



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: January 13, 2026	PROJECT NO: 25-035	PROJECT COST: Original: \$13,836,440
FACILITY NAME: The Rehabilitation Institute of Southern Illinois	CITY: Shiloh	
TYPE OF PROJECT: Substantive		HSA: XI

DESCRIPTION: The Applicants (BJC Health System d/b/a BJC HealthCare Encompass Health Corporation, The Rehabilitation Institute of Southern Illinois, LLC) are requesting that the State Board approve the addition of 20 comprehensive physical rehabilitation beds to The Rehabilitation Institute of Southern Illinois, a 40-bed rehabilitation hospital located at 2351 Frank Scott Parkway East, Shiloh, Illinois. The project's cost is \$13,836,440. The expected completion date is November 1, 2029.

Information on this Application for Permit can be found at this link:

<https://hfsrb.illinois.gov/project.25-035.html>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (BJC Health System d/b/a BJC HealthCare, Encompass Health Corporation, The Rehabilitation Institute of Southern Illinois, LLC) are requesting that the State Board approve the addition of 20 comprehensive physical rehabilitation beds to The Rehabilitation Institute of Southern Illinois, a 40-bed rehabilitation hospital located at 2351 Frank Scott Parkway East, Shiloh, Illinois. The project's cost is \$13,836,440. The expected completion date is November 1, 2029.
- In September 2020, the State Board approved the Hospital as a 40-bed freestanding inpatient rehabilitation hospital (Permit #19-021). The Hospital is a joint venture between BJC Health System (50%) and Encompass Health Corporation (50%).

PURPOSE OF THE PROJECT:

- The purpose of the proposed project is to improve access to comprehensive physical rehabilitation services for residents of the geographic service area within a 17-mile travel radius.

PUBLIC COMMENT:

- There was no public hearing requested and no letters of support or opposition received by the State Board.

SUMMARY:

- There is currently an excess of 41 comprehensive physical rehabilitation beds in the HSA XI planning area. In reviewing the Application for Permit, the State Board does not consider the bed need or excess when adding beds to an existing service.
- The Applicants argue for the addition of 20 rehabilitation beds to The Rehab Institute of Southern Illinois because the expansion addresses a need for accessible, specialized rehabilitation care. The Applicants state that the planning area often experiences a shortage of available rehabilitation beds, with existing facilities frequently operating at or near full capacity, and potential patients are being turned away due to a lack of space, forcing them to seek care farther from home. The expansion ensures that residents of the planning area can receive necessary rehabilitation services locally, reducing the burden of travel on patients and their families. By providing timely access to dedicated, high-quality inpatient rehabilitation care, the facility can improve patient recovery outcomes and help individuals regain independence after severe illnesses or injuries like stroke, brain injury, or complex orthopedic conditions.
- The Applicants addressed a total of eighteen criteria and have not met the following:

Criterion	Non-Compliance
77 Ill. Adm. Code 1120.140 (c) – Reasonableness of Project Costs	New Construction and Contingency Costs are \$9,274,240, or \$744.80 per GSF. This appears HIGH when compared to the State Board Standard of \$597.72 per GSF. This exceeds the State Board Standard by \$147.08 per GSF or \$1,831,440.



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STATE BOARD STAFF REPORT

Project #25-035

The Rehabilitation Institute of Southern Illinois

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	BJC Health System d/b/a BJC HealthCare, Encompass Health Corporation The Rehabilitation Institute of Southern Illinois, LLC
Facility Name	The Rehabilitation Institute of Southern Illinois
Location	2351 Frank Scott Parkway East, Shiloh, Illinois
Permit Holder	BJC Health System d/b/a BJC HealthCare Encompass Health Corporation The Rehabilitation Institute of Southern Illinois, LLC
Licensee/Operating Entity	The Rehabilitation Institute of Southern Illinois, LLC
Owner of Site	Progress East Healthcare
Application Deemed Complete	September 18, 2025
Review Period Ends	January 16, 2026
Project Completion Date	November 1, 2029
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	Yes

I. The Proposed Project

The Applicants propose adding 20 comprehensive physical rehabilitation beds to the existing 40-bed hospital. The project cost is \$13,836,440, and the anticipated completion date is November 1, 2029.

II. Summary of Findings

- A. The State Agency finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1120.

III. General Information

The Rehabilitation Institute of Southern Illinois, LLC is a joint venture of BJC Health System (50%) and Encompass Health Corporation (50%). The licensee is The Rehabilitation Institute of Southern Illinois, LLC, and the owner of the site is Progress East Healthcare, a wholly owned subsidiary of BJC Health System. Financial commitment will occur after permit issuance.

BJC Health System is one of the largest nonprofit integrated healthcare organizations in the United States. Headquartered in St. Louis, Missouri, BJC serves communities across

Missouri, southern Illinois, and eastern Kansas. The system includes 24 hospitals and hundreds of clinics and service organizations, with 48,000 employees, making it the largest private employer in Missouri. BJC has a long-standing affiliation with Washington University School of Medicine in St. Louis and the University of Missouri-Kansas City (UMKC) School of Medicine, enabling it to provide advanced academic medicine, research, and educational programs. Following a merger with Saint Luke's Health System in January 2024, the organization operates under the parent brand "BJC Health" and maintains two distinct regional names.

- BJC HealthCare (East Region).
- Saint Luke's Health System (West Region).

BJC includes nationally recognized academic hospitals and a wide range of services:

- Barnes-Jewish Hospital: The largest hospital in Missouri and a nationally ranked academic medical center, serving as the adult teaching hospital for Washington University School of Medicine.
- St. Louis Children's Hospital: A top-ranked pediatric hospital and the pediatric teaching hospital for Washington University School of Medicine.
- Alvin J. Siteman Cancer Center: A partnership with Washington University School of Medicine and Barnes-Jewish Hospital, it is the only National Cancer Institute-designated Comprehensive Cancer Center in Missouri.

Encompass Health Corporation is the nation's largest owner and operator of inpatient rehabilitation hospitals, providing specialized, high-quality post-acute care for patients recovering from serious illnesses and injuries. Encompass Health specializes exclusively in inpatient rehabilitation, a focus established after it spun off its home health and hospice business into a separate company in July 2022. The company operates a network of approximately 171 hospitals across 39 states and Puerto Rico. Roughly one in three patients in the U.S. receiving inpatient rehabilitative care are treated at an Encompass Health facility.

IV. Health Service Area

The Rehabilitation Institute of Southern Illinois is located in the Health Service Area XI Comprehensive Physical Rehabilitation Planning Area. There is currently a calculated excess of 41 comprehensive physical rehabilitation beds in this planning area. HSA XI in Illinois includes the counties of Clinton, Madison, Monroe, and St. Clair. The total population of HSA XI is about 587,222, based on 2030 estimates, which is roughly 1.3% less than the 2020 census figure. Within the decade, the population aged 65 and over is expected to comprise approximately 30% of the total.

TABLE ONE Population Data for HSA XI Counties (2000-2030)				
County	2000 Census Population	2010 Census Population	2020 Census Population	2030 Estimated Population
Clinton	35,535	37,762	36,899	37,087
Madison	258,941	269,282	265,859	263,017

TABLE ONE Population Data for HSA XI Counties (2000-2030)				
County	2000 Census Population	2010 Census Population	2020 Census Population	2030 Estimated Population
Monroe	27,619	32,957	34,962	34,969
St. Clair	270,056	270,056	257,400	252,149
Total HSA XI	579,795	610,057	595,120	587,222

There are two comprehensive physical rehabilitation hospitals in the HSA XI planning area. Anderson Rehabilitation Institute is approximately 18 miles from the Rehabilitation Institute of Southern Illinois.

TABLE TWO Comprehensive Physical Rehabilitation Hospitals in HSA XI		
Facility	Beds	2024 Occupancy
Anderson Rehabilitation Institute	34	63.11%
The Rehabilitation Institute of Southern Illinois	40	91.54%

V. Project Details

The Applicants propose adding a wing to the existing building, totaling 13,204 GSF. 31,530 GSF will be as is. The Applicant's state construction is anticipated to commence in June 2026 (assuming completion of IDPH Life Safety and Design plan review) and will be completed by July 1, 2027. The construction midpoint is expected to occur in approximately December 2026. Substantial completion is anticipated in late spring 2027, allowing adequate time thereafter for inspections, licensure, and equipment installation, well in advance of the project's completion date of November 1, 2029.

VI. Project Uses and Sources of Funds

The Applicants are funding this project with cash totaling \$13,836,440.

TABLE THREE Project Uses and Sources of Funds			
	Clinical	Non- Clinical	Total
Uses of Funds			
Preplanning	\$169,150	\$850	\$170,000
Site Preparation	\$472,625	\$2,375	\$475,000
New Construction	\$8,754,240	\$413,600	\$9,167,840
Contingencies	\$520,000	\$28,000	\$548,000

TABLE THREE Project Uses and Sources of Funds			
	Clinical	Non-Clinical	Total
A/E Fees	\$820,875	\$4,125	\$825,000
Consulting and Other Fees	\$530,833	\$2,668	\$533,501
Moveable Equipment	\$1,525,000	\$300,000	\$1,825,000
Net Interest During Construction	\$290,640	\$1,461	\$292,101
Total	\$13,083,362	\$753,078	\$13,836,440
Cash			\$13,836,440
Sources of Funds			\$13,836,440

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

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

A) **Background of Applicant**

An applicant must demonstrate that it 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] In evaluating the qualifications, background and character of the applicant, HFSRB shall consider whether adverse action has been taken against the applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed health care facility, or against any health care facility owned or operated by the applicant, directly or indirectly, within 3 years preceding the filing of the application. **A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest.** If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by that person or entity (see 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest", and "principal shareholder")¹The State Board investigates the qualifications, background, and character of the applicant and any affiliated parties. This includes reviewing past adverse actions against the applicant or facilities they own or operate.

BJC HealthCare maintains three hospitals and one long-term care facility in Illinois:

<u>Facility</u>	<u>Medicare Overall Rating</u>
• Memorial Hospital, in Belleville	Four Star
• Memorial Hospital-East, in Shiloh	Four Star
• Alton Memorial Hospital, in Alton	Four Star

¹ Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations. As defined in Section 1-129 of the Nursing Home Care Act [210 ILCS 45], "Type 'A' violation" means a violation of the Nursing Home Care Act or of the rules promulgated thereunder which creates a condition or occurrence relating to the operation and maintenance of a facility that (i) creates a substantial probability that the risk of death or serious mental or physical harm to a resident will result therefrom or (ii) has resulted in actual physical or mental harm to a resident. As defined in Section 1-128.5 of the Nursing Home Care Act, a "Type AA violation" means a violation of the Act or of the rules promulgated thereunder which creates a condition or occurrence relating to the operation and maintenance of a facility that proximately caused a resident's death. [210 ILCS 45/1-129]

Based on data from the Illinois Department of Public Health, Memorial Care Center in Belleville did not have any Type A or Type AA violations from 2022 to the present (December 2025). The facility's public records indicate no fines or payment suspensions related to serious health citations in the past three years.

In addition, BJC Healthcare holds a 50% ownership interest in The Rehabilitation Institute of Southern Illinois. In addition to holding a 50% ownership interest in The Rehabilitation Institute of Southern Illinois, Encompass Health Corporation, through its subsidiaries, also has a 50% ownership interest in Quad Cities Rehabilitation Institute in Moline and Van Matre Encompass Health Rehabilitation Institute in Rockford. Encompass Health Rehabilitation Institute of Libertyville in Libertyville is a wholly owned subsidiary of Applicant Encompass Health Corporation. Medicare does not currently provide a star rating system for inpatient rehabilitation facilities.

The Applicants authorize the State Board and the Illinois Department of Public Health access information to verify documentation or information submitted in response to the requirements of or to obtain any documentation or information that the State Board or Agency finds pertinent to this Certificate of Need application.

It appears the Applicants are fit, willing, and able, and have the qualifications, background, and character to provide a proper standard of health care services to the community.

B) Purpose of the Project

The applicant 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 applicant shall define the planning area, market area, or other relevant area as they determine.

According to the Applicants, the purpose of the proposed project is to improve access to comprehensive physical rehabilitation services for residents of the geographic service area within a 17-mile travel radius. This Hospital is located in Health Service Area XI. HSA XI covers the Illinois counties of Clinton, Madison, Monroe, and St. Clair, which comprise the Metro-East St. Louis area. The estimated total population of HSA XI by 2030 is approximately **587,222**, with the population aged **65 and over** expected to make up approximately **30%** of that total within the decade. This is comparable to the overall aging trend across Illinois and the U.S., where one in five Americans is projected to be 65 or older by 2030.

In September 2020, the State Board approved the Institute as a 40-bed freestanding inpatient rehabilitation hospital (Permit #19-021). According to the Applicants, this hospital was designed to improve access to post-acute rehabilitation in HSAXI. Since opening, the facility has operated at over 90% occupancy for the last year and a half, serving patients from throughout the 17-mile travel radius and beyond. The Applicants believe the proposed 20-bed expansion directly responds to this sustained demand, ensuring that patients, regardless of payer source, can access timely and appropriate care without the delays or transfers that can occur when capacity is reached. (See Application for Permit pages 56-78)

The Applicants stated that Encompass Health Hospitals serve a broad and balanced mix of patient diagnoses, reflecting their ability to meet clinical needs and expertise. The Applicants state that patients whose diagnoses fall within the Centers for Medicare & Medicaid Services' recognized rehabilitation impairment categories are typically medically complex cases. These conditions frequently involve significant functional loss, multiple system involvement, and care needs that require coordinated, multidisciplinary therapy under 24-hour medical and nursing supervision. Patients in these categories benefit from the standard of care at the inpatient rehabilitation facility. This can typically include three hours of therapy per day, at least five days per week, delivered by specialized physical, occupational, and speech therapists in collaboration with rehabilitation physicians. The Applicants believe that for patients in these impairment categories, the IRF model is not only clinically appropriate but also demonstrably superior at restoring independence, reducing caregiver burden, and lowering long-term healthcare costs, thereby directly advancing the Board's goals of quality, effectiveness, and patient-centered care.

Admissions

At the time of admission, a patient must meet medical necessity criteria, including:

- requirement of active and ongoing therapeutic intervention of multiple therapy disciplines
- expectation of active participation in, and benefit from, an intensive rehabilitation therapy program
- supervision by a physician through face-to-face visits at least 3 days a week

At least 60% of patients must have at least one CMS-13 medical diagnosis or functional impairment. The average age of Encompass Health Patients is 72.

Patient Mix

Rehabilitation impairment category ("RIC")		2024
RIC 01	Stroke	18.4 %
RIC 02/03	Brain dysfunction	11.6 %
RIC 04/05	Spinal cord dysfunction	3.9 %
RIC06	Neurological conditions	20.7 %
RIC07	Fracture of lower extremity	8.1%
RIC 08	Replacement of lower extremity joint	3.5 %
RIC 09	Other orthopedic	7.5 %
RIC 10/11	Amputation	2.4 %
RIC 14	Cardiac	3.9 %
RIC 17/18	Major multiple trauma	6.3 %
RIC 20	Other disabling impairments	11.4 %
All other RIC		2.3%

C) Safety Net Impact Statement

All health care 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 offered by healthcare providers or organizations that deliver care to

individuals with barriers to mainstream healthcare, including those who lack insurance, are unable to afford it, have special needs, belong to an ethnic or cultural minority, or reside in a geographic area with limited access to healthcare. [20 ILCS 3960/5.4]

See the end of this report.

D) Alternatives to the Proposed Project

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served.

The Applicants considered three alternatives to the proposed project.

Alternative 1 – Do Nothing

Alternative 2 – A Project with More or Fewer Beds

Alternative 3 – Non-Facility Alternatives

The Applicants dismissed the do nothing alternative because it did not address the projected demand for additional inpatient rehabilitation capacity. The option of developing a project with more or fewer than twenty beds was also considered and dismissed. According to the Applicants, a smaller bed complement would not address the demonstrated need, leaving access challenges and underserving the patient population. Adding significantly more than 20 beds would increase capital and operating costs without a commensurate increase in need at this time, potentially creating inefficiencies and underutilization risk. Either variation would fail to align resources appropriately with the scope of demand identified in the planning analysis.

The Applicants also considered non-facility alternatives such as expanding outpatient rehabilitation programs. The Applicants state that while these modalities can complement inpatient rehabilitation, none are clinically appropriate substitutes for patients who meet the criteria for comprehensive inpatient rehabilitation. Patients in these categories typically require intensive, multidisciplinary therapy, 24-hour medical and nursing oversight, and the coordinated care model of an inpatient rehabilitation facility. Possible non-facility alternatives include expanding outpatient and home health services, enhancing community care coordination, developing short-term stays in assisted living, optimizing current bed management processes, and implementing telehealth and remote patient monitoring for rehab services.

VIII. Project Scope and Size, Utilization

- A) 77 Adm. Code 1110.120 (a) - Size of Project
- B) 77 Adm. Code 1110.120 (b) – Projected Utilization

A) Size of the Project

The applicant shall document that the physical space proposed for the project is necessary and appropriate.

The Applicants are proposing a 20-bed patient unit comprising 20 private rooms and an expanded therapy gymnasium. The patient unit is 11,492 square feet, and the therapy gymnasium is being extended by 960 square feet, bringing the total to 4,633 square feet. Eighteen standard patient rooms and two bariatric patient rooms will be included; one of the bariatric rooms will also be equipped for isolation care. All patient rooms will feature a private bathroom with a shower. The Applicants are proposing 11,492 DGSF for the 20 beds, or 575 BGSF per bed. The State Board standard is 660 DGSF per bed. The Applicants have met the requirements of this criterion.

B) Project Services Utilization

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

The State Board Standard utilization standard for comprehensive physical rehabilitation services is 85%. In 2024, the 40-bed facility was at 92% occupancy, and by 2029, the 60-bed facility is expected to be at 85% occupancy.

TABLE FOUR		
Historical and Projected Utilization		
Year	2024	2029
Beds	40	60
Admissions	1,074	1,472
Days	13,366	18,304
ALOS	12.45	12.45
ADC	36.62	50.3
Occ	92%	85%

Letters from the five hospitals responsible for the highest volumes of referrals to the Hospital in 2024, identifying projected referrals to the Hospital, were requested. Three of the hospitals accounting for the most referrals (Barnes-Jewish Hospital, Memorial Hospital, and Memorial Hospital-East) are BJC HealthCare hospitals, with the other two being HSHS St. Elizabeth's Hospital (O'Fallon) and St. Louis University Hospital. Those five hospitals cumulatively referred 81.4% of the patients admitted to the Hospital in 2024.

TABLE FIVE		
Historical and Projected Referrals		
	2024	2029
BJC Health hospitals	561	775
Non-BJC Health hospitals	440	620
Non-hospital sources	73	80
Total	1.074	1.475

IX. Inpatient Comprehensive Physical Rehabilitation

77 Adm. Code 1110.205 Expansion of Existing Services	(b)(2)	Planning Area Need – Service to Planning Area Residents
	(b)(4)	Planning Area Need – Service Demand – Expansion of CPR
	(e)(1)	Staffing – Availability
	(f)	Performance Requirements
	(g)	Assurances

A) 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 CPR 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 area residents.

C) Applicants proposing to expand an existing CPR service shall submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

The Applicants state that the primary patient population currently being admitted to the Hospital resides in the designated planning area. The Applicants state that during 2024, patients living in 126 separate ZIP Codes were admitted to the hospital; more than 60% of the patients admitted resided in one of 12 ZIP Codes, all of which are in the designated service area and in Illinois. The Applicants have provided patient origin information for all admissions over the last 12-month period, which verifies that at least 50% of admissions were from the area as required. (Application for Permit pages 65-66 and page 89)

B) Service Demand – Expansion of Comprehensive Physical Rehabilitation

The number of beds to be added for each service category is necessary to reduce the facility's high occupancy and to meet projected service demand. 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 category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest 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 submission of the application; within 24 months after project completion. The anticipated number of referrals cannot exceed the physician's experienced 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.

In 2024, the Hospital operated at 92% occupancy. The Applicants state that the Hospital currently operates with a waiting list due to its high utilization. Acute care hospitals initiate the vast majority of referrals to rehabilitation hospitals. Letters from the five hospitals responsible for the highest volumes of referrals to the Hospital in 2024, identifying projected referrals to the Hospital, were requested. Three of the hospitals accounting for the most referrals (Barnes-Jewish Hospital, Memorial Hospital, and Memorial Hospital-East) are BJC HealthCare hospitals, with the other two being HSHS St. Elizabeth's Hospital (O'Fallon) and St. Louis University Hospital. Those five hospitals cumulatively referred 81.4% of the patients admitted to the Hospital in 2024. Copies of these letters have been supplied at pages 83-86 of the Application for Permit. It appears that the requested number of beds is necessary to reduce the facility's high occupancy and meet projected service demand.

TABLE SIX		
Historical and Projected Referrals		
	2024	2029
BJC Health hospitals	561	775
Non-BJC Health hospitals	440	620
Non-hospital sources	73	80
Total	1.074	1.475

C) Staffing

1) Availability

The applicant shall document that relevant clinical and professional staffing needs for the proposed project 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 are projecting that 14.9 additional FTEs will be required to staff the expanded unit appropriately. These positions are expected to include:

- 8.1 FTE Nursing
 - 2.0 FTE Physical Therapy
 - 1.0 FTE Occupational Therapy
 - 0.6 FTE Speech Therapy
 - 0.6 FTE Pharmacy
 - 0.6 FTE Case Management
 - 1.0 FTE Dietary
 - 1.0 FTE Environmental Services
- Total: 14.9 FTEs

According to the Applicants, recruitment for these positions will begin approximately 90 days before the unit's opening. The Applicants state that, based on current labor market conditions and the applicant's prior experience, no unusual difficulties in attracting qualified personnel are anticipated. Recruitment efforts will include using Encompass Health system resources, as well as newspaper advertisements, word-of-mouth referrals, professional journals, and other targeted outreach strategies as needed. The Applicants are confident that the necessary staffing will be available to support the successful implementation and operation of the proposed project.

D) Performance Requirements – Bed Capacity Minimums

The minimum hospital unit size for comprehensive physical rehabilitation is 16 beds.

The Applicants have met the minimum hospital unit size as required.

E) 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.

The Applicants attest that they fully anticipate that, during the second year following the completion of the proposed project, the hospital will reach an occupancy rate of at least 85%, consistent with the occupancy rate target specified in 77 Ill. Adm. Code 1100.

X. Clinical Service Other than Categories of Service

A) Criterion 1110.270(c)(2) - Service Modernization

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

The proposed project involves three clinical services that the State Board does not classify as service categories: physical therapy, occupational therapy, and speech therapy. The State Board does not maintain utilization or size standards for any of these three services. The Applicants believe that with the anticipated increase in overall hospital utilization, additional capacity is required.

Table Seven below presents the historical and projected utilization of the three services, holding the number of treatments per patient day constant at the 2024 level.

TABLE SEVEN				
<u>Clinical Service</u>	<u>2023</u>	<u>2024</u>	<u>Per Patient Day</u>	<u>Year2</u>
Physical Therapy	15,150	15,994	1.2	22,338
Occupational Therapy	14,978	16,309	1.22	22,710
Speech Therapy	4,116	5,385	0.4	7,446

XI. Financial Viability and Economic Feasibility

- A) Criterion 1120.120 – Availability of Funds
- B) Criterion 1120.130 – Financial Viability
- C) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements
- D) Criterion 1120.140 (b) – Terms of Debt Service
- E) Criterion 1120.140 (c) – Reasonableness of Project Costs
- F) Criterion 1120.140 (d) – Direct Operating Costs
- G) Criterion 1120.140 (f) – Effect of the Project on Capital Costs

A) Availability of Funds

B) Financial Viability

C) Reasonableness of Financing Arrangements

D) Terms of Debt Financing

The Applicants are funding this project with cash totaling \$13,836,440. BJC Healthcare's bonds include **AA** from S&P Global Ratings and **Aa2** from Moody's. Because of the “A” or better bond rating, the Applicants do not need to meet the State Board’s financial viability ratio standards. Because the project is being funded with cash, the Reasonableness of Financing Arrangement and Terms of Debt Financing do not apply.

TABLE EIGHT Bond Rating BJC Healthcare				
Agency	Long-Term Rating	Short-Term Rating	Outlook	Date of Latest Action/Report
S&P Global Ratings	AA	A-1+	Stable	February 27, 2025
Moody's	Aa2	VMIG 1	Stable	March 7, 2025

Both S&P and Moody's ratings are high-quality, investment-grade, indicating a strong capacity to meet financial commitments. S&P assigned an AA rating with a stable outlook to BJC Health System's Series 2025A/B/C bonds in February 2025. Fitch Ratings does not maintain a public rating on BJC Healthcare, but it considers it to have strong credit quality in its analysis of affiliated entities. In 2024, BJC reported \$10.7 billion in revenue and a \$2.6 billion net income, following its merger with Saint Luke's Health System, which contributes to its strong financial profile. As of December 31, 2024, BJC had \$2.3 billion in long-term debt and \$11.4 billion in net assets.

Table Nine shows the financial information for The Rehabilitation Institute of Southern Illinois for 2023 and 2024.

TABLE NINE		
The Rehabilitation Institute of Southern Illinois		
	2023	2024
Total Patient Revenue	\$29,636,794	\$33,509,714
Contractual Allowances	\$12,893,456	\$14,432,299
Net Patient Revenue	\$16,743,338	\$19,037,415
Operating Expenses	\$17,759,232	\$18,028,538
Net Income Patient Rev.	-\$1,015,894	\$1,048,877
Other Income	\$110,772	\$724,539
Other Expenses	\$0	\$0
Net Income	-\$905,122	\$1,773,416
Operating Margin	-6.07%	5.51%
1. Information from the Medicare Cost Report		
2. Operating Margin = Net Income ÷ Net Patient Revenue		

Table Ten shows the 5-year financial information for BJC's Illinois Hospital. Memorial includes the Hospitals located in Belleville and Shiloh. These two hospitals operate under one license.²

TABLE TEN					
BJC Illinois Hospitals					
Memorial	2020	2021	2022	2023	2024
Total Patient Revenue	\$943,466,511	\$1,585,207,914	\$1,769,395,911	\$2,006,858,117	\$2,291,353,816
Contractual Allowances	\$725,071,927	\$1,234,170,322	\$1,394,336,147	\$1,598,016,267	\$1,824,787,047
Net Patient Revenue	\$218,394,604	\$351,037,592	\$375,059,764	\$408,841,850	\$466,566,769
Operating Expenses	\$233,833,815	\$375,028,676	\$513,262,455	\$437,573,475	\$492,608,529
Net Income	-\$15,439,211	-\$23,991,084	-\$138,202,691	-\$28,731,625	-\$26,041,760
Other Income	\$23,830,431	\$29,011,871	\$13,929,192	\$5,024,896	\$29,808,357
Other Expenses	\$18,163,653	\$20,668,008	\$26,766,050	\$34,310,922	\$39,569,149
Net Income	-\$9,772,433	-\$15,647,221	-\$151,039,549	-\$58,017,651	-\$39,802,552
Operating Margin	-7.07%	-6.83%	-36.85%	-7.03%	-5.58%

² Two hospitals in different locations in Illinois might operate under one license primarily for **operational, financial, and administrative efficiencies**, as permitted under specific conditions by the Illinois Hospital Licensing Act. To operate under a single license in Illinois, the facilities must meet several strict requirements outlined in the state's statutes and administrative code: They must be owned or operated by a single legal entity. They must share a single board of directors responsible for governance and financial oversight. They must have a single CEO. A comprehensive plan describing the services and operations of each facility and how they will be coordinated must be submitted to the IDPH for approval. Each geographically separate location must, at a minimum, comply individually with IDPH requirements for emergency services, though other requirements may be waived if provided elsewhere within the system. (Source: IDPH)

TABLE TEN
BJC Illinois Hospitals

Alton	2020	2021	2022	2023	2024
Total Patient Revenue	\$550,085,349	\$651,669,499	\$697,113,943	\$755,272,427	\$796,005,390
Contractual Allowances	\$408,230,582	\$489,711,354	\$521,323,323	\$568,067,433	\$597,048,440
Net Patient Revenue	\$141,854,767	\$161,958,145	\$175,790,620	\$187,204,994	\$198,956,950
Operating Expenses	\$146,667,170	\$155,057,787	\$174,145,284	\$185,548,675	\$189,390,034
Net Income	-\$4,812,403	\$6,900,358	\$1,645,336	\$1,656,319	\$9,566,916
Other Income	\$7,261,193	\$13,995,333	\$5,374,800	\$6,549,544	\$21,699,177
Other Expenses	\$15,247,122	\$14,143,793	\$17,948,176	\$19,572,953	\$21,516,115
Net Income	-\$8,176,241	-\$148,460	-\$10,928,040	-\$13,023,409	-\$3,923,462
Operating Margin	-3.39%	4.26%	0.94%	0.88%	4.81%

1. Information from the Medicare Cost Report
2. Operating Margin = Net Income ÷ Net Patient Revenue

E) Reasonableness of Project Costs

Preplanning costs are \$169,000, or 1.57% of the new construction, contingency, and movable equipment costs of \$10,799,240. This appears reasonable when compared to the State Board Standard of 1.8%.

Site Preparation costs are \$472,625 and are 5% of the new construction and contingency costs of \$9,274,240. This appears reasonable when compared to the State Board Standard of 5%.

New Construction and Contingency Costs are \$9,274,240, or \$744.80 per GSF. This appears HIGH when compared to the State Board Standard of \$597.72 per GSF. This exceeds the State Board Standard by \$147.08 per GSF or \$1,831,440.

Architectural and Engineering Fees are \$820,875, representing 8.9% of the new construction and contingency costs of \$9,274,240. This appears reasonable when compared to the State Board Standard of 9.08%.

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

Consulting and Other Fees	\$530,833
Moveable Equipment	\$1,525,000
Net Interest During Construction	\$290,640

F) Direct Operating Costs

G) Effect of the Project on Capital Costs

The Direct Operating Costs are \$943.39 per equivalent patient day. The Capital Costs per equivalent patient day are \$136.82. The State Board does not have a standard for these criteria.

SAFETY NET IMPACT STATEMENT

The Rehabilitation Institute of Southern Illinois (“RISI”) is committed to providing high-quality, accessible inpatient rehabilitation services to all patients in need, regardless of payer source. While RISI is not formally designated as a “safety-net hospital” under the criteria outlined in 305 ILCS 5/5-Se.1, the facility plays a vital role in the regional healthcare landscape by accepting and treating Medicaid patients within its designated service area. The proposed expansion project will not adversely impact essential healthcare services in the community, nor will it inhibit any other provider or health system from continuing to offer such services. RISI’s expansion is not expected to displace or duplicate any other providers of rehabilitation services. Rather, it is designed to improve access to inpatient rehabilitation for residents of Madison, St. Clair, Clinton, and Monroe counties—areas with significant aging populations and chronic health disparities. The increased bed capacity will support timely access to medically necessary rehabilitation services, helping reduce delays in care, particularly for Medicaid patients who often face extended wait times for post-acute services. RISI will continue its policy of accepting Medicaid patients and maintaining access for patients with limited financial means. RISI serves an area encompassing diverse, often disadvantaged communities in southern Illinois, particularly in Madison and St. Clair Counties, regions with measurable health disparities:

- Madison County’s poverty rate (11.3%) exceeds national norms.
- The county’s racial composition includes approximately 8-9% Black or African American residents, who experience disproportionate burdens of chronic illness.
- Rates of substance use, obesity, and chronic disease in Madison County exceed those in Illinois averages.

By expanding its bed capacity, RISI enhances access to high-quality rehabilitation care, supporting improved recovery outcomes and addressing racial and socioeconomic inequities in post-acute services. The proposed project will have no material impact on the ability of any other provider or healthcare system to sustain their services. RISI is a freestanding, single-purpose rehabilitation hospital and does not rely on elective or outpatient services to support its financial viability. The facility’s expansion is self-contained and does not involve service lines that might draw patient volume away from general acute care hospitals. The proportion of Medicaid patient days at RISI has steadily increased over the past three years, and RISI remains committed to serving Medicaid beneficiaries who are clinically appropriate for admission to an inpatient rehabilitation hospital.

RISI is a joint venture between Encompass Health Corporation, one of the nation’s leading providers of post-acute rehabilitation services, and BJC HealthCare, a 24-hospital system in southern Illinois, eastern Kansas, and across Missouri, including an academic medical center and community hospitals and outpatient facilities. The project will enhance RISI’s capacity to serve patients recovering from complex conditions such as stroke, neurological injury, joint replacement, and debilitating chronic disease. Expansion of access to inpatient rehabilitation is a documented need in Illinois. It is associated with better functional outcomes, reduced hospital readmissions, and lower long-term care utilization, particularly for underserved populations.

	2022	2023	2024
Patient Revenue	\$10,219,692	\$17,698,316	\$22,282,534
Charity#			
Inpatient	0	1	1
Outpatient	0	0	0
Total	0	1	1
Charity \$			
Inpatient	\$0	\$20,262	\$28,208
Outpatient	\$0	\$0	\$0
Total		\$20,262	\$28,208
Medicaid #			
Inpatient	23	109	95
Outpatient	0	0	0
Total	23	109	95
Medicaid \$			
Inpatient	\$858,221	\$3,906,610	\$3,570,937
Outpatient	\$0	\$0	\$0
Total	\$858,221	\$3,906,610	\$3,570,937



Regional Analysis • St Clair County • HSA 11 (Metro East) • HPA F-01

CON #25-035

HPA F-01 • Regional Bed Inventory

Category	CON Beds	CON Occ.	Staffed Occ.	Bed Need	Gap
Medical-Surgical	898	55.5%	74.2%	482	+416
Intensive Care Unit	90	55.8%	68.3%	86	+4
Obstetrics & Gynecology	98	30.4%	30.1%	44	+54
TOTAL	1,386	—	—	612	474

HSA 11 (Metro East) • Regional Bed Inventory

Category	CON Beds	CON Occ.	Staffed Occ.	Bed Need	Gap
Acute Mental Illness	0	0.0%	62.0%	65	-65
Rehabilitation	68	0.0%	0.0%	33	+35
TOTAL	1,386	—	—	98	-30

Hospitals Within 17-Mile Statutory Radius

Facility	City	County	Dist.	Beds
Rehabilitation Institute of Southern Illinois	Shiloh	St Clair	0.0 mi	40
HSHS St Elizabeth's Hospital	O'Fallon	St Clair	1.6 mi	144
Memorial Hospital Shiloh	Belleville	St Clair	6.3 mi	65
Memorial Hospital Belleville	Belleville	St Clair	6.3 mi	145
Touchette Regional Hospital	Cahokia Heights	St Clair	10.9 mi	48
Anderson Hospital	Maryville	Madison	11.7 mi	118
Anderson Rehabilitation Institute	Edwardsville	Madison	14.7 mi	28
Gateway Regional Medical Center	Granite City	Madison	15.6 mi	64

CON Beds: Certificate of Need authorized capacity Bed Need: Projected requirement based on utilization +Excess = capacity exceeds need

-Shortage = capacity below need

Statutory radius determined by county classification per 77 Ill. Adm. Code 1100





Facility Radius Map

Health Facilities & Services Review Board • State of Illinois

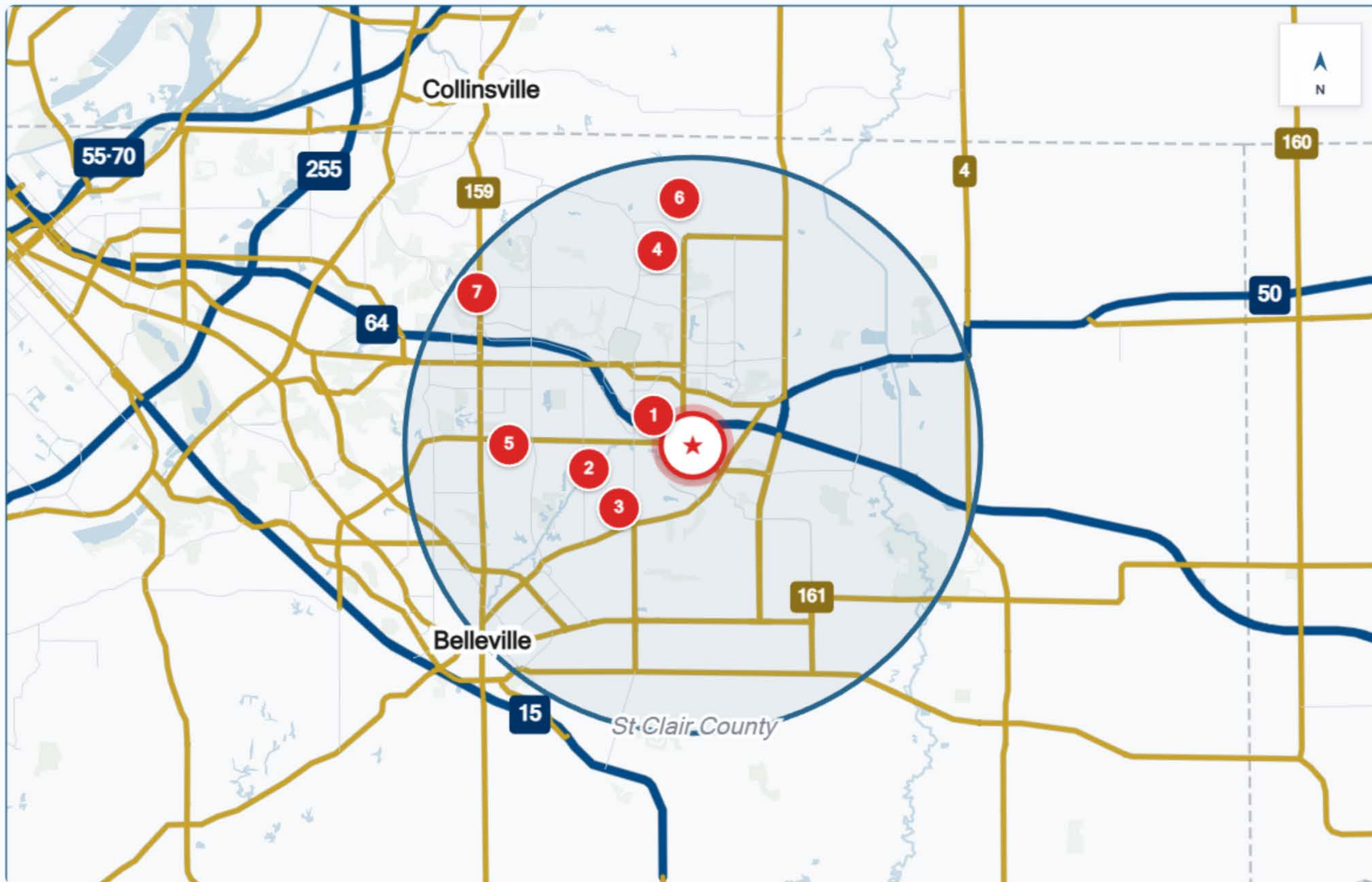
17-Mile Radius

Rehabilitation Institute of Southern Illinois • St Clair County

CON #25-035

Dec 29, 2025

8 facilities



FACILITY INDEX

Hospital 17-mi radius



Rehabilitation Institute of Southern Illinois



Memorial Hospital Belleville



Anderson Rehabilitation Institute



HSHS St Elizabeth's Hospital



Anderson Hospital



Gateway Regional Medical Center



Memorial Hospital Shiloh



Touchette Regional Hospital

Source: HFSRB Official Records