



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-03	BOARD MEETING: May 6, 2025	PROJECT NO: 25-007	PROJECT COST:
FACILITY NAME: Harrisburg Medical Center		CITY: Harrisburg	Original: \$19,975,683
TYPE OF PROJECT: Non-Substantive			HSA: V

PROJECT DESCRIPTION: The Applicants (Harrisburg Medical Center, Southern Illinois Hospital Services, Southern Illinois Healthcare Enterprises, Inc.) are asking the State Board to approve the modernization and expansion of a 31-bed acute mental illness service category for \$19,975,683. The project's expected completion date is September 30, 2029.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Harrisburg Medical Center, Southern Illinois Hospital Services, Southern Illinois Healthcare Enterprises, Inc.) are asking the State Board to approve the modernization and expansion of a 31-bed acute mental illness (“AMI”) service category for \$19,975,683. The project’s expected completion date is September 30, 2029.
- The Applicants propose constructing an additional acute mental illness unit and modernizing the existing acute mental illness units. The additional acute mental illness unit will be a medical-psychiatric unit, treating patients needing physical and mental health care. After completing the project, the Applicants will have 42 acute mental illness beds. Additionally, the Applicants will discontinue three medical-surgical beds for 43 patients at the Hospital.

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 no letters of support and no opposition letters.

PURPOSE OF THE PROJECT

- The project aims to modernize and expand the acute mental illness service category.

SUMMARY:

- This project was undertaken to meet the existing demand for acute mental services in Harrisburg Medical Center’s market area, Franklin, Gallatin, Hardin, Jackson, Johnson, Saline, White, and Williamson counties. The Health Resources and Services Administration classifies these counties as medically underserved areas and health professional shortage areas. The project involves adding to an existing hospital, which the Applicants considered the most effective alternative. Thirty of the proposed 42 AMI beds will remain in semi-private rooms, with 12 AMI beds in private rooms. The State Board has **calculated a need for nine** acute mental illness beds in the HSA V AMI Planning Area
- The Applicants justify the 11 Acute Mental Illness beds based on the State Board’s calculated need for nine Acute Mental Illness beds in this planning area and the fact that Harrisburg Memorial Hospital is one of only two hospitals in this planning area that provides Acute Mental Illness service (SSM St. Mary’s in Centralia is the other). Additionally, the Applicants state that the Medical Center has had to turn away approximately 700 referrals annually for several years because they could not be accommodated in the existing AMI unit.
- The Applicants are funding this project with pledges of \$1,388,466 and grants of \$18,637,217. The grants consist of \$8,709,909 from the United States Department of Agriculture Emergency Rural Health Care Program, and a Healthcare Transformation Capital Investment Grant from the Illinois Department of Healthcare and Family Services, and the Illinois Capital Development Board for \$9,927,308.
- The Applicants addressed a total of 18 criteria and have not met the following:

Criterion	Non-Compliant
<p>77 Ill. Adm.. Code 1120.140 (c) – Reasonableness of Project Costs</p>	<p>New Construction and Contingency Costs total \$7,271,958 or \$892.05 per DGSF. This is HIGH when compared to the State Board Standard of \$487.83</p> <p>Modernization and Contingency Costs total \$3,901,814 or \$346.46 per DGSF. This appears HIGH when compared to the State Board Standard of \$341.49</p> <p>State Board Staff Note: The Applicants’ stated reason for the cost exceeding the State Board Standard is at the end of this report.</p>



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**Project #25-007
Harrisburg Medical Center
State Board Staff Report**

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	Harrisburg Medical Center, Southern Illinois Hospital Services, Southern Illinois Healthcare Enterprises, Inc.
Facility Name	Harrisburg Medical Center
Location	100 Dr. Warren Tuttle Drive, Harrisburg
Permit Holder	Harrisburg Medical Center, Southern Illinois Hospital Services, Southern Illinois Healthcare Enterprises, Inc.
Licensee/Operating Entity	Harrisburg Medical Center, Inc.
Owner of Site	Harrisburg Medical Center, Inc.
Application Received	February 11, 2025
Application Deemed Complete	February 11, 2025
Review Period Ends	April 12, 2025
Project Completion Date	September 30, 2029
Does the State Board staff extend the review period?	No
Can the Applicant request a deferral?	Yes

I The Proposed Project

The Applicants (Harrisburg Medical Center, Southern Illinois Hospital Services, Southern Illinois Healthcare Enterprises, Inc.) are asking the State Board to approve the modernization and expansion of a 31-bed acute mental illness service category for \$19,975,683. The project’s expected completion date is September 30, 2029.

II. Summary of Findings

- A. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project does not conform to the provisions of Part 1120.

III. General Information

The Applicants are Harrisburg Medical Center, Inc., Southern Illinois Hospital Services, and Southern Illinois Healthcare Enterprises, Inc. Southern Illinois Hospital Services is the sole corporate member of Harrisburg Medical Center, Inc. Southern Illinois Healthcare Enterprises, Inc. is the sole corporate member of Southern Illinois Hospital Services and Southern Illinois Hospital Services is part of the Southern Illinois Healthcare Enterprises obligated group. Harrisburg Medical Center in Harrisburg, Illinois, has provided healthcare since 1965. It is a not-for-profit community hospital that offers various services, including primary care, behavioral health, and surgical procedures. On July 30, 2021, the State Board approved a change of ownership of Harrisburg Medical Center to Southern Illinois Hospital Services (#E-012-21).

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 for acute mental illness service utilization is 85%.

IV. Harrisburg Medical Center

Harrisburg Medical Center is approved for 77 beds, including 46 medical-surgical beds and 31 acute mental illness beds. From 2018 through 2023, the Medical Center's payor mix was 39% Medicare, 28% Medicaid, 1% other, 28.75% insurance, 3.25% self-pay, and less than 1% charity care. Table One outlines the Hospital’s 2023 utilization.

TABLE ONE
Harrisburg Medical Center
2023 Utilization

Beds	Authorized Beds	Staffed Beds	Admittance	Days	Observation Days	ALOS	ADC	Authorized Occupancy	Staffed Occupancy
Medical Surgical	46	25	582	1,636	1,167	4.8	7.7	16.70%	30.70%
AMI	31	20	626	4,812	0	7.7	13.2	42.50%	65.00%
Total	77	45	1208	6,448	1,167				

V. Health Service Area

Harrisburg Medical Center is in the Health Service Area V AMI Planning Area. HSA V consists of the Illinois Counties of Alexander, Bond, Clay, Crawford, Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Marion, Massac, Perry, Pope, Pulaski, Randolph, Richland, Saline, Union, Wabash, Washington, Wayne, White, and Williamson. There are 55 AMI beds in this Planning Area, and there is a **calculated need for nine AMI beds by 2026** in this Planning Area. The State Board is projecting a 1.4% decrease in the population in this Planning Area by 2026 to 582,000 residents from 590,000 (1.5%).

VI. Project Details

This project includes the expansion of the Acute Mental Illness Service at Harrisburg Medical Center by adding 11 authorized beds and replacing one authorized bed that cannot be used for inpatient care, as it is designated as the AMI Seclusion Room, which is also known as a "safety room" or "de-escalation room." The new addition will be adjacent to the existing Acute Mental Illness Nursing Units, and the rooms will constitute only private Acute Mental Illness patient rooms. All the **existing** AMI patient rooms are semi-private and will remain semi-private after this project. Thirty of the proposed 42 AMI beds will stay in semi-private rooms, with 12 AMI beds in private rooms. The project also includes the discontinuation of 3 medical-surgical beds.

VII. Project Costs and Sources of Funds

The Applicants are funding this project with pledges of \$1,388,466 and grants of \$18,637,217. The grants consist of \$8,709,909 from the United States Department of Agriculture Emergency Rural Health Care Program¹, and a Healthcare Transformation Capital Investment Grant from the Illinois Department of Healthcare and Family Services, and the Illinois Capital Development Board for \$9,927,308.²

The Applicants stated for the Healthcare Transformation Capital Investment Grant funds (\$9.9M), funding will be received at construction/project milestones throughout the project and will be the first funds spent. This funding is provided by state funding through the Illinois Department of Healthcare and Family Services (HFS) and the Illinois Capital Development Board (CDB). This contract is pending execution but is obligated through a Notice of Award. For Community Facilities Grant funds (\$8.7M), funding will be received on a reimbursement basis and will be the last funds spent. This funding is provided by the United States Department of Agriculture (USDA) through CFDA 10.766 and is obligated via contract.³

TABLE TWO
Project Costs and Sources of Funds

Use of Funds	Clinical	Non-Clinical	Total	% of Total
Preplanning	\$197,184	\$47,351	\$244,535	1.22%
Site Survey and Soil Investigation	\$18,780	\$4,510	\$23,290	0.12%
Site Preparation	\$213,384	\$51,241	\$264,625	1.32%
Off-Site Work	\$1,214,480	\$852,434	\$2,066,914	10.35%
New Construction	\$6,800,746	\$1,601,964	\$8,402,710	42.06%
Modernization	\$3,550,555	\$881,121	\$4,431,676	22.19%
Contingencies	\$822,471	\$200,249	\$1,022,720	5.12%
Architectural and Engineering	\$951,630	\$228,526	\$1,180,156	5.91%
Consulting	\$460,807	\$110,660	\$571,467	2.86%
Movable Equipment	\$1,643,664	\$96,151	\$1,739,815	8.71%
Other Costs to be Capitalized	\$22,396	\$5,379	\$27,775	0.14%
Total	\$15,896,097	\$4,079,586	\$19,975,683	100.00%

¹ The Emergency Rural Health Care (ERHC) Grant Program is a program from the United States Department of Agriculture (USDA) that provides grants to rural healthcare facilities. The program was established in August 2021 through the American Rescue Plan Act. The purpose is to help rural communities access healthcare services and nutrition assistance, support rural hospitals and healthcare clinics, help prepare for future pandemics, improve community health outcomes, and support the construction or renovation of rural healthcare facilities. (Source: USDA)

² Collaboration between HFS and CDB, under which the agencies worked together to establish the Hospital and Healthcare Transformation Capital Investment Grant Program as outlined in Section 30-15 in Public Act 101-10. As required by law, HFS and CDB developed competitive solicitation prioritizing healthcare transformation in underserved communities with the most significant utilization of Medicaid services. (Source: Illinois.gov)

³ CFDA (Catalog of Federal Domestic Assistance) number 10.766 refers to the "Community Facilities Technical Assistance and Training Grant Program," which provides grants to eligible organizations to offer technical assistance and training related to developing essential community facilities in rural areas. (<https://www.cfdaa.org>)

TABLE TWO				
Project Costs and Sources of Funds				
Use of Funds	Clinical	Non-Clinical	Total	% of Total
Source of Funds				
Pledges			\$1,338,466	6.70%
Grants			\$18,637,217	93.30%
	Total		\$19,975,683	100.00%

VIII. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, and Alternatives – Information Requirements

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

A) Background of Applicant – Review Criteria

1) Applicants must demonstrate that they are fit, willing, and able and have the qualifications, background, and character to adequately provide a proper health care service for the community. [20 ILCS 3960/6]

Southern Illinois Hospital Services is the sole corporate member of Harrisburg Medical Center, Inc., and owns or operates the following facilities:

- Memorial Hospital of Carbondale, Carbondale, Illinois.
- St. Joseph Memorial Hospital, Murphysboro, Illinois.
- Herrin Hospital, Herrin, Illinois.
- Physicians Surgery Center, LLC., Carbondale, Illinois.
- Southern Illinois Orthopedic Center, LLC, d/b/a Ambulatory Orthopedic Surgery Center, Herrin, Illinois. (State Board Staff Note: SEIU owns 51%)

Southern Illinois Hospital Services is the sole corporate member of Harrisburg Medical Center, Inc., and Southern Illinois Healthcare Enterprises, Inc. Southern Illinois Healthcare is the sole corporate member of Southern Illinois Hospital Services. Harrisburg Medical Center has a **three-star rating** from the Medicare Compare Website and is accredited by the Joint Commission. The corporate officers or directors of Harrisburg Medical Center, Inc., Southern Illinois Hospital Services, and Southern Illinois Healthcare Enterprises, Inc. do not own or operate any healthcare facilities.

The Applicants have attested that no adverse action has been taken against any healthcare facility owned and/or operated by Southern Illinois Hospital Services or any of its officers, directors, or LLC members during the three years before *filing* this Application. The Applicants have authorized the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health to access any documents necessary to verify the information submitted in response to this subsection, including but not limited to the licensing or certification records of other

states, where applicable, and the records of nationally recognized accreditation organizations. The Applicants appear fit, willing, and able and have the qualifications, background, and character to adequately provide a proper health care service for the community.

B) Purpose of the Project – Information Requirements

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.

The purpose of this project is to address the inpatient mental health needs in Southern Illinois by increasing the number of Acute Mental Illness beds at Harrisburg Medical Center. The Applicants propose constructing an addition to Harrisburg Medical Center and modernizing its two existing **Acute Mental Illness** Units. The proposed project will increase the capacity of acute mental illness beds by 11 beds for a total of 42 AMI beds and decrease its medical/surgical bed capacity by three beds for 43 medical/surgical beds.

Problem:

Harrisburg Medical Center operates 30 of 31 authorized AMI beds in double-occupancy rooms. The only AMI single room cannot be used for inpatient care, as it is designated as the AMI Seclusion Room, which is also known as a "safety room" or "de-escalation room." Over the past several years, the Medical Center has experienced an inability to accommodate transfers into its AMI Service, which results in a denial of access to needed medical care for behavioral health.

The Applicants state that approximately 700 patient referrals for AMI care have been denied admission annually for several years due to the lack of available beds or medical capacity constraints in the Medical Center's AMI service. According to the Applicants, prospective patients who cannot secure an inpatient AMI bed at Harrisburg Medical Center must often travel to Springfield, Chicago, or out-of-state to Indiana, Missouri, or Kentucky to receive needed care.

The Applicants state that patients suffering from mental health crises and other behavioral health disorders comprise a considerable portion of visits to Emergency Departments at hospitals in Southern Illinois that are part of Southern Illinois Healthcare: Harrisburg Medical Center, Herrin Hospital, Memorial Hospital of Carbondale, and St. Joseph Memorial Hospital. Because access to inpatient behavioral health care is limited, finding appropriate placement for these patients results in delays in care. According to the Applicants, it is not uncommon for behavioral health patients to be "boarded" in Emergency Departments in Southern Illinois Healthcare's hospitals for days while awaiting placement in an AMI Unit.

C) Safety Net Impact Statement – Information Requirements

All healthcare facilities, except skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be 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 not requiring a safety net impact statement.

D) Alternatives to the Proposed Project – Information Requirements

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the population's healthcare needs to be served by the project.

The Applicants considered the following alternatives to the proposed project.

Alternative One: Renovate one existing medical/surgical nursing unit into a 12-bed acute mental illness nursing unit. Do not construct an addition to Harrisburg Medical Center to accommodate an increase in authorized AMI beds. **Capital Cost: \$12,223,150.**

This alternative was rejected because it divided the AMI Service with nursing rooms on two separate floors. The medical/surgical unit suitable for conversion to AMI service is located above an existing AMI unit and would have been removed from medical-surgical nursing care. It is the only nursing unit at the Medical Center used for general medical-surgical care.

Alternative Two: Construct an addition to Harrisburg Medical Center in a different location than the proposed one. This would increase the Medical Center's authorized AMI beds by 10 in semi-private rooms. As a result of this project, Harrisburg Medical Center would have five private AMI rooms. **Capital Costs \$8,185,000**

This alternative was rejected because it would not meet the project's objective of constructing 12 private AMI rooms. It was envisioned that all eight patient rooms that would be built would be semi-private rooms, which would only add 10 AMI beds since three semi-private AMI patient rooms would be lost due to the implementation of this alternative.

Alternative Three: Construct an addition to Harrisburg Medical Center to increase the Medical Center's authorized AMI beds by 11 but do not modernize the existing AMI nursing units or support spaces. This alternative would result in 12 private AMI rooms, the same number proposed for the proposed project. **Capital Costs \$18,637,217**

This alternative was rejected because it did not include modernizing the existing AMI nursing units or support spaces.

IX. Project Scope and Size, Utilization

- a) 1110.120 (a) - Size of the Project
- b) 1110.120 (b) – Projected Utilization

A) Size of Project – Review Criteria

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.

The Applicants propose 42 AMI beds totaling 19,471 DGSF or 464 DGSF per bed. The State Board Standard is 440-560 DGSF per bed. The Applicants have successfully addressed this criterion.

B) Project Services Utilization – Review Criterion

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.

Harrisburg Medical Center currently has 31 authorized Acute Mental Illness beds, 30 of which can be used for inpatient care. All 30 of these beds are in semi-private rooms. One of the 31 currently authorized beds cannot be used for inpatient care, as it is designated as the **Acute Mental Illness** Seclusion Room, which is also known as a “safety room” or “de-escalation room.” According to the Applicants, it has not been possible to set up and staff all authorized AMI beds because many prospective AMI patients require private patient rooms, and none of the current AMI beds are in private rooms, except for the one room that cannot be used for inpatient care, as noted above.

The Applicants justify the 11 AMI beds based on the State Board’s calculated need for nine AMI beds in this planning area and the fact that Harrisburg Memorial Hospital is one of only two hospitals in this planning area that provides AMI service (SSM St. Mary’s in Centralia is the other). Additionally, the Applicants state that the Medical Center has had to turn away approximately 700 referrals annually for several years because they could not be accommodated in the existing AMI unit. Should the referrals materialize, the Applicants can justify the number of requested beds.

TABLE THREE
Historical Utilization
Harrisburg Medical Center
AMI Unit

	CY2018	CY2019	CY2020*	CY2021*	CY2022*	CY2023	11/23-10/24
AMI Beds Authorized	31	31	31	31	31	31	31
AMI Beds Staffed					20	20	
Admittance	1,169	1,151	856	763	695	626	673
Patient Days	9,071	9,227	6,760	5,986	5,599	4,812	5,732
ALOS	7.8	8	7.9	7.8	8.1	7.7	10
ADC	24.9	25.3	18.5	16.4	15.3	13.2	18.45
Occ	80.20%	81.56%	59.60%	52.90%	49.50%	42.50%	59.51%
Staffed Occupancy					76.50%	66%	

*Denotes COVID Years

TABLE FOUR
Projected Utilization

	FY2029	FY2030
AMI Beds	42	42
Admittance	1,629	1,629
Patient Days	13,032	13,032
ALOS	8.0	8.0
ADC	35.70	35.70
Occ	85%	85%

X. Acute Mental Illness and Chronic Mental Illness

Expansion of Existing Services 77 Ill. Adm. Code 1110.210	(b)(2)	Planning Area Need – Service to Planning Area Residents
	(b)(4)	Planning Area Need – Service Demand – Expansion of AMI and/or CMI
	(e)	Staffing Availability
	(f)	Performance Requirements
	(g)	Assurances

A) Planning Area Need – Review Criterion

2) Service to Planning Area Residents

- A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
- B) Applicants proposing to add beds to an existing AMI and/or CMI service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from region residents.
- C) Applicants proposing to expand an existing AMI and/or CMI service shall submit patient origin information by zip code based upon the patient's legal residence (other than a health care facility).

The Medical Center’s patient origin for AMI discharges during the most recent fiscal year (July 1, 2023, through June 30, 2024) indicates that more than 81 % of the discharges resided in zip codes within AMI Hospital Planning Area HSA 5. Of the AMI discharges during that one year, 68% lived within the following counties in this planning area, which constitutes the Medical Center’s market area for this project. Franklin, Gallatin, Harden, Jackson, Johnson, Saline, White, and Williamson Counties. Based on the information submitted by the Applicants, the project's primary purpose will be to provide necessary health care to residents of the area.

4) Service Demand – Expansion of AMI and/or CMI Service

The number of beds to be added for each service category is necessary to reduce the facility's experienced high occupancy and meet the projected demand for service. The applicant shall document subsection (b)(4)(A) and either subsection (b)(4)(B) or (C):

- A) Historical Service Demand
 - i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the service category, as specified in 77 Ill. Adm. Code 1100 for each of the last 2 years.
 - ii) If patients have been referred to other facilities to receive the subject services, the applicant shall provide documentation of the referrals, including patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest 2 years.
- B) Projected Referrals
 - The applicant shall provide the following:
 - i) physician referral letters that attest to the physician's total number of patients (by zip code of residence) who have received care at existing facilities located in the area during the 12 months before application submission.
 - ii) an estimated number of patients the physician will refer to the applicant's facility within 24 months after project completion. The anticipated referrals cannot exceed the physician's documented historical caseload. The percentage of project referrals used to justify the proposed expansion cannot exceed the historical percentage of applicant market share within 24 months after project completion.
 - iii) The physician's notarized signature, the typed or printed name of the physician, the physician's office address, and the physician's specialty; and
 - iv) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

The Applicants state that over the past several years, the Medical Center has experienced an inability to accommodate transfers into its AMI Service, which has resulted in a denial of access to needed medical care for behavioral health. For several years, an average of about 700 patient referrals or approximately 5,400 patient days for AMI care at the Medical Center have been denied admission annually due to the lack of available beds or medical capacity constraints in the Medical Center's AMI Service. If those patient referrals had been accommodated, the AMI unit would have been fully occupied. Based upon the information reviewed by the State Board Staff, there appears to be sufficient patient demand to warrant the number of requested AMI beds.

B) Staffing Availability – Review Criterion

The applicant shall document that the proposed project's relevant clinical and professional staffing needs were considered, and that licensure and The Joint Commission 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.

The Applicants state the existing AMI Service at the Medical Center has succeeded with its recruitment and retention efforts and does not rely on agency staffing. The Medical Center has achieved the necessary staffing by doing the following:

- Offering competitive salaries and benefits packages to attract and retain staff.
- Developing relationships with area nursing schools to create a pipeline of new graduates.
- Providing internships and clinical affiliations with colleges and universities that ensure a steady influx of new talent and
- Investing in workforce development and training programs supporting career growth and advancement.

The Applicants stated the proposed staffing is as follows.

Provider staffing will consist of 2 physicians, 1 Advanced Practice Provider (APP), and weekend coverage from clinic APPs, all of which currently exist. As a result, no additional provider staffing will be required. Staffing for the AMI Service units is expected to increase by 15.29 FTEs, consisting of both fixed and variable staff. The additional staff will be recruited in the manner described above, using the same efforts used successfully to recruit staff for the AMI Service in the past. Based upon the information provided by the Applicants, it appears that licensure and the Joint Commission staffing requirements will be met.

C) Performance Requirements – Bed Capacity Minimums

- 1) The minimum unit size for a new AMI unit within an MSA is 20 beds.
- 2) The minimum unit size for a new AMI unit outside an MSA is 10 beds.

Harrisburg Medical Center currently has a 31-bed acute mental illness category of service. The Applicants have met the minimum bed capacity.

D) Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

Harrisburg Medical Center, Southern Illinois Hospital Services, and Southern Illinois Healthcare Enterprises, Inc. attest to the understanding of the co-applicants for this project that, by the second year of operation after this project is completed, Harrisburg Medical Center will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code for the Acute Mental Illness category of service, which is the category of service involved in this proposal. The occupancy standard for the Acute Mental Illness Category of Service is an annual minimum occupancy rate of 85%.

XI. Financial Viability and Economic Feasibility

Section 1120.120 - Availability of Funds

Section 1120.130 - Financial Viability

The Applicants are funding this project with pledges of \$1,388,466 and grants of \$18,637,217. The grants consist of \$8,709,909 from the United States Department of Agriculture Emergency Rural Health Care Program and a Healthcare Transformation Capital Investment Grant from the Illinois Department of Healthcare and Family Services and the Illinois Capital Development Board for \$9,927,308. As of the date of this report, the Applicants have received \$500,000 in pledges. Southern Illinois Healthcare Enterprises will make up any shortfall in the commitments.

Southern Illinois Healthcare Enterprises has an A+ rating. FitchRatings states in part: *“The downgrade to 'A+' from 'AA' is driven by significant operating losses in FY22 and FY23, and Fitch expects that operating improvements will be gradual. Meaningful gains in cash flow will likely not occur until FY26 as staffing shortages continue, and cost efficiencies currently being implemented will take some time to realize. Fitch expects mitigation efforts to remain a key focus of management and that there will be a return to margins more consistent with the midrange operating risk assessment by 2027. While financial profile metrics have softened somewhat with the reduced cash flow, SIHE maintains ample financial flexibility through Fitch’s stress scenario for the A+ rating. SIHE has moderate CAPEX needs, allowing the system to maintain its healthy balance sheet while operating challenges are addressed. The rating also reflects SIHE’s leading market position in a somewhat challenging service area.”*

Year	2024	2023
Cash	\$5,269	\$10,111
Current Assets	\$164,681	\$142,744
Total Assets	\$1,215,370	\$1,152,025
Current Liabilities	\$7,464	\$7,663
Total Liabilities	\$534,285	\$544,405
Patient Service Revenue	\$783,005	\$784,994
Total Revenue	\$809,672	\$804,462
Total Expenses	\$836,904	\$854,101
Income from Patient Services	-\$27,232	-\$49,639
Excess of Revenue over Expenses	\$61,872	-\$86,081

TABLE SIX
Harrisburg Medical Center
Net Income
Medicare Cost Report

	2018	2019	2020	2021	2022	2023
Total Patient Revenue	\$176,522,400	\$154,550,552	\$144,939,485	\$126,397,047	\$102,004,844	\$123,296,297
Contractual All	\$113,543,079	\$99,539,808	\$94,669,138	\$77,822,725	\$69,112,940	\$74,007,862
Net Patient Revenue	\$62,679,321	\$55,010,744	\$50,270,347	\$48,574,322	\$32,891,904	\$48,288,405
Operating Expense	\$67,610,819	\$59,730,512	\$56,767,427	\$56,145,009	\$46,254,059	\$56,086,224
Net Income from Patient Services	-\$4,631,498	-\$4,719,768	-\$6,497,080	-\$7,570,687	-\$13,362,155	-\$6,797,819
Other Income	\$1,483,905	\$1,506,851	\$7,797,181	\$14,462,501	\$16,119,919	\$549,508
Other Expense	\$2,153,838	\$58,700	\$281,911	\$77,712	\$322,986	\$27,944
Net Income	-\$5,301,431	-\$3,271,617	\$1,018,190	\$6,814,102	\$15,796,933	-\$6,276,255
Operating Margin ⁽¹⁾	-7.39%	-8.58%	-12.92%	-15.59%	-40.62%	-14.08%

1. Operating Margin = Net Income from Patient Services ÷ Net Patient Revenue

XII. Economic Feasibility – Review Criteria

- 1120.140 (a) – Reasonableness of Financing Arrangements
- 1120.140 (b) – Terms of Debt Service
- 1120.140 (c) – Reasonableness of Project Costs
- 1120.140 (d) – Projected Operating Costs
- 1120.140 (e) – Total Effect of the Project on Capital Costs

A) Reasonableness of Financing Arrangements

The Applicants have an “A” or better bond rating and have met the Reasonableness of Financing Arrangements requirements.

B) Terms of Debt Service

There is no debt associated with this project. This criterion does not apply to this project.

C) Reasonableness of Project Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:

Preplanning Costs are \$197,184 and are 1.58% of new construction, modernization, contingencies, and movable equipment (\$12,817,436). This appears reasonable when compared to the State Board standard of 1.8%.

The Site Survey, Soil Investigation, and Site Preparation costs are \$232,164, or 2.1% of new construction, modernization, and contingency costs (\$11,173,772). This appears reasonable compared to the State Board Standard of 5%.

New Construction and Contingency Costs total \$7,271,958 or \$892.05 per DGSF. This is HIGH when compared to the State Board Standard of \$487.83

Modernization and Contingency Costs total \$3,901,814 or \$346.46 per DGSF. This appears HIGH when compared to the State Board Standard of \$341.49

The Contingency Costs are \$822,471, or 7.95% of the new construction and modernization cost, and are reasonable compared to the State Board Standard of 10-15%.

Architectural and Engineering Costs are \$951,630 or 8.5% of new construction, modernization, and contingency costs. This appears reasonable compared to the State Board Standard of 6.00-9.02%.

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

Off-Site Work	\$1,214,480
Consulting	\$460,807
Movable Equipment	\$1,643,664
Other Costs to be Capitalized	\$22,396

D) Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated salaries, benefits, and supplies for the service.

The Hospital's projected operating costs by FY29 is \$2,309.89 per equivalent patient day. The State Board does not have a standard for these costs.

E) Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The Total Effect of the Project on Capital Cost is \$80.52 per equivalent patient day. The State Board does not have a standard for these costs.

Factors that result in higher construction and associated costs for this project

1. Two substantial and overreaching cost factors are material and labor inflation due to the pandemic. Since the pandemic, the costs for materials and equipment have increased by double to triple the inflation rate that the construction industry generally expected before the pandemic. While the costs have leveled off recently, no trends indicate that they will be reduced to pre-pandemic levels.
2. Harrisburg Medical Center is in the **New Madrid Earthquake Fault zone**.⁴ As a result, the proposed project's addition and modernization work requires upgrades to comply with the current seismic codes of buildings in this zone. These requirements relate to safety and welfare and result in higher construction costs than in non-earthquake fault zones.
3. This project is utilizing the "**New York State Office of Mental Health - Patient Safety Standards Guidelines**" to select high-risk compliant furniture, fixtures, and equipment. These products have higher prices and are less locally available than routine items for hospital projects. These anti-ligature and psych-safe materials and equipment can cost as much as three times the cost of routine items and take longer to install due to using psych-safe and concealed fasteners. Using items that meet these guidelines increases the cost of most work items in areas where patients are present, including the following provided as examples: cabinets, cabinet handles, caulking, doors, door hardware, windows, drywall materials, ceilings, wall protection, signs, television enclosures, lexan panels, fire sprinkler heads, toilet accessories, toilet fixtures, showers, faucets, air devices, medical gas devices, electrical outlets, speakers, and lighting fixtures.
4. The project will consolidate administrative and professional office space that serves the Acute Mental Illness Service (i.e., Psychiatry, Behavioral Health) in a single suite. The two existing Psychiatric Nursing Units currently have decentralized areas, which results in less-than-ideal staff utilization. The existing administrative and professional office space will be modernized into patient care areas.
5. A new elevator must be constructed to connect the existing and proposed Psychiatric Nursing Unit to the main hospital.
6. Site work costs for this project are higher than typical for the size of the project due to the existing topography on which the hospital is located and the required utility relocations necessary to accommodate the addition of the existing Psychiatric Nursing Units. To facilitate patient and staff movement, deep soil fills are required to add to the existing building floor elevations. The existing oxygen line between the bulk oxygen tank system and the hospital oxygen manifold involves the relocation of the main distribution since it currently crosses the site of the proposed addition. Additional utilities, including the gas

⁴ While not as well known for earthquakes as California or Alaska, the New Madrid Seismic Zone (NMSZ), located in southeastern Missouri, northeastern Arkansas, western Tennessee, western Kentucky, and southern Illinois, is the most active seismic area in the United States, east of the Rocky Mountains. (Source: Missouri Department of Natural Resources)

main and site water line, fire hydrants, and storm sewer, need to be relocated because they conflict with the footing locations of the proposed addition.

7. The construction of the hospital addition and the modernization of the existing Psychiatric Nursing Units require extensive infrastructure work beyond what was previously identified above for the site work. The following work is also needed.
 - a. The construction of the new addition will require standard power to be routed from the other side of the hospital.
 - b. Normal power at the site of the addition is insufficient to support the new addition. As a result, new standard power will be pulled from the main switchboard on the other side of the hospital.
 - c. **The emergency** power at the site of the addition is insufficient to support the new addition. As a result, new life safety, critical equipment, and emergency **power will be** pulled from the main emergency switchboard on the other side of the hospital.
 - d. The existing medical vacuum equipment must be replaced and upsized to accommodate the addition of the new building.
 - e. IT infrastructure is insufficient to support the renovation and addition. As a result, data telephone access controls and other low-voltage systems will all be replaced in the renovated areas and fed from the new addition.
 - f. The project provides new dedicated ventilation air equipment to serve modernized areas lacking proper ventilation.

8. Safety considerations will increase construction costs. In locations where construction trade personnel must work in areas where patients are present; behavioral health work requires an additional non-working trade worker to watch and protect all materials, tools, and equipment used in construction, thus increasing construction costs.

9. To maintain a sufficient number of Psychiatric beds in operation during construction to meet the need for Psychiatric care provided by Harrisburg Medical Center, the project must be completed in at least two phases. This project phasing will extend the time when construction management and supervision services are needed and reduce the opportunity for project cost efficiencies.

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