STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-11	BOARD MEETING: March 18, 2025	PROJECT NO: 24-043	PROJECT COST:
FACILITY NAME: Anderson Hospital		CITY: Maryville	Original: $34,050,316
TYPE OF PROJECT: Non-Substantive			HSA: XI

PROJECT DESCRIPTION: The Applicants (Anderson Hospital, Anderson Healthcare) propose modernizing the emergency department at Anderson Hospital, 6800 State Rte. 162, Maryville, Illinois. The project cost is $34,050,316, and the expected completion date is May 30, 2027.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Anderson Hospital, Anderson Healthcare) propose modernizing the emergency department at Anderson Hospital, 6800 State Rte. 162, Maryville, Illinois. The project cost is $34,050,316, and the expected completion date is May 30, 2027.
- The proposed project will construct a new emergency department to replace 22 rooms/stations and add specialized rooms. These rooms will include t**wo rooms for** behavioral health patients, **one room** for sexual assault patients, **three rooms** for trauma patients in specially equipped rooms, **two** isolation rooms, and **four rooms** for quick visits that also accommodate pediatric patients**.** These **12 rooms** will also serve the function of accommodating patients during daily peak hours. There is also a **room** with three recliners for patients waiting to be transferred to other hospitals for services. The Applicants are asking for a total of 26 rooms/stations.
- Additionally, this project includes approximately 18,530 square feet of unfinished or shell space. Under State Board rules, a certificate of need would need to be submitted to complete this space.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the proposed project exceeds the capital expenditure minimum of $17,252,704**.**

PUBLIC HEARING/COMMENT:

- No public hearing was requested, and the State Board has received two letters of support and no opposition letters.

PURPOSE OF THE PROJECT

- The project's purpose is to modernize and expand the emergency department.

SUMMARY:

- The State Board's target utilization for an emergency department station is 2,000 visits annually per station. The State Board does not have a separate emergency department standard for behavioral health, sexual assault, trauma, or isolation rooms.
- This project was undertaken to meet existing and forecasted increases in demand for services in Anderson Hospital's primary service area, Madison County. The project involves adding to an existing hospital, which the Applicants considered the most effective alternative.
- The top conditions typically seen at Anderson Hospital's Emergency Department include chest pain, difficulty breathing, abdominal pain, trauma injuries, head injuries, fever, cuts and scrapes, potential heart attacks, stroke symptoms, and cases of severe pain or bleeding.
- The Applicants state the current emergency department is part of the hospital built in 1977. The Applicants state the current 22 stations cannot accommodate daily peaks in service. According to the Applicants, 55% of patient volume is seen between the 9 hours from 9:00 AM to 6:00 PM in the emergency department. The Applicants state over 2,000 patients left without being seen last year. The Applicants believe the emergency department would require 27 stations to accommodate this patient volume during the peak 9 hours.
- The Applicants' historical utilization will justify 18 rooms/stations at the State Board's target utilization of 2,000 visits per station, and their projected utilization justifies 22 rooms/stations at the State Board's target utilization.

Year	2022	2023	2024	3-Year Ave	2029 Projected
Existing Stations/Proposed Stations	22	22	22	22	26
Visits	35,151	35,584	37,014	35,916	42,722
Visits per Station	1,598	1,617	1,682	1,633	1,643
Number of Stations Justified	18	18	19	18	22
Utilization	63.90%	64.70%	67.30%	64.3%	77.68%

- The Applicants addressed a total of 15 criteria and have not met the following:

Criterion	Non-Compliant
77 Ill. Adm. Code 1110.120 (b) Projected Utilization	The Applicants' projection by the second year after project completion does not warrant the 26 rooms being requested. (See pages 9 through 11 of this report)
77 Ill. Adm. Code 1110.270 (c) (2) Clinical Service Area Other than Categories of Service	Historical utilization will justify 18 rooms and not the 26 being requested. (See pages 13-14 of this report)
77 Ill. Adm. Code 1120.130 – Financial Viability	The Applicants did not meet the current ratio for all presented years, the net margin percentage for 2020 and 2022, and the projected debt service coverage ratio for 2022. (See page 14-15 of this report)

Project #24-043
Anderson Hospital
State Board Staff Report

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	Anderson Hospital, Anderson Healthcare
Facility Name	Anderson Hospital
Location	6800 State Rte. 162, Maryville, Illinois
Permit Holder	Anderson Hospital, Anderson Healthcare
Licensee/Operating Entity	Anderson Hospital
Owner of Site	Anderson Hospital
Application Received	December 26, 2024
Application Deemed Complete	December 27, 2024
Review Period Ends	February 25, 2025
Project Completion Date	May 30, 2027
Does the State Board staff extend the review period?	No
Can the Applicant request a deferral?	Yes

I. The Proposed Project

The Applicants (Anderson Hospital, Anderson Healthcare) propose modernizing the emergency department at Anderson Hospital, 6800 State Rte. 162, Maryville, Illinois. The project cost is $34,050,316, and the expected completion date is May 30, 2027.

II. Summary of Findings

A. The State Board Staff finds the proposed project is not in conformance with the provisions of Part 1110.

B. The State Board Staff finds the proposed project does not conform with the provisions of Part 1120.

III. General Information

Anderson Healthcare is an Illinois nonprofit corporation and parent company that primarily earns revenues by providing inpatient, outpatient, emergency care, physician, and urgent care services to patients in Maryville, Illinois, and surrounding areas. Anderson Healthcare is the **sole member** of the following entities:

- Anderson Hospital is a 144-bed acute care hospital in Maryville, Illinois, that provides inpatient, outpatient, and emergency care services. Anderson Hospital in Maryville, Illinois, serves Madison County and the Metro-East region. The hospital has been providing healthcare services to the area since 1977.
- Community Hospital of Staunton is a 25-bed critical access hospital that provides inpatient, outpatient, and emergency care services to patients in Staunton, Illinois, and the immediate surrounding area.
- Anderson Surgery Center, LLC, an Illinois limited liability company in which Anderson Hospital controls 100%.

• Anderson Rehabilitation Institute, LLC is an Illinois limited liability company in which Anderson Healthcare controls approximately 60% of the membership units.

This non-substantive project is subject to a Part 1110 and Part 1120 review. Financial Commitment will occur after permit issuance. The State Board's target utilization for emergency department stations is 2,000 visits per station.

IV. Anderson Hospital

Anderson Hospital is in Health Service Area XI and Hospital Planning Area F-01. Hospital Planning Area F-01 includes 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. The State Board is projecting a slight decline in the F-01 Health Planning Area population of approximately 1% by 2026. However, the 65+ population is expected to increase by approximately 13% by 2026.

TABLE ONE
State Board Population Projection 2026
F-01 Hospital Planning Area

Years	2021	2026	Diff	% Diff
0-14	108,300	101,470	-6,830	-1.19%
15-44	216,890	213,140	-3,750	-0.65%
45-64	151,470	144,540	-6,930	-1.20%
65-74	61,310	69,080	7,770	1.35%
75+	41,840	47,300	5,460	0.95%
Total	**579,810**	**575,530**	**-4,280**	**-0.74%**

For the period 2018 to 2023, the Hospital's payor mix was approximately 30% Medicare, 19% Medicaid, 43% commercial insurance, 7% private pay, and 1% charity care. Over this same period, patient days have remained steady at approximately 29,000 days per year. Births at the hospital have averaged approximately 1,400 per year. Table Two shows the Hospital's utilization for 2023.

TABLE TWO
Anderson Hospital
2023 Utilization

	Authorized Beds	Staffed Beds	Admits	Days	ALSO	ADC	Authorized Bed Occupancy	Staffed Bed Occupancy
Medical Surgical	108	98	4,287	22,813	5.32	62.5	57.87%	63.78%
Intensive Care	12	12	488	2,207	4.52	6.05	50.39%	50.39%
Obstetric	24	16	1,372	4,327	3.15	11.85	49.39%	74.09%
Total	144	126	6,147	29,347	4.77	80.4	55.84%	63.81%

Operating		Procedure		Cath Labs	Outpatient Visits		Births
Rooms	9	Rooms	2	2 Labs	Visits	192,179	1,347
Cases	625	Cases	549	416			
Total Hours	8,581	Total Hours	1,941				

IV. Project Uses and Sources of Funds

The Applicants fund this project with cash and securities totaling $9,050,316 and bond proceeds totaling $25,000,000.

TABLE THREE
Project Costs and Sources of Funds

Uses of Funds	Clinical	Nonclinical	Total	% of Total Costs
Site Survey and Soil Investigation	$13,749	$0	$13,749	0.04%
Site Preparation	$313,264	$731,466	$1,044,730	3.07%
New Construction Contracts [(1)]	$7,323,931	$17,101,250	$24,425,181	71.73%
Modernization Contracts	$0	$857,024	$857,024	2.52%
Contingencies	$88,000	$312,000	$400,000	1.17%
Architectural/Engineering Fees	$403,915	$943,134	$1,347,049	3.96%
Consulting and Other Fees	$41,000	$123,506	$164,506	0.48%
Movable or Other Equipment	$1,962,189	$1,290,396	$3,252,585	9.55%
Bond Issuance Expense	$100,000	$215,000	$315,000	0.93%
Net Interest Expense	$508,377	$1,186,213	$1,694,590	4.98%
Other Costs to be Capitalized	$366,750	$169,153	$535,903	1.57%
Total Uses of Funds	$11,121,175	$22,929,141	$34,050,316	100.00%
Sources of Funds				
Cash			$9,050,316	26.58%
Bond Proceeds			$25,000,000	73.42%
Total Sources of Funds			$34,050,316	100.00%

V. Project Details

The proposed project is constructing a building addition to house the new emergency department. The proposed emergency department will be located adjacent to and immediately south of the current emergency department and has approximately 24,900 square feet. The proposed project includes a full basement, 18,350 square feet of shell space, and a 1,716-square-foot interior corridor connecting the proposed emergency department to the existing hospital circulation system. The total square feet of the project are 49,991 square feet, of which 14,728 departmental square feet are clinical space.

The project includes 26 treatment rooms, including rooms that are designed to accommodate specialized services. These include **two** seclusion rooms for patients with behavioral health needs, **two** isolation rooms, **one** room for sexual assault patients (0B/GYN), **three** larger rooms for accommodating trauma cases, **four** rooms for quick visits, and unique capabilities for pediatric patients. These rooms are not restricted to these specialized uses; all 26 rooms will be used daily, especially during peak periods.

VI. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives

A) Criterion 1110.110 (a) – Background of the Applicant
B) Criterion 1110.110 (b) – Purpose of the Project
C) Criterion 1110.110 (c) - Safety Net Impact Statement
D) Criterion 1110.110 (c) – Alternatives to the Project

A) Background of Applicant

An applicant must demonstrate that he is fit, willing, and able and *has the qualifications, background, and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6]

The Applicants provided licensure and accreditation information as required. They attested that they comply with and are in good standing with all federal and State regulations, including the Illinois State Agency Historic Resources Preservation Act and Executive Order #2006-5. In addition, the Applicants attested that they have not had any adverse actions as defined by the State Board in the past three years of filing this Application for Permit.

Additionally, as of the date of this report, the Medicare Compare website has assigned Anderson Hospital an overall four-star rating. The rating summarizes quality information on essential topics like readmissions and deaths after heart attacks or pneumonia. Cost Compare shows how well each hospital performed on an identified set of quality measures compared to other hospitals in the United States. The Applicants appear fit, willing, and able to provide a proper standard of healthcare service for the community.

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area, market area, or other area according to the applicant's definition.

According to the Applicants, the project aims to modernize and update the hospital's emergency department. The existing emergency department has 22 stations, and according to the Applicants, it cannot accommodate daily peak census. In 2023, over 2,000 patients left without being seen. The Applicants state that the existing emergency department has no dedicated procedure room and only one room to accommodate behavioral health patients. Additionally, there is no special room for sexual assault patients, resuscitation bays for patients meeting specific trauma codes, or rooms to accommodate patients who are awaiting transfer to other hospitals for tertiary care services.

The Applicants state that 73% of all emergency department visits are from seven zip codes in Madison County: Collinsville, Granite City, Edwardsville, Glen Carbon, Troy, and Maryville. No other zip code provides more than 2.0% of patient visits to the existing emergency department. The Applicants have identified these seven zip codes, with 73% of the patients constituting the planning area for the project and the Primary Service Area. The balance of Madison County is the Secondary Service Area (SSA), adding about 12% of emergency department patients.

C) Safety Net Impact Statement

All healthcare facilities, except for skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement filed with an application for a substantive project (see Section 1110.40). *Safety net services are those offered by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation*. [20 ILCS 3960/5.4]

This is a non-substantive project, and a safety net impact statement is not required.

D) Alternatives to the Proposed Project

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the healthcare needs of the population it will serve.

Alternative One – Renovation of the existing emergency department at the existing location.
Alternative Two – Construct a smaller emergency department addition.
Alternative Three – Construct a new emergency department at a different hospital location.

The **first alternative** was rejected because this option would lead to partial area renovation and disruption in emergency care by renovating the emergency department in active use. Partial area renovation would take out rooms and areas needed daily for the functioning of the emergency department. **Cost: Approximately $27M**

The **second alternative** was rejected. It was viewed as too costly, disruptive to current operations, and extending the project timetable beyond the time required by a new emergency department. **Cost: Approximately $25.5M**

The **third alternative** was rejected because of traffic consequences. According to the Applicants, an emergency department located on the north side of the Hospital creates a new destination that conflicts with the main hospital entrance, patient access to outpatient services, loading docks, and other active uses—**no Capital Costs were Provided.**

VI. Project Scope and Size, Utilization and Unfinished/Shell Space − Review Criteria

A) Criterion 1110.120 (a) – Size of the Project
B) Criterion 1110.120 (b) – Projected Utilization
C) Criterion 1110.120 (d) – Unfinished Shell Space
D) Criterion 1110.120 (e) – Assurances

A) Size of Project

The applicant shall document that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B or exceed the square footage standard in Appendix B if the standard is a single number unless square footage can be justified by documenting, as described in subsection (a)(2).

The Applicants are proposing 26 stations at a total of 14,728 DGSF. The State Board Standard for an emergency department is 900 departmental gross square feet per station or 23,400 DGSF (26 stations × 900 DSGF = 23,400 DGSF). The Applicants have met the State Board size standard.

26 Stations × 900 DGSF = 23,400 DGSF.
Applicants Proposal = 14,728 DGSF.
Difference = 8,672 DGSF.

B) Project Services Utilization

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B.

The State Board utilization standard for an emergency department is 2,000 visits annually per station. The Applicants currently have 22 stations and are proposing to increase the number of stations to 26 stations. The Applicants state that emergency department visits have increased from 29,188 in 2020 to 36,907 in 2024 (extrapolated based on 30,756 for the ten months ending October 31, 2024). This is a 26.4% increase, with an average annual increase of 6.6%. The Applicants stated that the projected treatment volume is based upon the growth in the number of visits from the end of 2021 to 2024, an increase of 3,489 visits or 1,163 visits annually.

According to the Applicants, it is not known exactly why visits are increasing, and according to the Applicants, there is no observed change in the kinds of clinical conditions requiring emergency treatment. The Applicants believe the increase in visits is generally attributed to the aging of the population, increasing numbers of assisted living facilities in the area (although most of the residents are likely already residents of the planning area), and perhaps increasing difficulty by residents of the area to get timely appoints with primary care and specialty physicians. The Applicants are projecting an increase of 15.4% from 2024 to 2029. As shown in Table Four, the projected visits by 2029 do not meet the State Board Standard of 2,000 visits per station.

TABLE FOUR Emergency Department Visits 2018-2023						
Year	2018	2019	2020	2021	2022	2023
Emergency Visits	35,048	35,740	29,188	33,418	35,151	35,584
Visits Per Station	1,593	1,625	1,327	1,519	1,598	1,617
Number Existing Stations	22	22	22	22	22	22
Utilization	63.7%	65.0%	53.06%	60.76%	63.90%	64.70%

TABLE FOUR Projected Emergency Department Visits						
Year	2024	2025	2026	2027	2028	2029
Emergency Visits	37,014	38,070	39,233	40,396	41,559	42,722
Visits Per Station	1,683	1,730	1,783	1,836	1,598	1,643
Number of Stations	22	22	22	22	26	26
Utilization	67.30%	69.22%	71.33%	72.45%	75.56%	77.68%

C) Unfinished or Shell Space

If the project includes unfinished space (i.e., shell space) that is to meet anticipated future demand for service, the applicant shall document that the amount of shell space proposed for each department or clinical service area is justified and that the space will be consistent with the standards of Appendix B as stated in subsections (a) and (b). The applicant shall provide the following information:

1) The total gross square footage of the proposed shell space.

2) The anticipated use of the shell space, specifying the proposed SF to be allocated to each department, area, or function.

3) Evidence that the shell space is being constructed due to:

A) Requirements of governmental or certification agencies; or

B) Increases in historical occupancy or utilization of those departments, areas, or functions proposed to occupy the shell space were experienced. The applicant shall provide the historical utilization for the department, area, or function for the latest 5-year period for which data are available and, based upon the average annual percentage increase for that period, project the future utilization of the department, area, or function through the anticipated date when the shell space will be placed into operation.

The Applicants are proposing a 49,991-square-foot building, including a ground-level floor for the emergency department above a full basement. The basement consists of 18,530 square feet of **unfinished or shell space.** The Applicants state it is unknown what the uses of the unfinished shelled space will be; according to the Applicants, that will be determined based on hospital operations and future space needs following the opening of the emergency room. Potential uses include additional space for generic storage, expanded IT functions, and offices for physicians and other providers. It is not anticipated that the shell space will be required to accommodate future support functions for the emergency department.

The Applicants state that Anderson Hospital's facility was built in 1977. In the 47 years since it opened, there has been only one addition, in 1999. The Applicants state the hospital has adapted and modified its space over time in response to the changing dynamics of health care during these past five decades. The Applicants' state growth at the hospital in Maryville has been limited within the existing structure. Since opening in 1977, this second building addition is an opportunity to build in some additional space to enable flexibility and capacity for future needs at the hospital. The Applicants state there is no known timetable for deciding on the future uses of the unfinished shell space. Consistent with these decisions, Anderson Hospital will submit a permit application for Certificate of Need approval of the utilization plans for the unfinished shell space.

D) Assurances

The applicant shall submit the following:

1) The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that by the end of the second year of operation after project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

2) For shell space, the applicant shall submit the following:

A) Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at that time or the categories of service involved.

B) The anticipated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted and

C) The estimated date when the shell space will be completed and placed into operation.

The Applicants have attested that they will submit a CON application to the Health Facilities and Services Review Board to develop and utilize the shell space in this proposed project, regardless of the capital thresholds in effect at the time or the categories of service involved.

VII. Clinical Service Areas Other Than Categories of Service

Service Modernization 77 Ill. Adm. Code 1110.270	(c)(1)	−	Deteriorated Facilities and/or
	(c)(2)	−	Necessary Expansion PLUS
	(c)(3)(A)	−	Utilization − Major Medical Equipment or
	(c)(3)(B)	−	Utilization − Service or Facility

A) Service Modernization

The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment or Facilities

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall include, but is not limited to, historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

2) Necessary Expansion

The proposed project must expand diagnostic treatment, ancillary training, or other support services to meet patient service demands. Documentation shall include, but is not limited to, historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

3) Utilization

A) Major Medical Equipment

Proposed projects for acquiring major medical equipment shall document that the equipment will achieve or exceed any applicable target utilization levels specified in Appendix B within 12 months after acquisition.

B) Service or Facility

Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by **historical utilization rates for each of the last two years** unless additional key rooms can be justified per subsection (c)(2) (Necessary Expansion).

C) If no utilization standards exist, the applicant shall document its anticipated utilization regarding the incidence of disease, conditions, or population use rates.

1. Emergency Department

The Applicants are proposing the modernization and expansion of the emergency department at Anderson Hospital. The Applicants state the current emergency department is part of the hospital built in 1977. The Applicants state the current 22 stations cannot accommodate daily peaks in service. According to the Applicants, 55% of patient volume is seen between the 9 hours from **9:00 AM to 6:00 PM**. The Applicants state over 2,000 patients left without being seen last year. The Applicants believe the emergency department would require 27 stations to accommodate this patient volume during the peak 9 hours.

The proposed project will construct a new emergency department, replacing the existing 22 stations and adding specialized rooms for **two** behavioral health patients, **one** room for sexual assault patients, **three** rooms for trauma patients in specially equipped rooms, **two** isolation rooms, and **rooms** for quick visits that also accommodate pediatric patients**.** These 12 rooms

will also serve the function of accommodating patients during daily peak hours. There is also a **room** with three recliners for patients waiting to be transferred to other hospitals for services.

The Applicants believe the project will allow emergency department staff to better implement the "Pull to Full" processes.[1] This enables triage to be conducted in designated areas and treatment rooms. This reduces the need for staff to perform triage in alternate areas not designed for triage, such as hallways or waiting areas where patient comfort and privacy are difficult. The Applicants argue by having 12 of the planned treatment rooms ready to accommodate the specialized needs of patients; better care can be delivered, such as for behavioral health patients, patients requiring isolation, victims of sexual abuse, and others. The Applicants state three of the 12 rooms will be more significant to accommodate equipment and the unique requirements of patients with head, spine, violent injury, and other trauma conditions. The Applicants believe the emergency department space plan will better arrange functional areas, allowing staff to coordinate care delivery better. Reducing movement time between workstations and treatment rooms allows more time for direct involvement with patients, thereby giving patients more needed attention. Most significantly, having 26 treatment rooms allows staff to better serve patients during the peak arrival times from 9:00 AM – 6:00 PM. The lack of treatment stations during peak times causes a slowdown in the care process, one of the main reasons why more than 2,000 patients in 2023 left without being seen.

TABLE FIVE
Three Years Historical Utilization
Emergency Department

	2022	2023	2024	3-year Ave
Visits	35,151	35,584	37,014	35,916
Visits per Station	1,598	1,617	1,682	1,633
Number of Stations	22	22	22	22
Utilization	63.90%	64.70%	67.30%	65.30%

The Applicants provided a table that shows the distribution of emergency department visits in 2024 based on **Evaluation and Management service levels[2].** It shows 1,602 visits out of 37,103 (4.3%) were the lowest two acuity levels. Most (90% of patient visits) were for over 33,100 patients with levels 3, 4, and 5, with 351 patients receiving critical care treatment. Anderson Hospital operates four urgent care centers. Annual visits have increased to 34,100 at the four centers for the past two years. These urgent care centers are available in the communities to meet the immediate care needs of patients with lower acuity.

[1] "Pull to Full" is a process in emergency departments (EDs) that allows patients to be seen by a clinician immediately. It involves bringing patients directly to treatment areas without screening or triage. (Source: Journal of Emergency Nursing Volume 47 Issue 4 July 2021).

[2] An E/M level report is a report that indicates the level of evaluation and management (E/M) service provided to a patient. E/M levels are based on the complexity of the patient's care and the setting where the care was provided.

TABLE SIX
EM Report
Anderson Hospital
2024

E/M Codes	Description	Visits	% of Total
99281	Emergency Dept Visit Level 1	664	1.79%
99282	Emergency Dept Visit Level 2	938	2.53%
99283	Emergency Dept Visit Level 3	8,873	23.97%
99284	Emergency Dept Visit Level 4	16,685	45.08%
99285	Emergency Dept Visit Level 5	7,589	20.50%
99291	Critical Care Treatment	351	0.95%
	No CPT Code	93	0.25%
	Triage Only	1,820	4.92%
		37,013	100.00%

Table Seven below outlines Anderson Hospital's emergency department care compared to National and State Averages from the Medicare Compare Website.

TABLE SEVEN
Anderson Hospital
Emergency department care
From Medicare Compare Website

5.6% of patients who left the emergency department before being seen	National average: 3%	Illinois average: 5%
Percentage of patients who came to the emergency department with stroke symptoms who received brain scan results within 45 minutes of arrival		
60% of 25 patients	National average: 70%	Illinois average: 71%
Average (median) time patients spent in the emergency department before leaving the visit		
206 minutes	Nation: 168 minutes	Illinois: 190 minutes

This project was undertaken to meet existing and forecasted increases in demand for services in the Hospital's primary service area, which includes Maryville, Troy, Glen Carbon, Edwardsville, Collinsville, Granite City, Highland, and Bethalto. The project involves adding to an existing hospital, which the Applicants considered the most effective alternative.

According to available information, the top conditions typically seen at Anderson Hospital's Emergency Department include chest pain, difficulty breathing, abdominal pain, trauma injuries, head injuries, fever, cuts and scrapes, potential heart attacks, stroke symptoms, and cases of severe pain or bleeding. Historical utilization will justify 18 rooms/stations at the

State Board's target utilization of 2,000 visits per station, and projected utilization will justify 22 stations at the State Board's target utilization. Based upon the State Board standard of 2,000 visits per station, the Applicants cannot justify the number of stations being proposed.

XI. Financial Viability

A. Criterion 1120.120 - Availability of Funds

The Applicants are funding this project with cash and securities totaling $9,050,316 and bond proceeds totaling $25,000,000. They needed to address the financial viability ratios since they did not provide an "A" or better bond rating. The table below contains the audited financial information for Anderson Healthcare for 2023 and 2022.

TABLE EIGHT
Anderson Healthcare
Audited Financial Information
As of December 31st

	2023	2022
Cash	$13,403,335	$7,323,929
Current Assets	$59,322,008	$55,388,160
Long Term Investments	$100,845,038	$108,953,727
Total Assets	$335,786,884	$341,657,588
Current Liabilities	$51,462,809	$57,120,063
LTD	$36,477,255	$43,482,340
Total Liabilities	$131,362,160	$136,479,471
Patient Service Revenue	$250,286,696	$228,320,809
Total Revenue	$260,178,584	$236,912,789
Expenses	$266,242,815	$253,485,177
Loss	-$6,064,231	-$16,572,388
Other Income	$15,962,672	-$18,159,925
Net Income	$9,898,441	-$34,732,313

The table below documents the Hospital's income for 2018-2023.

TABLE NINE
Anderson Hospital
Medicare Cost Report

Years	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Total patient revenues	$585,096,561	$636,394,224	$617,835,653	$699,434,176	$756,560,517	$826,748,449
Less contractual allowances	$432,605,052	$474,738,173	$466,034,328	$529,348,965	$579,803,013	$644,661,555
Net patient revenues	$152,491,509	$161,656,051	$151,801,325	$170,085,211	$176,757,504	$182,086,894
Less total operating expenses	$140,210,104	$147,546,957	$149,805,148	$155,164,484	$178,704,330	$174,497,853
Net income from service to patients	$12,281,405	$14,109,094	$1,996,177	$14,920,727	-$1,946,826	$7,589,041
Other Income	-$2,651,066	$19,206,878	$22,444,411	$43,866,873	-$14,372,232	$27,069,279
Other Expenses	$201,635	$62,631	$81,636	$15,617	$24,111	$35,608

TABLE NINE
Anderson Hospital
Medicare Cost Report

Years	2018	2019	2020	2021	2022	2023
Net Income	$9,428,704	$33,253,341	$22,362,775	$43,851,256	-$14,396,341	$27,033,671
Operating Margin [1]	**8.05%**	**8.73%**	**1.31%**	**8.77%**	**-1.10%**	**4.17%**

1. Operating Margin = Net Income from Services to Patients ÷ Net Patient Revenues

B) Criterion 1120.130 - Financial Viability

Applicants responsible for funding or guaranteeing the project's funding shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization but no more than two years following project completion.

The State Board used financial ratios to assess the Applicants' financial viability, profitability, liquidity, and capital structure.

The Applicants did not meet the **current ratio** for all presented years, the net margin percentage for 2020 and 2022, or **the projected debt service coverage ratio for 2022.**

"The Applicants state that the only reason the current ratio is below 2.0 is that Anderson Hospital takes an aggressive approach to moving operating cash to long-term investments. All of Anderson Hospital's long-term investments are unrestricted and can be converted to cash within 7 -10 days. As a result, the Current Ratio can be increased to exceed the CON standard within that brief period. As is apparent by a review of the audited financial statements, Anderson Hospital's long-term investments are sufficient to meet the hospital's debt obligations and ensure that the applicant will not default."

The **current ratio** is a liquidity ratio that measures an Applicant's ability to pay short-term obligations. It is mainly used to determine if the hospital can repay its short-term liabilities (debt and payables) with its short-term assets (cash and receivables). High values for the Current Ratio imply a high likelihood of being able to pay short-term obligations. A ratio under 1 suggests that the hospital could not pay off its obligations if they came due at that point.

The State Board uses **profitability ratios** to measure the Applicants' ability to profit. Hospitals cannot be viable in the long term without excess revenues over expenditures. Cash flow would not be available to meet standard cash requirements needed to service debt and invest in fixed or current assets. Profitability has a significant impact on most other ratios. Low profitability may adversely affect liquidity and reduce the ability to pay off debt.

The State Board utilizes a **debt coverage ratio** to measure the Applicant's capacity to pay for any debt. The amount of funding available to a hospital directly impacts its ability to grow. Debt Service Coverage measures the cash flow available to meet annual interest and principal payments on debt. A debt coverage ratio of less than 1 would mean negative cash flow.

Days cash on hand measures how many days of operating expenses a hospital could pay with its current cash available. High values for this ratio usually imply a greater ability to meet short-term obligations and are viewed favorably by creditors.

TABLE TEN
Anderson Healthcare
Financial Viability Ratios

	State Standard	2020	2021	2022	2023	2027
Current Ratio	≥2	1.26	1.28	0.97	1.15	1.25
Net Margin %	≥3	2.43%	13.88%	-14.57%	3.53%	5.98%
LTD to Total Capitalization	≤50%	19.77%	16.61%	17.49%	14.54%	12.98%
Projected Debt Service Coverage	≥2.5	2.6	6.82	-2.96	2.93	4.08
Days Cash on Hand	≥75 days	236.21	265.33	176.9	162.32	183.8
Cushion Ratio	≥7.0	20.88	24.39	16.64	16.04	17.93

IX. Economic Feasibility

A) Criterion 1120.140(a) - Reasonableness of Debt Financing

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts, and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities or

B) Borrowing is less costly than liquidating existing investments, and the existing investments being retained may be converted to cash or used to retire debt within 60-day days.

The Applicants state that borrowing will allow Anderson to retain other existing funds in their balance sheet accounts to maintain their current financial positions. The Applicants have successfully addressed the requirements of these criteria (Application for Permit, page 124).

B) Criterion 1120.140 (b) – Terms of Debt Financing

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available.

2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors.

3) The project involves (in total or part) leasing equipment or facilities, and the expenses incurred with leasing are less costly than constructing a new facility or purchasing new equipment.

Anderson Hospital plans to fund the emergency department project with cash, securities, and borrowing. The borrowing will be $25—$27 million of debt to be issued. The interest rate is anticipated to be about 4.8%. The funding would be via a ten (10) year loan (Application for

Permit pages 118-119). The Applicants have successfully addressed the requirements of these criteria.

C) Criterion 1120.140 (c) – Reasonableness of Project Costs

Site Survey, Soil Investigation, and Site Preparation cost $327,013, or 4.41% of new construction and contingency costs. This appears reasonable compared to the State Board standard of 5%.

Modernization and Contingency Costs are $7,411,931 or $503.25 ($7,411,931 ÷ 14,728 = $503.25). This appears reasonable when compared to the State Board Standard of $614.68.

Contingency Costs are $88,000 and 1.2% of new construction costs. This appears reasonable compared to the State Board standard of 10%.

Architectural and Engineering Fees are $403,915 and are 5.44% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 8.66%,

The State Board does not have a standard for the costs listed below.

Consulting and Other Fees	$41,000
Movable or Other Equipment	$1,962,189
Bond Issuance Expense	$100,000
Net Interest Expense	$508,377
Other Costs to be Capitalized	$366,750

D) Criterion 1120.140(d) - Direct Operating Costs

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

The costs per equivalent patient day for the second year after completion are $208.10 per equivalent patient day. The total effect of the project on capital costs is estimated at $118 per equivalent patient day. The State Board does not have standards for these costs.

TABLE ELEVEN
Anderson Hospital
Charity Care as a Percentage of Net Patient Revenue

Years	2021	2022	2023
Net Patient Revenue	$170,082,979	$167,230,177	$182,086,894
Amount of Charity Care	$5,582,890	$4,828,329	$4,069,528
Cost of Charity Care	$1,238,526	$1,079,681	$812,567
% of Charity Care as a % of Net Patient Revenue	0.73%	0.65%	0.45%

TABLE TWELVE
Cost Space Chart

Department	Cost	Existing	Proposed	New Construction	Modernization	As Is	Vacated Space [1]
Emergency	$7,323,931	12,759	14,728	14,728			11,043
Total Reviewable	$7,323,931	12,759	14,728	14,728			11,043
Non-Reviewable							
Public Areas	$1,286,533		2,435	2,435			
Circulation	$1,288,009		1,657	1,657			
Training	$226,971		465	465			
Staff Offices	$502,890		1,032	1,032			
Staff Support	$635,818		1,203	1,203			
Circulation	$1,178,326		2,675	2,675			
Building Systems	$2,399,817		5,550	5,550			
Connecting Corridor	$857,024		1,716	0	1,716		
Shell Space	$9,582,885		18,530	18,530			
Total Non-Reviewable	$17,958,273		35,263	33,547			
Total	$25,282,204		49,991	48,275	1,716		11,043

The Applicants, as of the date of this report, have not decided on the use of this vacated space. The Applicants state the vacated space may be used to support operations of clinical departments adjacent to the current ED space being vacated. If modernization of that area eventually requires CON approval, we will communicate with the State staff about HFSRB review. But no capital expenditures have been made or committed for the future at this time and there are no plans for the vacated area.

24-043 Anderson Hospital - Maryville