> **Planning Area A-3:** City of Chicago Community Areas of Douglas, Oakland, Fuller Park, Grand Boulevard, Kenwood, Near South Side, Washington Park, Hyde Park, Woodlawn, South Shore, Chatham, Avalon Park, South Chicago, Burnside, Calumet Heights, Roseland, Pullman, South Deering, East Side, Garfield Ridge, Archer Heights, Brighton Park, New City, West Elsdon, Gage Park, Clearing, West Lawn, West Englewood, Englewood, Chicago Lawn and Greater Grand Crossing.

<sup>3</sup> **Planning Area F-1:** Madison and St. Clair Counties; Monroe County Precincts 2, 3, 4, 5, 7, 10, 11, 14, 16, 17, 18, 19, 21, and 22; Clinton County Townships of Sugar Creek, Looking Glass, Germantown, Breese, St. Rose, Wheatfield, Wade, Sante Fe, Lake, Irishtown, Carlyle and Clement.

standards for this alternative health care model. Also, financial viability and cost standards have not been developed for this model.

- The location of the proposed facility is in the E-05 Hospital Planning Area which includes Adams and Hancock Counties; Schuyler County Townships of Birmingham, Brooklyn, Camden, and Huntsville; Brown County Townships of Pea Ridge, Missouri, Lee, Mount Sterling, Buckhorn and Elkhorn.
- There is a calculated excess of 14 Obstetric Beds in the E-05 Planning Area, per the March 2022, IDPH Inventory Update.

**STATE BOARD STAFF REPORT**  
**Quincy Medical Group Birth Center**  
**Project #21-029**

<b>APPLICATION/CHRONOLOGY</b>	
Applicant	Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group
Facility Name	Quincy Medical Group Birth Center
Location	3301 Broadway
Permit Holder	Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group
Owner of the Site	Quincy-Cullinan, LLC
Operating Entity/Licensee	Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group
Application Received	9/20/2021
Application Deemed Complete	9/23/2021
Review Period Ends	01/21/2022
Financial Commitment	June 30, 2023
Project Completion Date	June 30, 2023
Expedited Review Requested?	No

**I. The Proposed Project**

The Applicant (Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group) proposes to establish a 3-room free-standing birthing center in Quincy, Illinois. The anticipated cost of the project is \$2,162,795. The anticipated completion date is June 30, 2023.

**II. Summary of Findings**

- A) The State Board Staff finds the proposed project in conformance with Part 1110.
- B) The State Board Staff finds the proposed project in conformance with Part 1120.

**III. General Information**

The Applicant is Quincy Physicians & Surgeons, PLLC d/b/a Quincy Medical Group. Quincy Physicians & Surgeons Clinic, PLLC d/b/a Quincy Medical Group is an Illinois Corporation and has been serving the population of western Illinois, southeast Iowa, and eastern Missouri for more than 80 years. Quincy Medical Group is a large multi-disciplinary practice and has 115 physicians, 40 advanced physician practitioners, and over 875 employees. The Applicant has 12 office locations, serves a population of 400,000 people, and is a significant source of primary, specialty, and sub-specialty rural health care. It is physician-owned and governed; all eight members of its board are physicians.

There is no land acquisition for this project. This is a substantive project subject to both a Part 1110 and Part 1120 review. The Applicants identified initial start-up costs of

\$395,000, and financial commitment will occur after permit issuance.

**IV. Health Service Area**

The proposed project will be in Health Service Area III and the E-05 Hospital Planning Area. There are two hospitals in the E-05 Hospital Planning Area that provide obstetric services. There is a calculated excess of 14 obstetric beds in this Planning Area.

<b>TABLE ONE</b>					
Hospitals with Obstetric Service in the B-01 Hospital Planning Area					
Hospital	City	Beds	Utilization (1)	Miles	Minutes
Blessing Hospital	Quincy	25	23.8%	2.2	7
Memorial Hospital	Carthage	2	36.7%	40.4	46
Total Beds		27			
1. Target Occupancy a) 1-10 Obstetric beds in area 60% b) 11-25 Obstetric beds in area 75% c) 26 or more Obstetric beds in area 78% d) Utilization taken from 2020 Hospital Profiles.					

**IV. The Proposed Project - Details**

The Applicant is proposing to establish a 3-room free-standing birthing center, in approximately 6,100 GSF of space. According to the Applicants, the proposed birth center will have three birthing rooms and will be dedicated to serving the childbirth-related needs of women and their newborns. The Applicants state the birth center will have a designated space for prenatal visits and antepartum testing, a nurses’ station, linen rooms, conference space for education services, private office space, and a waiting and kitchen area. The proposed birth center will be located at 3301 Broadway in an existing vacant space at the Quincy Town Center and adjacent to the QMG Cancer Institute and QMG Surgery Center.

**V. Project Uses and Sources of Funds**

The total estimated project cost is \$2,162,795. The project is to be funded with cash and securities a mortgage and the fair market value of leased space.

<b>TABLE ONE</b>	
Project Uses and Sources Funds	
<b>Uses of Funds</b>	
Preplanning Costs	\$120,114
New Construction Contracts	\$1,062,172
Contingencies	\$96,926
Architectural/Engineering Fees	\$89,545
Consulting and Other Fees	\$194,038

<b>TABLE ONE</b>	
<b>Project Uses and Sources Funds</b>	
Movable or Other Equipment	\$600,000
<b>Total Uses of Funds</b>	<b>\$2,162,795</b>
<b>Source of Funds</b>	
Cash and Securities	\$659,995
Mortgages	\$600,000
Leases (fair market value)	\$902,800
<b>Total Sources of Funds</b>	<b>\$2,162,795</b>

**VI. Background, Project Purpose, Safety Net Impact, and Alternatives - Informational**

**A. Criterion 1110.110 (a) - Background of Applicants**

In response to this criterion the Applicant stated neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any Illinois health care facilities owned or operated by the applicant, directly or indirectly, within three years preceding the filing of this application. The Applicant provided a letter certifying that no adverse action has been taken against any health care facilities owned or operated by the applicant in Illinois within three years preceding the filing of this application and authorizing the HFSRB and IDPH access to any documents necessary to verify information submitted.

**B. Safety Net Impact Statement/Charity Care**

The Applicant is required by the Act to be Medicare and Medicaid certified.

**C. Criterion 1110.110 (b) - Purpose of the Project**

The Applicants state the purpose of this project *“is to offer a high-quality, safe, cost-effective, alternative birthing experience to women in Quincy and the surrounding rural communities who are low risk and prefer to deliver in a patient-centered environment that minimizes the use of technology. The addition of the birth center will address the need to control the rising cost of healthcare without compromising quality.”*

The Applicant identified a planning area of a 75-mile radius around the Quincy Birthing Center. The Applicant believes there are problems in this service area the proposed birthing center will resolve. These include the following:

- Lack of access to an alternative source of maternity care that is high touch, minimum technology.

- Lack of availability of a high quality, lower cost birthing option.

**D. Criterion 1110.110(c) - Alternatives to the Proposed Project**

The Applicant proposes to establish a 3-room free-standing birth center. The Applicant considered the following alternatives:

- Status Quo
- A project of greater scope
- A Joint Venture

The **first alternative** was rejected because the Applicants believe the status quo would not address the problems of the lack of access to an alternative source of maternity care that is high touch, minimum technology or address the availability of high quality, and lower cost birthing option. The **second alternative** to the proposed project of greater scope was rejected because the Applicant believes the 3-room birthing center will best address the needs of the planning area. The **final alternative** of a joint venture was not considered as the Applicant intends to collaborate with Memorial Hospital Association, a critical access hospital located approximately 40 miles from Quincy in Carthage, Illinois, on clinical elements of the birth center. Memorial Hospital Association currently employs a nurse midwife who has been providing women's health and obstetric services for many years. The Applicant intends to work closely with this organization to leverage and build knowledge, processes, and expertise in birth center development.

**VII. Project Scope and Size, Utilization and Unfinished/Shell Space – Review Criteria**

**A) Size of Project**

The State Board does not have gross square footage standards for free-standing birthing centers. The Applicant is proposing 6,100 gross square feet for the 3 room-birthing center.

**B. Criterion 1110.234 (b) - Project Services Utilization**

The State Board does not have a utilization standard for birthing centers. The Applicant proposes to provide 125 birthing procedures annually by the 2nd year of operation.

## VIII. Birth Centers – Alternative Health Care Delivery Model

### b) Review Criteria

#### 1. Location Requirements – Review Criteria

- A) There shall be no more than 10 birth center alternative health care models in the demonstration program including:*
- i) A total of 4 located in the combined Cook, DuPage, Kane, Lake, McHenry, and Will counties.*
  - ii) A total of 3 located in municipalities with a population of 50,000 or more not located in an area described in subsection (b)(1)(A)(i); and*
  - iii) A total of 3 located in rural areas.*
- B) In each of the geographic groups identified in subsection (b)(1)(A), one birth center shall be owned or operated by a hospital and one birth center shall be owned and operated by a federally qualified health center.*

The proposed birthing center will be located at 3301 Broadway, Quincy, Illinois. The proposed facility is the sixth birthing center being proposed in the State of Illinois to qualify under this Alternative Health Care Model. The location of the birthing center is the second center to be in a rural area. NorthPointe Birth Center, Roscoe, Illinois approved by the State Board in December 2021 was the first birth center approved in a rural area and it is owned by a hospital/health system. The Applicant has successfully addressed this criterion.

#### 2. Service Provision to a Health Professional Shortage Area

- A) The first 3 birth centers authorized to be operated by IDPH shall be in or predominantly serve the residents of a health professional shortage area, as determined by the U.S. Department of Health and Human Services. [210 ILCS 3/30] The applicant shall document whether the proposed site is in or will predominantly serve the residents of a health professional shortage area.*
- B) If a birth center is located outside of a health professional shortage area:*
- i) the birth center shall be in a health planning area with a demonstrated need for obstetrical service beds, as determined by the Health Facilities and Services Review Board; or*
  - ii) there shall be a reduction in the existing number of obstetrical service beds in the planning area so that the establishment of the birth center does not result in an increase in the total number of obstetrical service beds in the health planning area. [210 ILCS 3/30]*

The proposed birth center will be in HSA-III Health Service Area and the E-05 Hospital Planning Area. The location of the proposed facility is in a Health Professional Shortage Area. The Applicant has successfully addressed this criterion [See page 62 of the Application for Permit].

#### 3) Admission Policies

*A birth center may not discriminate against any patient requiring treatment because of the source of payment for services, including Medicare and Medicaid recipients. [210 ILCS 3/35]*

The Applicants provided a copy of its admissions policy (Application page 63-67), which is accompanied by a signed attestation by the CEO of Quincy Medical Group that there will be no restrictions on admittance to the birth center because

of payor source (Application, p. 67).

#### **4) Bed Capacity**

*The applicant shall document that the proposed birth center will have no more than 10 beds.*

The Applicant proposes three birthing rooms at the proposed Birth Center.

#### **5) Staffing Availability**

*The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing a narrative explanation of how the proposed staffing will be achieved.*

According to the Applicant Quincy Medical Group will recruit Certified Nurse Midwives, nurses, doulas, lactation consultants, and other experienced support professionals to staff the proposed birth center. This will be done through referrals, birthing organizations, job boards, and a national search firm. QMG already employs many clinical experts in this field, including OB/GYNs, nurses, and other education support staff. The Applicant will also consult with Memorial Hospital Association in Carthage, Illinois to develop training for the program. Memorial Hospital Association currently employs a midwife experienced in home births.

#### **6) Emergency Surgical Backup**

*A birth center that is not operated under a hospital license shall be located within a ground travel time distance from the general acute care hospital with which the birth center maintains a contractual relationship, including a transfer agreement, as required under this paragraph, that allows for an emergency caesarian delivery to be started within 30 minutes of the decision a caesarian delivery is necessary.*

The Applicant originally provided a signed transfer agreement with Blessing Hospital which is located less than 3-miles from the proposed Birthing Center. [Application for Permit 71-75]. Subsequently, Blessing Hospital withdrew its transfer agreement in letter to the CEO of Quincy Medical Group dated March 17, 2022, stating:

*The Patient Transfer Agreement Between Blessing Hospital and Quincy Medical Group, dated September 14, 2021 (the "Transfer Agreement"), was entered into between the original Applicant, Quincy Physicians & Surgeons Clinic, S.C. d/b/a Quincy Medical Group and Blessing Hospital. At the time Blessing Hospital entered into the Transfer Agreement its understanding was that QMG was owned and operated locally by the physicians of QMG; however, QMG changed ownership in December 2021 when it was acquired by the large, Chicago-based, private equity funded multispecialty group, DuPage Medical Group, now known as Duly Health and Care. QMG has not notified Blessing Hospital that the party to the Transfer Agreement has changed and that it is no longer the Applicant for the CON. Furthermore, the Transfer Agreement has no assignment provision.*



On April 6, 2022, QMG provided two new transfer agreements: one with Hannibal Regional Healthcare System d/b/a Hannibal Regional Hospital located in Hannibal, Missouri approximately 30 minutes from the proposed location of the Birth Center and Memorial Hospital Association in Carthage, Illinois approximately 43 miles from Quincy.

### **7) Education**

*A birth center shall offer prenatal care and community education services and shall coordinate these services with other health care services available in the community. [210 ILCS 3/35]*

According to the Applicant QMG Birth Center will offer prenatal care and community education services through implementation of a group care model called Centering. The Applicant states the education classes will be offered to both birth center and hospital patients. Under the direction of a birth center practitioner, 8-12 women of similar gestational ages will meet together, engage in discussions, and develop a support network with other group members. These groups will meet throughout the patient's pregnancy and early postpartum, encouraging engagement, personal empowerment, and community-building. Other educational services offered at the birth center will include, among others, childbirth refresher classes, newborn care classes, and breastfeeding classes. The birth center staff will work closely with area community agencies to connect patients with needed resources.

### **8) Inclusion in Perinatal System**

- A) *At a minimum, the birth center's participation shall require a birth center to establish a letter of agreement with a hospital designated under the Perinatal System.*
- B) *A hospital that operated or has a letter of agreement with a birth center shall include the birth center under its maternity service plan under the Hospital Licensing Act and shall include the birth center in the hospital's letter of agreement with its perinatal center. [210 ILCS 3/30]*

The Applicant originally provided a signed transfer agreement with Blessing Hospital which is located less than 3-miles from the proposed Birthing Center. [Application for Permit 71-75]. Subsequently, Blessing Hospital withdrew its transfer agreement in letter to the CEO of Quincy Medical Group dated March 17, 2022.

**Staff Note:** The Illinois Department of Public Health requires a transfer agreement with an Illinois Hospital before the Birth Center can begin operations. Blessing Hospital, provides Level II perinatal services under Illinois' perinatal regionalization system for the transfer of birth center patients, including newborns, if necessary. Blessing Hospital is located less than 3 miles away and within approximately 8 minutes ground travel time from the proposed birth center. Blessing Hospital has an agreement with HSHS St. John's Hospital, a Level III hospital under Illinois' perinatal regionalization system, in the event neonatal intensive care unit services are needed.

On April 6, 2022, QMG provided two new transfer agreements: one with Hannibal Regional Healthcare System d/b/a Hannibal Regional Hospital located in Hannibal, Missouri and Memorial Hospital Association in Carthage, Illinois.

**9) Medicare/Medicaid Certification**

*The applicant shall document that the proposed birth center will be certified to participate in the Medicare and Medicaid programs under titles XVIII and XIX, respectively, of the federal Social Security Act (42 USC 1395 and 1396).*

The Applicants state that the proposed Birth Center will seek certification for Medicare/Medicaid services, upon project completion.

**10) Criterion 1110.3130(j) – Charity Care**

*All birth centers shall provide charitable care consistent with that provided by comparable health care providers in the geographic area. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the charity care policy that will be adopted by the proposed birth center.*

The Applicants supplied a copy of its Charity Care Policy at page 81 of the Application for Permit.

**11) Criterion 1110.3130(k) – Quality Assurance – Review Criterion**

*Each birth center shall implement a quality assurance program with measurable benefits. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the quality assurance program to be adopted by the birth center.*

The Applicants provided a copy of the Quality Assurance plan for the proposed Birthing Center (Application for Permit 83-87) as required.

**X. 1120.120 - Availability of Funds**

**XI. 1120.130 - Financial Feasibility**

Quincy Medical Group is financing this project with cash in the amount of \$659,995 a loan in the amount of \$600,000 and the fair market value of a lease for the space of \$902,800 for a total of \$2,162,795.

**Loan:**

The Applicant provided a letter from the Bank of Springfield that states the following: *“As Quincy Medical Group's primary lender and depository institution, Bank of Springfield is familiar with QMG's financial statements and financial practices. QMG is a company with solid financial leadership that is demonstrated by its consistent and long-term growth. The group has met all of its financial obligations in a timely manner and has worked closely with the bank on its long-term financial planning. Subject to the final plans and all regulatory approvals, Bank of Springfield is committed to loaning Quincy Medical Group up to \$600,000 for the purchase of medical equipment and other costs necessary for the proposed birth center. As with every loan, this loan is subject to*

*satisfactory due diligence to be performed by Bank of Springfield with the cooperation of QMG and agreement on loan documentation. The term of the loan will be 5 years and will be at a market competitive rate of interest at the time of the loan commencement.”*

**Lease:**

The Applicant will be leasing 6,100 GSF of space from Quincy Cullinan, LLC.

**Financial Viability**

Quincy Medical Group provided financial statements as part of the Application for Permit for Project #20-044. Quincy Medical Group considers these financial statements proprietary, and the financial statements are not being used to evaluate the availability of funds or the financial feasibility of the Applicant.

**XII. Section 1120.140 - Economic Feasibility**

**A. Criterion 1120.140(a) - Reasonableness of Financing Arrangements**

Quincy Medical Group stated the following:

*“The total estimated project costs and related costs will be funded in total or in part by borrowing because borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period. The loan will be at the best terms available in the market, offering the lowest net cost. The project also involves in part the leasing of equipment and/or facilities and the expenses incurred with leasing the facility and/or equipment are less costly than constructing a new facility or purchasing new equipment”*

**B. Criterion 1120.140(b) - Terms of Debt Financing**

The Applicant will be leasing 6,100 GSF of space for the birthing at an approximate cost of \$17.08 per square foot for 20 years with one 10-year option. The cost will be increased by the lesser of 2% or the Consumer Price Index. There is a tenant allowance of \$148 per square foot.

**C. Criterion 1120.140(c) - Reasonableness of Project Cost**

The State Board Staff notes the State Board does not have project cost standards for birthing centers.

**Preplanning Costs**– These costs total \$120,114 and comprise 5.5% of the overall cost of the project.

**New Construction and Contingency Costs** – These costs are \$1,159,096 or \$190.02 per GSF.

**Contingency Costs** – These costs are \$96,926 or 9.1% of new construction costs.

**Architectural & Engineering Fees** – These costs total \$89,545 or 4.14% of the total costs.

**Consulting & Other Fees** - These costs total \$194,038 or 8.97% of total costs.

**Equipment not in Construction Contracts** – These costs are \$600,000 and are 27.74% of total costs.

**D) Criterion 1120.140 (d) - Projected Operating Costs**

The Applicant provided the direct operating costs of \$6,428.23 per birth. The State Board does not have a standard for these costs.

**E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs**

The Applicant provided the total effect of the project on capital costs of \$1,054.69 per birth. The State Board does not have a standard for these costs.

Direct Construction Cost	
Foundations	\$12,810
Basement Construction	\$0
Superstructure	\$0
Exterior Enclosure	\$38,325
Roofing	\$0
Interior Construction	\$270,563
Specialties	\$12,170
Finishes	\$173,534
Conveying	\$0
Plumbing	\$111,302
HVAC	\$100,582
Fire Protection	\$18,060
Electrical	\$117,212
Equipment	\$0
Furnishings	\$3,150
Special Construction	\$31,500
Selective Building Demolition	\$28,823
General Requirements	\$51,240
Total Direct Costs	\$969,271
Indirect Costs	
Design and Estimating Contingency	\$48,463
Construction Contingency	\$48,463
General Conditions & Staffing	\$74,634
Preconstruction services	\$21,324
Permit & Fees	\$10,662
Inflation (Material Pricing)	\$31,986
General Liability Insurance	\$13,494
Contractor OH & Profit	\$60,915
Total Indirect Costs	\$309,941
Additional Costs	
A&E Fees	\$89,845
Legal / Consulting Fees	\$190,000
Movable and other equipment	\$600,000
Total Additional Cost	\$879,545
Total Project Cost	\$2,158,757
Filing/Application cost (.22%)	\$4,038
Total	\$2,162,795

