



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

	BOARD MEETING: September 25, 2025	PROJECT NO: 24-018	PROJECT COST:
FACILITY NAME: NorthPointe Neighborhood Hospital		CITY: Roscoe	Original: \$20,760,312 Revision I: \$21,312,458 Revision II: \$21,974,716
TYPE OF PROJECT: Substantive			HSA: I

PROJECT DESCRIPTION: Beloit Memorial Health System and NorthPointe Health NFP Corporation, the Applicants, propose establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is \$21,974,716, with an expected completion date of August 31, 2028.

Interested Parties can find information regarding this Application for a Permit at this link:
<https://hfsrb.illinois.gov/projects/project.24-018-northpointe-neighborhood-hospital.html>.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Beloit Memorial Health System and NorthPointe Health NFP Corporation, the Applicants, propose establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is \$21,974,716, with an expected completion date of August 31, 2028.

BACKGROUND

- This project received an Intent to Deny at the October 29, 2024, State Board Meeting. At that meeting, the State Board denied the NorthPointe Neighborhood Hospital in Roscoe, Illinois, based on several factors, including lack of demonstrated need, unnecessary duplication of services, the size of the hospital, ability to achieve high quality, and accessibility.
- On December 27, 2024, additional information was submitted addressing the intent to deny, resulting in a Type A Modification that increased the project's cost from \$20,760,312 to \$21,312,458, or \$552,146 (2.66%), and added a suite number to the proposed Hospital address. The project cost increased due to the later construction start date.
- On June 30, 2025, the Applicants submitted a second Type A Modification, adding a co-applicant (NorthPointe Health NFP Corporation) and increasing the project's cost from \$21,312,458 in the first Type A Modification to \$21,974,716 or \$662,258 (3.1%) in the second Type A Modification. In total, the Applicants have increased the project's cost by \$1,214,404, or 5.85%.
- Additionally, Freeport Memorial Hospital has committed to relinquish 10 medical-surgical beds should the State Board approve this project. However, Freeport Memorial Hospital is not within the B-01 Hospital Planning Area, and the relinquishment would not affect this report or analysis. Freeport Memorial Hospital is a member of NorthPointe Health NFP Corporation, along with Beloit Memorial Health System.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because it proposes establishing a healthcare facility.

PURPOSE OF THE PROJECT:

- The Applicants state that the project aims to improve access to inpatient and emergency services in the 17-mile geographic service area (GSA).

PUBLIC HEARING/COMMENT:

- The Staff of the Illinois Health Facilities and Services Review Board (State Board) conducted a public hearing on August 13, 2024. A total of 221 individuals registered their attendance at the hearing. A second public hearing was conducted on July 15, 2025. A total of 117 individuals registered their attendance. **Those** who spoke in favor of the project stated that neighborhood hospitals improve access to care, particularly in underserved areas, and potentially offer a more efficient and cost-effective model compared to larger hospitals. The proponents argue that neighborhood hospitals are designed to address healthcare gaps in communities, providing more localized care and potentially reducing patient travel times. These hospitals can be in areas that might not be able to support a full-sized hospital, bringing essential services, such as emergency and outpatient care, closer to patients. They can offer quicker patient throughput and shorter wait times compared to larger facilities, improving the patient experience. Neighborhood hospitals can be a particularly valuable solution in rural areas where access to healthcare is limited and hospitals may be struggling to remain viable. Those in **opposition** argued that neighborhood hospitals have the potential to duplicate services and negatively impact existing hospitals. Existing hospitals, particularly those in the vicinity of a proposed hospital site, raise concerns about the potential for unnecessary duplication of services, which could harm their business and financial stability. The

opponents expressed concerns that introducing neighborhood hospitals in already well-served areas could further strain limited resources, including the healthcare workforce, potentially diminishing overall care quality. Concerns have been raised about patients potentially being put at risk if they are seriously injured or have complex needs and unknowingly seek care at a neighborhood hospital that lacks the specialized capabilities and resources of a larger facility.

SUMMARY:

- The State Board's regulatory mandate is to control costs, prevent unnecessary duplication of services, and protect safety net services. The Planning Area for this project (B-01) has an excess of medical-surgical beds, and adding a new 10-bed hospital would further increase this excess, leading to unnecessary duplication of services. The community has a declining population, which may result in low patient volumes for the 10-bed facility. The establishment of a new hospital could potentially harm the financial viability of existing hospitals in the area, leading to competition for limited resources. There is an existing nursing shortage in the region, and adding a new hospital could worsen this problem by increasing demand for healthcare professionals.
- The proposed project will be in the B-01 Hospital Planning Area (HPA), which, as of this report, has 507 medical-surgical beds and a calculated excess of 94 medical-surgical beds (M/S). The State Board has estimated that the B-01 Hospital Planning Area population will decrease by 1.13% by 2026. Medical-surgical patient days in the B-01 planning area have remained stable from 2019 through 2024.
- Table Fifteen illustrates the emergency department visits to the three Rockford Hospitals in 2024 and 2023. All three emergency departments are underutilized based on the State Board Standard of 2,000 visits per station. Javon Bea Hospital – Rockton and OSF St. Anthony Medical Center are Level One Trauma Centers. Approximately 18% of emergency department visits resulted in hospital admissions. Beloit Memorial Hospital is also underutilized based on the State Board Standard (Table Sixteen).
- The Applicants have addressed a total of 23 criteria and have not met the following:

Criterion	Non-Compliant
77 Ill. Adm. Code 1110.200 (b) (1) – Planning Area	As of the date of this report, the B-01 Hospital Planning Area has a calculated excess of 94 Medical-Surgical beds. Should the State Board approve this project, the excess will be 104 medical-surgical beds.
77 Ill. Adm. Code 1110.200 (c) Unnecessary Duplication of Service	There are three hospitals in the 17-mile GSA with 473 M/S beds. In 2024, utilization of these 473 beds was 82%, with an ADC of 388 patients and an ALOS of 5.68 days. This 2024 utilization justifies 432 medical-surgical beds at the State Board's target occupancy of 90%. Based on the 2024 utilization, there is an excess of 41 medical-surgical beds in this 17-mile geographical service area.
77 Ill. Adm. Code 1110.200 (f) – Performance Requirements	The Applicants are proposing a 10-bed medical-surgical category of service. However, because the Hospital is in a metropolitan statistical area, a 100-bed medical-surgical category of service is required.



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Project #24-018
NorthPointe Neighborhood Hospital
State Board Staff Report

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Beloit Memorial Health System, NorthPointe Health NFP Corporation
Facility Name	NorthPointe Neighborhood Hospital
Location	5605 East Rockton Road, Suite 101, Roscoe, Illinois
Permit Holder	Beloit Memorial Health System, NorthPointe Health NFP Corporation
Licensee/Operating Entity	NorthPointe Health NFP Corporation
Owner of Site	Beloit Memorial Health System
Application Received	June 6, 2024
Application Deemed Complete	June 11, 2024
Review Period Ends	October 9, 2024
Project Completion Date	August 31, 2028
Intent to Deny?	Yes, October 29, 2024
Did the State Board staff extend the review period?	No

I. The Proposed Project

Beloit Memorial Health System and NorthPointe Health NFP Corporation, the Applicants, propose establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is \$21,974,716, with an expected completion date of August 31, 2028.

II. Summary of Findings

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

III. General Information

The Applicants are Beloit Memorial Health System and NorthPointe Health NFP Corporation. The Beloit Memorial Health System is a not-for-profit corporation. The System operates an acute care hospital (Beloit Memorial Hospital, Beloit, Wis.) and a multi-specialty physician practice. It provides inpatient, outpatient, emergency, home healthcare, and hospice services in Beloit, Wisconsin, and the surrounding communities, including north central Illinois. The System also owns and operates a 45-unit independent living senior residence located in Beloit, Wisconsin, and operates a health and wellness center in northern Illinois d/b/a NorthPointe, consisting of a physician clinic space, an urgent care facility, related ancillary services, a fitness center, an ambulatory surgery center, a birthing center, and a 24-unit assisted living facility. (Source: Beloit Health

System, Inc., and Affiliate 2023 Audited Financial Statements) Table One below documents Beloit Memorial Hospital's 2023 and 2024 utilization.

NorthPointe Health NFP Corporation is a nonprofit entity that is associated with and owned by the Beloit Health System. The corporation was specifically established to manage and operate the NorthPointe Health and Wellness Campus, a comprehensive facility in Roscoe, Illinois, which was developed by the Beloit Health System. Tim McKeveitt is both the president of NorthPointe Health NFP Corporation and a Senior Vice President of the Beloit Health System. NorthPointe Health NFP Corporation oversees the operations of the various facilities located on the campus in Roscoe, which include clinics, immediate care, wellness centers, and a birth center.

Freeport Memorial Hospital is a member of NorthPointe Health NFP Corporation. Freeport Memorial Hospital (FHN) and Beloit Health System (BHS) have partnered to operate the new NorthPointe Neighborhood Hospital jointly. The two independent, non-profit systems will share resources for the facility. The Applicants state *that the collaboration between BHS and FHN will create new opportunities for both health systems by allowing them to share best practices, address performance gaps, and develop practical solutions together. By combining resources and expertise, we can improve patient care, streamline operations, and enhance staff training. This partnership is also hoped to expand access to specialized services and strengthen our community health programs.* Freeport Memorial Hospital is not considered an applicant, as the Hospital did not meet the requirements of 77 Adm. Code 1130.220 - Necessary Party to an Application for Permit or Exemption.¹

Beloit Memorial Hospital discontinued 19 beds in 2024. These beds included 7 M/S beds and 12 ICU Beds. The bed reduction was due to the conversion of semi-private to all private rooms at Beloit Memorial Hospital.

¹ The requirements for Applicants to an Application for a Permit or Exemption

- 1) the person who will hold and who currently (as applicable) holds the license (or Medicare and/or Medicaid certification if licensing is not applicable) for each facility.
- 2) the person who has final control of the person who will hold or who currently holds (as applicable) the license (or Medicare and/or Medicaid certification if applicable) for each facility.
- 3) any related person who is or will be financially responsible for guaranteeing or making payments on any debt related to the project; and
- 4) any other person who will be actively involved in the operation or provision of care and who controls the use of equipment or other capital assets that are components of the project, such as, but not limited to, fixed equipment, mobile equipment, buildings or portions of buildings, structures such as parking garages, etc.

TABLE ONE Beloit Memorial Hospital 2023 Utilization						
<u>Service</u>	<u>Beds</u>	<u>Adm</u>	<u>Days</u>	<u>ALOS</u>	<u>ADC</u>	<u>Occ</u>
M/S	69	3,151	15,116	4.71	43.57	63.14%
Ped	3	22	38	1.73	0.1	3.33%
ICU	20	427	2,538	4.82	5.42	27.10%
OB	10	423	956	2.26	2.79	27.90%
Total	102	4,023	18,648	4.64	51.88	50.86%

Beloit Memorial Hospital 2024 Utilization						
<u>Service</u>	<u>Beds</u>	<u>Adm</u>	<u>Days</u>	<u>ALOS</u>	<u>ADC</u>	<u>Occ</u>
M/S	62	3,299	15,595	4.76	45.51	73.40%
Ped	3	30	51	1.7	0.14	4.67%
ICU	8	464	2,899	6.04	6.01	75.13%
OB	10	465	1,065	2.29	3.02	30.20%
Total	83	4,258	19,610	4.61	54.68	65.88%

The proposed project is a substantive project subject to review under Parts 1110 and 1120. The financial commitment will occur after the permit issuance. The State Board's occupancy target for adding medical-surgical beds is 80% for a bed complement of 1-99 beds, 85% for a bed complement of 100-199 beds, and 90% for a bed complement of 200 or more beds.

IV. **Health Planning Area**

The proposed ten-bed Hospital will be in Health Service Area I and the Hospital Planning Area B-01. **Health Service Area I** includes the Illinois Counties of Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside, and Winnebago. **Hospital Planning Area B-01** includes Boone and Winnebago Counties; DeKalb County, Townships of Franklin, Kingston, and Genoa; and Ogle County, Townships of Monroe, White Rock, Lynnville, Scott, Marion, Byron, Rockvale, Leaf River, and Mount Morris. Five acute care hospitals are in the B-01 Hospital Planning Area (see Table Two).

Beloit's Community Health Needs Assessment describes the Beloit Health System (BHS) Service Area, which spans the Wisconsin-Illinois state line region. The BHS Service Area is defined by the following six zip codes: 53511 (Beloit, WI), 53525 (Clinton, WI), 53576 (Orfordville, WI), 61072(Rockton, IL), 61073 (Roscoe, IL), and 61080 (South Beloit, IL).

TABLE TWO Acute Care Hospitals in the B-01 Hospital Planning Area					
Hospital	City	Miles	M/S Beds	2023 Utilization	2024 Utilization
Mercyhealth Hospital-Rockton ⁽¹⁾	Rockford	12.6	0	0	0
Mercyhealth Hospital-Riverside	Rockford	9.9	84	87.25%	81.50%
SwedishAmerican Hospital	Rockford	11.6	199	77.50%	81.31%
Saint Anthony Medical Center	Rockford	11.3	190	76.99%	83.43%
SwedishAmerican Medical Center ⁽²⁾	Belvidere	21.3	34	0.00%	0
Total			507		
1. Javon Bea Mercyhealth Hospital discontinued the 70-bed medical-surgical service category in March 2022 (Exemption #E-56-21). 2. SwedishAmerican Medical Center, Belvidere, did not provide medical-surgical services in 2023 and 2024. SwedishAmerican Medical Center is providing M/S services in 2025.					

The State Board projects a 1.13% decrease in the population in the B-01 Hospital Planning Area by 2026 (See Table Three).

TABLE THREE Estimated Population Growth in B-01 Hospital Planning Area 2021-2026			
Age Cohort	2021	2026	% Difference
0-14	71,150	65,180	-8.39%
15-44	135,730	133,080	-1.95%
45-64	97,840	93,480	-4.46%
65-74	38,930	42,790	9.92%
75up	27,710	32,630	17.76%
Total	371,360	367,160	-1.13%

The number of medical-surgical patient days in the B-01 Hospital Planning Area has seen no increase for the period 2019 through 2024. There are 507 authorized medical-surgical beds in the B-01 Hospital Planning Area. Average medical-surgical patient days will justify 419 beds at the target occupancy of 90% in the B-01 Hospital Planning Area (see Table Four).

TABLE FOUR Medical Surgical Patient Days							
	2019	2020	2021	2022	2023	2024	AVE
Days	141,779	127,870	138,946	137,465	136,477	141,601	137,356
ADC	388.44	350.33	380.67	376.62	373.91	387.95	376.32
ALOS	5.7	5.9	6.15	6.3	6.66	5.68	6.07
Occ	76.61%	69.10%	75.08%	74.28%	73.75%	76.52%	74.22%

TABLE FOUR Medical Surgical Patient Days							
	2019	2020	2021	2022	2023	2024	AVE
Beds Justified	432	390	423	419	416	432	419

V. Project Uses and Sources of Funds

The Applicants are funding this project from bond proceeds of \$21,974,716. The estimated start-up and operating costs are approximately \$1.061 million (see Table Five).

TABLE FIVE Project Uses and Sources of Funds Use of Funds							
	ORIGINAL			SECOND MODIFICATION			
	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	Difference
Preplanning Costs	\$79,236	\$60,264	\$139,500	\$79,236	\$60,264	\$139,500	\$0
Site Survey and Soil Investigation	\$9,650	\$9,650	\$19,300	\$9,650	\$9,650	\$19,300	\$0
Site Preparation	\$360,517	\$360,517	\$721,034	\$374,938	\$374,938	\$749,876	\$28,842
Modernization Contracts	\$6,823,101	\$4,332,388	\$11,155,489	\$7,096,025	\$4,505,683	\$11,601,708	\$446,219
Contingencies	\$896,596	\$683,635	\$1,580,231	\$932,460	\$710,980	\$1,643,440	\$63,209
Architectural/Engineering Fees	\$683,760	\$744,650	\$1,428,410	\$723,235	\$705,175	\$1,428,410	\$0
Consulting and Other Fees	\$297,214	\$118,795	\$416,009	\$299,090	\$130,795	\$429,885	\$13,876
Movable and Other Equipment (not in construction contracts)	\$3,151,697	\$255,642	\$3,407,339	\$3,764,268	\$305,329	\$4,069,597	\$662,258
Bond Issuance Expense	\$284,000	\$216,000	\$500,000	\$284,000	\$216,000	\$500,000	\$0
Net Interest Expense During Construction	\$791,224	\$601,776	\$1,393,000	\$791,224	\$601,776	\$1,393,000	\$0
Total Uses of Funds	#####	\$7,383,317	\$20,760,312	\$14,354,126	\$7,620,590	\$21,974,716	\$1,214,404
Source of Funds							
Bond Proceeds			\$20,760,312			\$21,974,716	\$1,214,404
Total Sources of Funds			\$20,760,312			\$21,974,716	\$1,214,404

VI. Project Details

The proposed 10-bed acute care hospital will be enrolled with the Centers for Medicare and Medicaid Services as a remote location of Beloit Memorial Hospital. It will operate under the same Medicare CMS Certification Number.²

The proposed project will consist of approximately 52,632 square feet and have ten medical-surgical beds in private rooms, a 24-hour emergency department with 13 stations, one operating room for surgery, two PACU rooms, a laboratory, pharmacy, and imaging

² If the State Board approves the Hospital the approval as a remote location of Beloit Memorial Hospital will have to be determined.

department, which will include an MRI, CT scan, ultrasound, and x-ray. The existing NorthPointe Immediate Care will be integrated into the emergency department of the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. Patients presenting at the NorthPointe emergency department will be triaged according to medical condition, with patients presenting with emergent conditions, e.g., stroke, heart attack, seizures, and ruptured appendix, going to the emergency bays and patients with less urgent situations, e.g., respiratory infections, strep, dehydration, sprains, lacerations, ear infections, and urinary tract infections sent to the immediate care area. According to the Applicants, the NorthPointe Neighborhood Hospital emergency department will decrease high utilization at the Beloit Memorial Hospital emergency department while treating patients who historically have used the immediate care center.

TABLE SIX						
Cost Space Requirements						
Dept. Area	Cost	Existing	Proposed	Modernized	As Is	Vacated Space
REVIEWABLE						
Medical-Surgical Unit	\$3,896,867	8,117	8,117	8,117	0	0
Radiology	\$193,955	7,744	7,744	404	7,340	0
Emergency Department	\$3,199,781	6,665	6,665	6,665	0	0
Emergency Department Ambulance Bay/Garage	\$1,247,747	0	2,143	2,143	0	0
Operating Room	\$928,969	1,935	1,935	1,935	0	0
Recovery Rooms	\$286,612	597	597	597	0	0
Laboratory	\$363,426	757	757	186	571	0
Pharmacy	\$0	456	456	0	456	0
Other Clinical	\$4,236,769	1,485	1,485	1,485	0	0
Total Reviewable	\$14,354,126	27,756	29,899	21,532	8,367	0
NON-REVIEWABLE						
Mechanical and Other Building Systems, Administrative, Other Non-Clinical	\$7,620,591	22,733	22,303	19,043	3,690	0
Total	\$21,974,717	50,489	52,202	40,575	12,057	0

VII. Background of the Applicants, Purpose of Project, Safety Net Impact Statement, Alternatives to the Project

- A)** 77 Ill. Adm. Code 1110.110 (a) – Background of the Applicants
- B)** 77 Ill. Adm. Code 1110.110 (b) – Purpose of the Project
- C)** 77 Ill. Adm. Code 1110.110 (c) – Safety Net Impact Statement
- D)** 77 Ill. Adm. Code 1110.110 (d) – Alternatives to the Project

A) Background of the Applicants ³

An Applicants 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]

Medicare Care Compare has assigned Beloit Memorial Hospital a four-star quality rating.⁴. The Applicants have attested that no adverse action has been taken against any facility owned and operated by the Applicants during the three years preceding the filing of this Application for Permit. The Applicants have also authorized the State Board and the Illinois Department of Public Health to access any documents necessary to verify the information in the Application for Permit. The Applicants have demonstrated that it is fit, willing, and able, and possess the proper qualifications, background, and character to provide an adequate standard of healthcare services to the community. (see pages 47-52 of the Application for Permit)

B) Purpose of the Project

The Applicants shall document that the project will provide health services that improve the healthcare or well-being of the population to be served in the market area. The Applicants shall define the planning area, market area, or other areas, per the Applicants' definition. The Applicants shall address the project's purpose, i.e., identify the issues or problems the project proposes to address or solve. Information to be provided shall include, but is not limited to, identifying existing problems or issues that must be addressed, as applicable and appropriate for the project.

The Applicants state this project aims to improve access to inpatient and emergency services in the 17-mile GSA. The Applicants have defined their market area as a 17-mile radius of the proposed Hospital. The boundaries of the market area as defined by the Applicants are as follows:

- North approximately 17 miles to Janesville, WI
- Northeast, approximately 17 miles to Darien, WI
- East, approximately 17 miles to Leroy, IL
- Southeast approximately 17 miles to Bonus, IL
- South approximately 17 miles to Cherry Valley, IL
- Southwest approximately 17 miles to Pecatonica, IL
- West approximately 17 miles to Durand, IL
- Northwest approximately 17 miles to Orford, WI

The problems identified by the Applicants that will be corrected with the approval of this project are:

1. The out-migration of Illinois residents to Wisconsin health care providers.
2. High inpatient medical-surgical utilization at Beloit Memorial Hospital in Wisconsin

³. The Applicants' ASTC in Roscoe, adjacent to the proposed Hospital, while licensed in Illinois, is under the parent's (Beloit Memorial Hospital) Medicare/Medicaid certification as an outpatient provider of their Wisconsin hospital. The overall rating indicates how well each hospital performed on a specified set of quality measures compared to other hospitals in the U.S. The more stars, the better a hospital performed on the available quality measures. Some new or smaller hospitals may not report data on all measures, making them ineligible for an overall rating. Hospitals report data to the Centers for Medicare & Medicaid Services (CMS) through various reporting programs.

3. Address the projected increase in medical-surgical utilization in the B-01 Hospital Planning Area.
4. Improve access to emergency services and reduce emergency transport times.
5. Reduce the high utilization at the Beloit Memorial Hospital Emergency Department

C) Safety Net Impact Statement

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 filed with an application for a substantive project (see Section 1110.40). Safety net services are those offered by healthcare providers or organizations that deliver healthcare services to individuals with barriers to mainstream healthcare, including a lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

The Applicants stated the following:

“Beloit Health System is a non-profit, tax-exempt hospital; it has a financial assistance policy and associated procedures that make care available to patients regardless of their payment source or ability to pay, and complies with Section 501(r) of the Internal Revenue Code. The planned remote location hospital will not negatively impact essential safety net services in the community. The expected admissions to this location are generally patients admitted to the Applicants’ hospital in Beloit. The planned project will not impact the ability of other providers or other healthcare facilities to cross-subsidize safety net services. As noted above, no patients are expected to be redirected from any other hospital but the Applicant’s hospital. The planned NorthPointe Neighborhood Hospital will be a new healthcare facility with no historical Medicaid or charity care to report.” **The projected payor mix of the planned hospital is as follows:**

Medicare	66%
Medicaid	10%
Commercial	21%
Self-Pay	0%
Charity Care	3%

State Board Staff Notes:

The Applicants own the NorthPointe ASTC adjacent to the proposed Hospital. Between 2018 and 2024, 2.4% of patients receiving care at the ASTC were Medicaid patients, and no patients received Charity Care (see Table 7).

TABLE SEVEN Number of Patients by Payor Source ASTC								
	2024	2023	2022	2021	2020	2019	2018	% of Total
Medicaid	49	68	45	33	57	40	18	2.38%
Medicare	1,069	1,066	972	848	1,014	1,551	1,218	59.52%
Other Public	58	0	36	66	48	0	0	1.60%

TABLE SEVEN Number of Patients by Payor Source ASTC								
	2024	2023	2022	2021	2020	2019	2018	% of Total
Insurance	555	719	468	492	687	877	912	36.23%
Private Pay	0	2	0	0	13	6	14	0.27%
Charity Care	0	0	0	0	0	0	0	0.00%
TOTAL	1,731	1,855	1,521	1,439	1,819	2,474	2,162	100.00%

D) Alternatives to the Proposed Project

The Applicants 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.

The Applicants considered three alternatives to the proposed project.

1. Doing Nothing
2. Utilize Other Providers
3. Expand Beloit Memorial Hospital

1. Do Nothing

The Applicants rejected this alternative because, according to them, it would not stem the outmigration to Wisconsin's healthcare providers. Additionally, the Applicants believe that due to the aging population, utilization of the medical-surgical beds in the NorthPointe geographic service area will increase for the foreseeable future, with average utilization of existing hospitals in the geographic service area projected to reach 92% by 2027, which would justify 509 beds, or, according to the Applicants, a need for 36 medical-surgical beds. No cost was provided for this alternative.

2. Utilize Other Providers

The Applicants rejected this alternative because, according to them, utilizing other providers in Illinois would not stem the outmigration to Wisconsin hospitals, as the Illinois providers are further away from "stateline community" residents than the Wisconsin hospitals. The Applicants state that Beloit Memorial Hospital is only 6 miles from the Stateline Community. No cost was provided for this alternative.

3. Expand Beloit Memorial Hospital

The Applicants considered adding beds at Beloit Memorial Hospital. Still, they rejected this option as it would not stem the outmigration to Wisconsin due to the extensive cost and disruption to hospital operations. According to the Applicants, establishing a small acute care hospital in the area where patients live is the most prudent course of action to address the healthcare needs of the Stateline community. Furthermore, according to the Applicants, Beloit Memorial Hospital is enhancing patient care units in the 55-year-old facility by converting the remaining semi-private rooms to private rooms. Due to

physical plant constraints at Beloit Memorial Hospital, the additional ten beds cannot be added to the main hospital without adding a fifth floor. No cost was provided for this alternative.

VII. Project Scope and Size, Utilization

- A) Criterion 1110.120 (a) – Project Size
- B) Criterion 1110.120 (b) – Project Utilization

A) Size of Project

1. The Applicants 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).
 2. If the project square footage is outside the standards in Appendix B, the Applicants shall submit architectural floor plans (see HFSRB NOTE) of the project, identifying all clinical service areas and those clinical service areas or components of those areas that do not conform to the standards. The Applicants shall submit documentation of one or more of the following:
 - A) The proposed space is appropriate and neither excessive nor deficient in the scope of services provided, as justified by clinical or operational needs; supported by published data or studies, as available; and certified by the facility's Medical Director; or
 - B) The existing facility's physical configuration has constraints that require an architectural design that exceeds the standards of Appendix B, as documented by architectural drawings delineating the constraints or impediments, by this subsection (a), or
 - C) Additional space is mandated by governmental or certification agency requirements that were not in existence when the Appendix B standards were adopted, or
 - D) The project involves the conversion of existing space that results in excess square footage.
- HFSRB NOTE: Architectural floor plans submitted shall identify clinical service areas or components and designate the areas in square footage. They must be of sufficient accuracy and format to allow measurement. The format may be either a digital drawing format (.dwg file or equivalent) or a measurable paper copy, 1/16 scale or larger.

As shown in Table Eight below, the Applicants have met the size requirements of the State Board.

TABLE EIGHT ⁽¹⁾ Size of the Project				
Services	Beds/Units/Rooms	State Standard	Propose DGSF	Met Standard?
Medical-Surgical Unit	10-beds	500-600 DGSF per bed	6,546	Yes
Radiology				
CT Scanner	1	1,800 DGSF per unit	569	Yes
Mammography	1	900 DGSF per unit	461	Yes
Bone Densitometry	1	NA	230	Yes
MRI	1	1,800 DGSF per unit	1,063	Yes
Ultrasound	2	900 DGSF per unit	332	Yes
X-Ray	3	1,300 DGSF per unit	804	Yes
Emergency Department	13	900 DGSF per station	6,665	Yes
Operating Room	1	2,750 DGSF per Room	2,143	Yes

TABLE EIGHT ⁽¹⁾ Size of the Project				
Services	Beds/Units/Rooms	State Standard	Propose DGSF	Met Standard?
Recovery Rooms			1,935	Yes
Phase I	1	180 DGSF per Room		Yes
Phase II	1	400 DGSF per Room		Yes
Emergency Department	NA		597	NA
Ambulance Bay/Garage	NA			
Laboratory	NA		757	NA
Pharmacy	NA		456	NA
1. NA – No State Board Standard				

B) Project Services Utilization

The Applicants 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 number of years projected shall not exceed the number of historical years documented. If the Applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100 the Applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

- 1) Clinical encounter times for anticipated procedures in key rooms (for example, procedure room, examination room, imaging room).
- 2) Preparation and clean-up times, as appropriate
- 3) Operational availability (days/year and hours/day, for example, 250 days/year and 8 hours/day); and
- 4) Other operational factors.

1. Medical Surgical Beds

The Applicants are proposing ten medical-surgical beds at the proposed Hospital. The Applicants estimate that 740 patients would utilize the proposed 10-bed medical-surgical beds two years after project completion. The Applicants are calculating an average length of stay of 4 days, which, if the patients materialize, would total 2,960 days or an average daily census of 8.1 patients per day. This would equate to 81% utilization, which complies with the State Board's target occupancy of 80%.

Additionally, the Applicants believe that due to the aging population, the utilization of medical-surgical beds in the NorthPointe geographic service area is expected to increase for the foreseeable future. The average utilization of existing hospitals in the geographic service area is projected to reach 92% by 2027, which would justify 509 beds or, according to the Applicants, a need for 36 medical-surgical beds (509 beds – 473 beds = 36 beds).

2. Emergency Department

According to the Applicants, Beloit Memorial Hospital is one of the busiest emergency departments in Wisconsin, averaging 34,000 visits annually from 2019 to 2023.

According to the Applicants, most “stateline community” patients require EMS transport. The Applicants propose to convert the existing NorthPointe Immediate Care space into a comprehensive emergency department for the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. The Applicant's project aims to achieve 15,000 visits to the eight emergency bays within the second year after project completion, and 10,000 visits to the five immediate care bays within the same year. The Applicants based these emergency department visits on the number of Illinois residents seen at the Beloit Memorial Hospital emergency department. The State Board Standard is 2,000 visits per station. Should the visits materialize, the Applicants will meet this requirement of the State Board.

3. Radiology Department⁵

Table Nine (below) outlines the number of units and the historical and projected volume for the imaging department. The historical volume is from the existing NorthPointe Clinic. Should these visits/procedures materialize, the Applicants will meet this State Board requirement.

TABLE NINE Radiology Department					
Service	Units	Historical	Projected	State Standard	Met Standard
CT scanner	1	1,793	1,793	>7,000 Visits	Yes
3D Mammography	1	2,275	2,275	> 5,000 Visits	Yes
Bone Densitometry	1	467	467	No Standard	NA
MRI	1	1,049	1,049	>2,500 Procedures	Yes
Ultrasound	2	3,433	3,433	>3,100 Visits	Yes
Digital X-Ray	1	3,970	3,970	>8,000 procedures	Yes
Digital X-Ray & Fluoroscopy	1	226	226	>8,000 procedures	Yes
X-Ray Portable	1	94	94	>8,000 procedures	Yes

⁵ All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except those noted in 77 Ill. Adm. Code 1100. HFSRB shall periodically evaluate the guidelines to determine if revisions should be made. The provisions of the Illinois Administrative Procedure Act will promulgate any revisions.

VIII. Medical Surgical Beds

PROJECT TYPE	REQUIRED REVIEW CRITERIA
Establishment of Services or Facility (77 Ill. Adm. Code 1110.200)	(b)(1) – Planning Area Need – 77 Ill. Adm. Code 1100 (formula calculation)
	(b)(2) – Planning Area Need – Service to Planning Area Residents
	(b)(3) – Planning Area Need – Service Demand – Establishment of Category of Service
	(b)(5) – Planning Area Need – Service Accessibility
	(c)(1) – Unnecessary Duplication of Services
	(c)(2) – Maldistribution
	(c)(3) – Impact of Project on Other Area Providers
	(e) – Staffing Availability
	(f) – Performance Requirements
	(g) – Assurances

1) 77 Ill. Adm. Code 1100 (formula calculation)

- A) The number of beds to be established for each category of service is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.
- B) The number of beds proposed shall not exceed the projected deficit to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.

The Applicants propose establishing a 10-bed medical-surgical service at the proposed Hospital. As of the date of this report, there are 529 medical-surgical/pediatric beds in the B-01 Hospital Planning Area, with a calculated need for 435 medical-surgical/pediatric beds, resulting in a computed excess of 94 medical-surgical/pediatric beds in the B-01 Hospital Planning Area. Should the State Board approve this project, there will be a calculated excess of 104 medical-surgical pediatric beds.

TABLE TEN				
Hospitals in B-01 Hospital Planning Area				
		M/S Beds	Ped Beds	Total
Mercyhealth Hospital-Riverside	Rockford	84	12	96
SwedishAmerican Hospital	Rockford	199	10	209
Saint Anthony Medical Center	Rockford	190	0	190
SwedishAmerican Medical Center	Belvidere	34	0	34
Total		507	22	529

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 category of 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 residents of the area.

The Applicants propose to establish a 10-bed medical-surgical category of service at the proposed Hospital. The Applicants provided a table documenting the number of Illinois patients by zip code who utilized Beloit Memorial Hospital for 2021 – 2023 and resided in the NorthPointe geographical service area (see Table Eleven Below). Over the past three years, 55% of the patients lived in South Beloit, Illinois.

Based on the information provided and reviewed, the project's primary purpose appears to be providing health care to residents of the geographical service area who will utilize the proposed 10-bed medical-surgical unit.

TABLE ELEVEN				
Residents of the Geographical Service Utilizing Beloit Memorial Hospital				
Zip Code	City	2021	2022	2023
61072	Rockton	132	167	158
61073	Roscoe	133	128	144
61080	South Beloit	389	433	401
61011	Machesney Park	7	5	5
61103	Machesney Park	9	7	15
61111	Machesney Park	17	8	8
61115	Machesney Park	22	25	16
Total		709	773	747

3) Service Demand – Establishment of Bed Category of Service

The number of beds proposed to establish a new category of service is necessary to accommodate the service demand experienced annually by the existing Applicants facility over the last 2-year period, as evidenced by historical and projected referrals, or, if the Applicants proposes to establish a new hospital, the Applicants shall submit projected referrals. The Applicants shall document subsection (b)(3)(A) and either subsection (b)(3)(B) or (C):

A) Historical Referrals

If the Applicant is an existing facility, the Applicant shall document the number of referrals to other facilities for each proposed category of service for each of the last two years. Documentation of the referrals shall include patient origin by zip code, name and specialty of referring physician, and name and location of the recipient hospital.

B) Projected Referrals

An Applicants proposing to establish a category of service or establish a new hospital shall submit 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 annually to the Applicant's facility within 24 months after project completion. The anticipated referrals cannot exceed the physician's documented historical caseload.
- 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.

A patient referral attestation letter has been provided on pages 117-121 of the Application for Permit, signed by Roger Kapoor, M.D., Senior Vice President, Beloit Health System, and notarized. The letter states, in part, that over the past two years (2022-2023) for the zip codes listed on pages 119, 120, and 121 of the Application for Permit, Beloit Health System has admitted approximately 4,400 patients annually to Beloit Memorial Hospital with 15% of those patients residing in Illinois and within the 17-mile geographic service area of the NorthPointe campus. According to the Applicants, with the addition of inpatient services on the NorthPointe campus, the Applicants anticipate that 740 Illinois patients will be admitted to the planned hospital annually. Should the 740 patients materialize, there will be sufficient demand for the 10-bed medical-surgical beds.

5) Service Accessibility

The number of beds being established or added for each category of service is necessary to improve access for residents of the planning area. The Applicants shall document the following:

A) Service Restrictions

The Applicants shall document **that at least one of the following factors exists in the planning area:**

- i) The absence of the proposed service within the planning area.
- ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care, or charity care.
- iii) Restrictive admission policies of existing providers.
- iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.
- v) For purposes of this subsection (b)(5) only, all services within the established radii outlined in 77 Ill. Adm.. Code 1100.510(d) meets or exceeds the utilization standard specified in 77 Ill. Adm. Code 1100.

B) Supporting Documentation

The Applicants shall provide the following documentation, as applicable, concerning existing restrictions to service access:

- i) The location and utilization of other planning area service providers.
- ii) Patient location information by zip code.
- iii) Independent time-travel studies.
- iv) A certification of waiting times.
- v) Scheduling or admission restrictions exist for area providers.
- vi) An assessment of area population characteristics documenting access problems.
- vii) Most recently published IDPH Hospital Questionnaire.

The medical-surgical category of service exists within the B-01 Hospital Planning Area. As noted in this report, four acute care hospitals in the B-01 Hospital Planning Area have 507 medical-surgical beds. Table Twelve below documents the four Hospitals, the number of authorized medical-surgical beds, admissions, patient days, and utilization percentage

for 2024. No documentation has been provided of access limitations due to the payor status of patients or restrictive admission policies of existing providers in the B-01 Hospital Planning Area. The Applicants provided documentation from the Health Resources and Services Administration that the proposed hospital will be in a health professional shortage area. The Applicants have met one of the four requirements of this criterion as required.

TABLE TWELVE
Hospitals in the 17-mile GSA
2024 Utilization

	Authorized					Authorized	
	Miles	Beds	Adm	Days	ALOS	ADC	Occ
SwedishAmerican Hospital	11.6	199	9,353	59,056	6.31	161.80	81.31%
Saint Anthony Medical Center	11.3	190	8,559	57,556	6.72	157.69	82.99%
Mercyhealth Hospital-Riverside Campus	9.9	84	7,005	24,989	3.57	68.46	81.50%
Total		473	24,917	141,601	5.68	387.95	82.02%

C) Unnecessary Duplication/Maldistribution – Review Criterion

1) The Applicants shall document that the project will not result in unnecessary duplication. The Applicants shall provide the following information:

A) A list of all zip code areas that are located, in total or in part, within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.

B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and

C) The names and locations of all existing or approved healthcare facilities within the **established radii** outlined in 77 Ill. Adm. Code 1100.510(d) of the project site provides the categories of bed service that are proposed by the project.

2) The Applicants shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as, but not limited to:

A) A ratio of beds to population exceeds one-half times the State average.

B) Historical utilization (for the latest 12-month period before submission of the application) for existing facilities and services that are below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or

C) Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above occupancy standards.

3) The Applicants shall document that, within 24 months after project completion, the proposed project:

A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and

B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

A) The Applicants provided a list of zip codes and the corresponding population for each zip code within the 17-mile GSA, as shown on page 81 of the permit application. There are 20 zip codes and an approximate population of 332,737 residents within the 17-mile GSA. There are three hospitals within the 17-mile GSA, with a total of 473 medical-surgical beds. The estimated population of Illinois is 12,549,689, with 20,204 medical-surgical beds. The ratio of medical-surgical beds to population in the 17-mile

GSA is not 1.5 times the ratio of beds to population in Illinois. As a result, there is no maldistribution of service in this 17-mile GSA (see Table Thirteen).

TABLE THIRTEEN Ratio of Beds to Population			
	Population	M/S Beds	Beds to Population
17 Mile GSA	332,737	473	1 M/S bed per 703 residents
Illinois	12,549,689	20,204	1 M/S bed per 622 residents

- B) There are three hospitals in the 17-mile GSA, with a total of 473 beds. In 2024, utilization of these 473 beds was 82%, with an ADC of 388 patients and an ALOS of 5.68 days. This 2024 utilization justifies 432 medical-surgical beds at the State Board's target occupancy of 90% (see Table Fourteen).

TABLE FOURTEEN Hospitals in the 17-mile GSA 2024 Utilization							
		Authorized					Authorized
	Miles	Beds	Adm	Days	ALOS	ADC	Occ
SwedishAmerican Hospital	11.6	199	9,353	59,056	6.31	161.80	81.31%
Saint Anthony Medical Center	11.3	190	8,559	57,556	6.72	157.69	82.99%
Mercyhealth Hospital-Riverside Campus	9.9	84	7,005	24,989	3.57	68.46	81.50%
Total		473	24,917	141,601	5.68	387.95	82.02%

- C) According to the Applicants, within 24 months after project completion, the proposed NorthPointe Neighborhood Hospital will not further reduce the utilization of existing hospitals within the geographic service area below the State Board's occupancy standards. The Applicants anticipate that the planned hospital will treat patients who have been historically admitted to Beloit Memorial Hospital. According to the Applicants, no patients are expected to be referred to the NorthPointe Neighborhood Hospital from other hospitals in the area.

D) Staffing Availability

The Applicants shall document that the proposed project's relevant clinical and professional staffing needs have been considered, and that licensure and The Joint Commission's staffing requirements can be met. Additionally, the Applicants must document that necessary staffing is available by providing a narrative explanation of how the proposed staffing will be implemented.

The Applicants stated that many of the staff members who will provide services upon project completion are currently employed by Beloit Health System and are working on the NorthPointe Campus. The Applicant estimates that 10-20 additional clinical staff will be hired using Beloit Health System's internal and external recruitment teams. The

Applicants stated that Beloit Health System works with AMN Healthcare.⁶ The Applicants noted that approximately one-third of the Beloit Health System employees live in Illinois, and the redeployment of some Wisconsin clinicians to the NorthPointe campus will also allow some employees to work closer to home. The Applicants provided a narrative on pages 85-86 of the Application for Permit as required.

E) Performance Requirements – Bed Capacity Minimum

1) Medical-Surgical

The minimum bed capacity for a new medical-surgical category of service within a Metropolitan Statistical Area (MSA), as defined by the U.S. Census Bureau, is 100 beds.

2) Obstetrics

A) The minimum unit size for a new obstetric unit within an MSA is 20 beds.

B) The minimum unit size for a new obstetric unit outside an MSA is four beds.

3) Intensive Care

The minimum unit size for an intensive care unit is four beds.

4) Pediatrics

The minimum size for a pediatric unit within an MSA is four beds.

The proposed Hospital will be in Roscoe, Illinois, a village in Winnebago County, Illinois, along the Rock River. It is a suburban area of the Rockford, Illinois Metropolitan Statistical Area. The minimum bed capacity for a new medical-surgical category of service within an MSA is 100 beds. The Applicants do not meet the requirements of this criterion.

F) Assurances

The Applicant's 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 project completion, the Applicants will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

As required, a letter signed by Timothy McKeveatt, President and Chief Executive Officer of Beloit Health System, Inc., certifying that the planned NorthPointe Neighborhood Hospital will achieve target utilization by the second year of operation. (See page 89 of the Application for Permit)

IX. Clinical Service Areas Other Than Categories of Service

A) Need Determination – Establishment

The Applicants shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

A) Either:

i) The primary purpose of the proposed project is to provide care to the residents of the **planning area** in which the proposed service will be physically located, or

ii) If the Applicants' service area includes a primary and secondary service area that expands beyond the planning area boundaries, the Applicants shall document that the primary purpose of the project is to provide care to residents of the service area and

⁶ Healthcare Staffing Company <https://www.amnhealthcare.com>

B) Documentation shall include strategic plans or market studies indicating the historical and projected disease incidence, health conditions, or population use rates. The number of years projected shall not exceed the number of historical years documented. Any projections and trend analyses shall not exceed 10 years.

According to the Applicants, the primary purpose of the planned NorthPointe Neighborhood Hospital is to provide lower-acuity inpatient healthcare services to residents of the stateline community and address outmigration to the overutilized Beloit Memorial Hospital. The Applicants state that over 740 admissions to Beloit Memorial Hospital are NorthPointe B-01 Hospital Planning Area residents. The project's purpose is to provide care to the residents of the planning area.

2) Service Demand

To demonstrate the need for the proposed CSA services, the Applicants shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and trend analyses shall not exceed ten years.

A) Referrals from the Inpatient Base

For CSAs that will support or be adjunct to existing inpatient services, the Applicants shall document a minimum 2-year historical and 2-year projected number of inpatients requiring the subject CSA.

B) Physician Referrals

For CSAs that require physician referrals to create and maintain a patient base volume, the Applicants shall document patient origin information for the referrals. The Applicants shall submit original, signed, and notarized referral letters containing certification by the physicians that the representations in the letters are accurate and correct.

C) Historical Referrals to Other Providers

If patients have been sent to other area providers for the proposed CSA services due to the absence of those services at the Applicants facility during the last 12-month period, the Applicants shall submit verification of those referrals, specifying the service needed, patient origin by zip code, recipient facility, date of referral, and physician certification that the representations contained in the verifications are true and correct.

D) Population Incidence

The Applicants shall submit documentation of the incidence of service based upon IDPH statistics or category of service statistics.

The Applicants are basing the demand for these clinical service areas, other than categories of service, on referrals of Illinois residents to Beloit Memorial Hospital. (See pages 117-122 of Application for Permit)

1. Surgery

The Applicants propose relocating one operating room from the adjacent Northpointe Surgery Center ASTC, which has two operating rooms and two procedure rooms. The ASTC is underutilized, operating at 19% 2022, 2023, and 2024. The Applicants propose relocating one operating room to the proposed hospital and project 500 hours of utilization by 2029, the second year after project completion. Should the surgery hours materialize, the Applicants can justify the one operating room.

2. Emergency Service ⁷

The Applicants state that the existing NorthPointe Immediate Care will be converted into the emergency department for the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. The Applicants estimate 15,000 visits in the eight emergency bays by 2029. To justify the 15,000 visits, the Applicants stated that Beloit Memorial Hospital averaged 34,000 emergency department visits annually from 2019 to 2023. According to the Applicants, many of these visits are made by patients residing in the Stateline Community. The Applicants are estimating 10,000 trips for the five immediate care bays, based on the 2023 historical visits of 10,047 in the immediate care unit. The State Board Standards are 2,000 visits per station for emergency and immediate care bays. Should the visits materialize, the Applicants can justify the eight emergency and five immediate care bays.

Table Fifteen illustrates the emergency department visits to the Rockford Hospitals in 2024 and 2023. All three emergency departments are underutilized based on the State Board Standard of 2,000 visits per station. Approximately 18% of the visits resulted in hospital admissions.

TABLE FIFTEEN
2023 and 2024 Emergency Department Visits at the Hospitals in Rockford

Hospital	Stations	2023 Information				2024 Information			
		Visits	Admitted	# visits per Station	Occ.	Visits	Admitted	# visits per Station	Occ.
Javon Bea Riverside ⁽¹⁾	16	22,600	3,804	1,413	56.50%	24,423	4,837	1,526	61.06%
OSF St. Anthony MC ⁽¹⁾	31	39,598	7,016	1,277	51.09%	40,543	7,655	1,308	52.31%
UW SwedishAmerican	51	59,025	11,412	1,157	46.29%	62,861	10,263	1,232	49.30%
Total	98	121,223	22,232	1,237	49.48%	127,827	22,755	1,304	52.17%
1. Level One Trauma Center									

Beloit Memorial Hospital's emergency department is underutilized based on the State Board Standard of 2,000 visits per station.

⁷ Other urgent care facilities in the Roscoe area.

Mercyhealth Roscoe This facility provides primary care and urgent care services for all ages. On-site services include laboratory and imaging (mammography, ultrasound, and X-ray). Other care areas include pediatrics, women's health, and physical therapy. As of October 2024, the urgent care at this facility is open 24/7.

UW Health Roscoe Clinic. This clinic offers a family medicine practice with additional services, including labs, x-rays, mammograms, and physical therapy.

TABLE SIXTEEN Beloit Memorial Hospital Emergency Department Utilization			
Year	2022	2023	2024
Stations	27	27	27
Visits	33,724	33,682	34,888
Utilization	49.96%	49.90%	51.69%

3. Radiology

The Applicants relied upon the historical utilization of the existing NorthPointe Clinic to justify the Hospital's Imaging Department. Table Fifteen below outlines the number of units and the historical and projected volume for the imaging department. Should these visits/procedures materialize, the Applicants will have met the State Board requirements.

TABLE SEVENTEEN Radiology Department					
Service	Units	Historical	Projected	State Standard	Met Standard?
CT scanner	1	1,793	1,793	>7,000 Visits	Yes
3D Mammography	1	2,275	2,275	> 5,000 Visits	Yes
Bone Densitometry	1	467	467	No Standard	NA
MRI	1	1,049	1,049	>2,500 Procedures	Yes
Ultrasound	2	3,433	3,433	>3,100 Visits	Yes
Digital X-Ray	1	3,970	3,970	>8,000 procedures	Yes
Digital X-Ray & Fluoroscopy	1	226	226	>8,000 procedures	Yes
X-Ray Portable	1	94	94	>8,000 procedures	Yes
1. NA – No Standard					

4. Laboratory

The Applicants state the laboratory volume will be based on 40 tests per inpatient admission and four tests per emergency department visit. Based on the 740 admissions and 15,000 emergency department visits, the Applicants are projecting 62,960 lab tests in year one. There is no State Board Standard for laboratory services.

5. Pharmacy

The Applicants are proposing a pharmacy at the NorthPointe Neighborhood Hospital. The Applicants state that the pharmacy prescriptions will be based on 80 prescriptions per inpatient admission and seven prescriptions per emergency visit. Based on the 740 admissions and 15,000 emergency department visits, the Applicants are projecting 164,000 prescriptions in year one. There is no State Board Standard for pharmacy services.

3) Impact of the Proposed Project on Other Area Providers

The Applicants shall document that, within 24 months after project completion, the proposed project will not:

- A) Lower the utilization of other area providers below the utilization standards specified in Appendix B)
- B) Lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the utilization standards.
- 4) Utilization

Projects involving the establishment of CSAs shall meet or exceed the utilization standards for the services, as specified in Appendix B. If no utilization standards exist in Appendix B, the Applicants shall document its anticipated utilization in terms of incidence of disease or conditions, or historical population use rates.

The Applicants stated that within 24 months after project completion, the planned NorthPointe Neighborhood Hospital will not further reduce the utilization of existing hospitals within the geographic service area below the State Board's occupancy standards. The Applicants anticipate that the planned hospital will treat patients who were historically admitted to Beloit Memorial Hospital in Wisconsin and are not accounted for in the HFSRB's need calculation. No patients are expected to utilize the NorthPointe Neighborhood Hospital rather than be admitted to other areas distant from Roscoe.

X. Financial Viability

A) Availability of Funds

Applicants shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The Applicants are funding this project from bond proceeds of \$21,974,716. The Applicants have an "A" bond rating from Fitch Ratings Ltd. Fitch Ratings Ltd. states, in part,

"While Beloit has increased access through outpatient growth, volumes have rebounded since the pandemic, and the medical staff is primarily employed and aligned, operating cost pressure remains. Contract labor spend has decreased, but it remains a challenge, and Beloit continues to work on reducing the average length of stay, as throughput is still affected by the shortage of local skilled nursing beds due to staffing issues. Management continues to implement strategies to mitigate these ongoing pressures. Despite the softer cash flows, Beloit maintains ample financial flexibility, characterized by low leverage and sufficient liquidity for its rating level. Beloit demonstrates resiliency through Fitch's stress scenario, with cash-to-adjusted debt rebounding to levels that are solidly consistent with its strong financial risk profile in the outer years of Fitch's stress case. The rating is further informed by Beloit's leading local market position in a stable service area." (see Application for Permit pp 96-104)

TABLE EIGHTEEN
Beloit Health System
Audited Financial Statements
December 31st

	<u>2023</u>	<u>2022</u>
Cash	\$23,029,233	\$31,489,284
Current Assets	\$73,848,219	\$76,483,013
Total Assets	\$292,569,510	\$290,968,719
Current Liabilities	\$35,410,000	\$35,718,032
Long Term Liabilities	\$70,772,701	\$76,809,629
Total Liabilities	\$106,182,701	\$112,527,661
Total Net Assets	\$186,386,809	\$178,441,058
Patient Revenue	\$264,923,887	\$249,612,992
Total Revenue	\$274,259,889	\$257,378,642
Total Expenses	\$274,213,085	\$257,493,694
Income (loss)	\$46,804	-\$115,052
Revenue Over Expenses	-\$22,631,081	-\$14,214,742

TABLE NINETEEN
Beloit Memorial Hospital
Medicare Cost Report
Income
2018-2023

	2023	2022	2021	2020	2019	2018
Total Revenue	\$1,161,300,655	\$1,073,033,453	\$1,050,735,557	\$942,200,800	\$941,811,060	\$850,705,862
Contractual All	\$896,344,614	\$823,420,460	\$799,947,094	\$717,763,923	\$698,490,333	\$612,250,167
Net Patient Revenue	\$264,956,041	\$249,612,993	\$250,788,463	\$224,436,877	\$243,220,727	\$238,455,695
Operating Expenses	\$273,155,219	\$257,059,269	\$255,483,239	\$241,545,253	\$251,289,175	\$240,757,231
Net Income from Patient Service	-\$8,199,178	-\$7,446,276	-\$4,694,776	-\$17,108,376	-\$7,968,448	-\$2,301,536
Other Income	\$20,397,934	\$8,102,091	\$18,937,389	\$26,876,096	\$20,292,043	\$10,063,711
Other Expenses	\$34,842,815	\$12,863,839	\$76,450	\$558,659	\$1,623,840	\$449,173
Net Income	-\$22,644,059	-\$12,108,024	\$14,166,073	\$9,209,061	\$10,699,755	\$9,614,538
Operating Margin ⁽¹⁾	-3.09%	-2.98%	-1.87%	-7.62%	-3.28%	-.97%

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

B) Financial Viability

The Applicants are funding this project from bond proceeds of \$21,974,716. The Applicants have an “A” bond rating from Fitch Ratings Ltd. Because the Applicants have an “A” or better bond rating, this criterion does not apply to this project.

XI. Economic Feasibility

A) Reasonableness of Financing Arrangements

The Applicants are funding this project from bond proceeds of \$. The Applicants have an “A” bond rating from Fitch Ratings Ltd. Because the Applicants have an “A” or better bond rating, this criterion does not apply to this project.

B) Conditions 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 in part) leasing equipment or facilities, and the expenses incurred with leasing are less costly than constructing a new facility or purchasing new equipment.

A letter from Timothy McKeve, President and Chief Executive Officer, Beloit Health System, certifying that the estimated project and related costs will be funded by borrowing and will be at the lowest net cost available. (Application for Permit page 109)

C) Reasonableness of Project and Related Costs

The Applicants shall document that the estimated project costs are reasonable and shall document compliance with State Board Standards. Only the clinical costs are reviewed.

Preplanning Costs are \$79,236, or less than 1% of modernization, contingency, and equipment costs of \$11,180,182. This appears reasonable compared to the State Board standard of 1.8%.

Site Survey, Soil Investigation, and Site Preparation cost \$384,588, 4.8% of the modernization and contingency costs of \$8,028,485. This appears reasonable compared to the State Board standard of 5%.

Modernization and Contingency Costs are \$8,028,485 or \$372.86 per DGSF. This is reasonable compared to the State Board standard of \$373.89 per DGSF.

Architectural/Engineering Costs are \$723,735 or 9.01% of the modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 9.08%.

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

Consulting and Other Fees	\$299,090
Movable and Other Equipment (not in construction contracts)	\$3,764,268
Bond Issuance Expense (Project-related)	\$284,000
Net Interest Expense During Construction (Project-related)	\$791,224

D) Projected Operating Costs

The Applicants 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 refer to the fully allocated salaries, benefits, and supplies required to provide the service.

The Applicants estimates a cost of \$3,192 per inpatient day. The State Board does not have a standard for this cost.

E) Total Effect of the Project on Capital Costs

The Applicants 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 Applicants estimates the total effect of the project on capital costs per inpatient day at \$410.47. The State Board does not have a standard for this cost.

Safety Net Impact Statement

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

Beloit Health System is a non-profit tax-exempt hospital; it has a financial assistance policy and associated procedures that make care available to patients regardless of their payment source or ability to pay, and complies with Section 501(r) of the Internal Revenue Code. The planned remote location hospital will not have any negative impact on essential safety net services in the community. The expected admissions to this location are generally patients admitted to the Applicant's hospital in Beloit.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

The planned project will not impact the ability of other providers or other health care facilities to cross-subsidize safety net services. As noted above, no patients are expected to be redirected from any other hospital but the Applicant's hospital.

3. Has the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

The Project is for the establishment of a hospital location and not the discontinuation of a facility or service. Accordingly, this criterion is not applicable.

4. Safety Net Information

The planned NorthPointe Neighborhood Hospital will be a new health care facility and has no historical Medicaid or charity care to report. The projected payor mix of the planned hospital is:

Medicare 66%
Medicaid 10%
Commercial 21%
Self-Pay 0%
Charity Care 3%

24-018 NorthPointe Neighborhood Hospital - Roscoe

