Constantino, Mike

From: Ourth, Joe [JOurth@arnstein.com]
Sent: Wednesday, November 16, 2011 4:50 PM
To: Avery, Courtney; Constantino, Mike
Subject: Mercy Crystal Lake Hospital - Project 10-089 - Summary of Arguments to Sustain the Board's Intent-to-Deny
Attachments: 1556_001.pdf

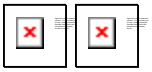
Ms. Avery and Mr. Constantino,

Please find the attached letter on behalf of hospitals who would be adversely impacted by the proposed Mercy Crystal Lake Hospital Project. This letter summarizes for the Review Board key arguments in opposition to the Mercy project. We ask that the letter be included in the project file as public comment and that the Board consider our information in their review of the project.

Thank you.

Joe Ourth

ARNSTEIN & LEHR LLP
120 South Riverside Plaza
Suite 1200
Chicago, Illinois 60606-3910
Phone: 312.876.7815 | Fax: 312.876.6215
JOurth@arnstein.com



Offices in Illinois, Florida, and Wisconsin< P>

ARNSTEIN & LEHR LLP
ATTORNEYS AT LAW SINCE 1893

120 South Riverside Plaza · Suite 1200
Chicago, Illinois 60606
Phone 312.876.7100 · Fax 312.876.0288
www.arnstein.com

Joe Ourth
312.876.7815
jourth@arnstein.com

November 16, 2011

Via Electronic Mail and Overnight Carrier
Mr. Dale Galassie
Chair
Illinois Health Facilities and
Services Review Board
525 W. Jefferson
Springfield, IL 62761

Re: Summary of Arguments to Sustain Intent-To-Deny
Mercy Crystal Lake Hospital Application (the "Application")
Project No. 10-089 (the "Project")

Dear Chairman Galassie:

We appreciate the opportunity to provide public comment to you, board members and staff in connection with the permit application for Mercy Crystal Lake Hospital. On June 28, 2011, the Illinois Health Facilities and Services Review Board (the "Review Board" or "Board") voted 8-1 to issue an Intent-to-Deny for this Project. We believe the Board made the correct decision at that time. There remains no practical need for an additional hospital in this area.

All existing area hospitals, including Sherman Hospital, Advocate Good Shepherd and St. Alexius (the "Concerned Hospitals") as well as Centegra Health System, have all related to you the serious adverse impact this Project would have on them and the communities that they serve. On behalf of the Concerned Hospitals we provide additional information in this letter for the Review Board's consideration. We again ask that the Board deny this Project.

I. Mercy's Proposed Reduced Hospital May Satisfy Mercy's Desire But Not the Community's Need

Following the Intent-to-Deny action on June 28, Mercy responded by modifying its Project to reduce the number of beds from 128 to 70 - - the exact same size as its ill-fated 2003 application. We truly do congratulate Mercy for attempting to reduce the negative impact its Project would have on existing hospitals. While partially addressing only some concerns, however, the modified Project leaves other concerns unaddressed and even creates other problems.

A. Identical Project that Courts Have Already Overturned

The Review Board is already well aware of the 2003 application Mercy filed for a hospital in Crystal Lake. In that situation Mercy had filed an application for a new 70-bed hospital in Crystal Lake. Following a former Board's approval of the project Centegra sued the Board to overturn approval of that permit. Centegra has already provided considerable flamboyant testimony on this issue and we need not go into the issue of those irregularities. Suffice it to say that Mercy's proposed project is substantially identical to the 2003 project that the courts ruled as not complying with the Planning Act.

B. McHenry County Residents Choose Not to Use Mercy's Existing Hospital

As the Board is also well aware, Mercy currently operates a 17-bed hospital in Harvard, a town in McHenry County. In 2010 that hospital operated at a utilization rate of only 27.5%. This shows that given a choice – and among the existing hospitals there are many good choices – residents choose not to go to a small hospital such as the Mercy Harvard Hospital. Moreover, it shows that even though some say McHenry County needs more hospital beds, the county's current utilization rate is so low that existing hospitals cannot fill the beds that already exist.

Perhaps one of the more telling signs of McHenry County bed need comes from Mercy's own actions at its Harvard Hospital. Mercy recently announced that it would reduce the number of beds at its Harvard Hospital. As quoted in a July 14, 2011 Northwest Herald article, Mercy Harvards' chief nurse executive stated regarding the bed reduction: "Since our census is low anyway, consolidating all patients down to one wing is not really affecting operations". As Mercy's Harvards chief nurse executive further acknowledged, "We rarely fill all 17 beds."[1] We suggest that the McHenry County hospitals fill their empty beds for seeking approval of a new hospital.

C. Boards Rule on 100-Bed Minimum

As the Board well knows, Section 1110.530 (f)(1)(2)(3) specifies for hospitals in a Metropolitan statistical Area (MSA) the minimum unit size for med/surg units is 100 beds, for obstetrics 20 beds and for ICU, 8 beds. At 56 med/surg beds, 10 OB and 4 ICU, the Mercy Project does not even come close to meeting the Board's requirements. At the October 7, 2011 public hearing extensive testimony was given regarding this issue. We need not repeat it here. The Mercy Project misses the Board's rule by so far that the Project should be rejected for this reason above.

II. Safety Net Impact Statement on Other Providers

[1] Chelsea McDougall, "Mercy plans hospital facelift", July 14, 2011. (see attachment)

A. Safety Net Services and Adverse Impact On Existing Facilities

1. Mercy's Application Does Not Provide Required Safety Net Information

When the General Assembly rewrote the Planning Act in 2009, one of the key features was to require project applicants to submit an analysis of how the project might affect Safety Net Services. Applicants must address the impact their project will have on the ability of other providers to cross-subsidize Safety Net Services. The original Mercy application failed to address this issue. In its modified application filed June 26, 2011, Mercy again decided not to provide this required Safety Net information and instead submitted only historical charity case numbers already available from the AHQ.

In response, Sherman Hospital, St. Alexius Medical Center and Advocate Good Shepherd Hospital collectively prepared a detailed response to the original application. In perhaps the first formal Safety Net Impact Statement Response submitted to the Board, the response showed the significant and serious impact a new hospital would have on those hospitals and their ability to cross-subsidize Safety Net Services for area residents. This Response Statement showed a loss of revenue to these three hospitals of $78.2 million and a lost contribution margin of $28.6 million. For not-for-profit hospitals, if there is no margin there can be no mission.

When requested by the Review Board to address this Safety Net issue, Mercy merely repeated its statement, unsupported by any facts, that "the Project will not have a material impact on other area providers."[2] The July 26 Mercy letter, however goes on to state that because Mercy is reducing its size, its corresponding impact should be less. Mercy's original application based part of its case for need earned upon the submittal of physician referral letter that show physicians taking over 4,000 cases from existing hospitals. First, we want to rightly congratulate Mercy for at least providing required physician referral letters, unlike Centegra, which failed to provide comparable letters. The Board can see why their rules require these letters because the letters make clear the impact a new hospital would have on other providers. Nevertheless, it becomes very difficult to understand how an applicant, such as here, can document that over 4,000 cases will be taken from other hospitals while simultaneously claiming that its proposed hospital will have no material impact on those providers.

2. 4,000 Patients to be taken from Existing Providers

When submitting its modified application for a 70-bed hospital, Mercy continued to submit the same physician referral letters showing that its physicians would continue to take over 4,000 patients for existing hospitals, Indeed, they would need to take this many patients from other hospitals for their proposed hospital to have any chance of

[2] Letter to Mike Constantino from Richard Gruber dated July 26, 2011, p.1 (the "July 26 Mercy Letter")

validity. Because Mercy continues to show 4,000 patients taken from other facilities, the impact on other providers should remain the same as under their original application.

We assume that this Safety Net issue is one situation in which if Mercy representatives had something good to say about themselves, they would say it; but if they have nothing positive to say about themselves they try to say something bad about others. The statements made about Advocate in their June 26 letter are both irrelevant to the issue of their hospital and factually far off-base. Their spurious allegations demean the planning process and themselves and we will not follow them into that process. The Review Board and planning process deserve better.

Instead we note that on average the Concerned Hospitals and Provena St. Joseph already provide far more indigent care than Mercy proposes, both in terms of Medicaid recipients and free charity care.

3. Discussion of Changed Financial Situation for Hospitals

The hospital landscape is changing quickly and the pace of change will increase even more. The concern the Board has heard expressed by existing hospitals is not how to divide up excessive profits as has sometimes been portrayed, but how to make their way in an uncertain future. Federal and State health care reform and declining reimbursement rates mean existing hospitals must to do more with less.

Moody's Investor Services this year published an extended analysis of the hospital sector in a publication entitled, *"Negative Outlook for U.S. Not-for-Profit Healthcare Sector Continues for 2011"*. The cover summary on this report gives the following outlook:

Summary

Moody's maintains a negative outlook for the U.S. not-for-profit healthcare industry. The leading factors driving this outlook are large federal and state budget deficits, ongoing high unemployment, and substantial uncertainty surrounding healthcare reform. For 2011, the preponderance of credit factors facing the industry is negative, and will remain so for the next several years, at least. Pressures on hospital reimbursements will remain heightened and the transition to different payment schemes will continue to stress operation revenues and net income, creating an unremitting need to reduce expense growth. The sluggish economic recovery, continuing high unemployment and thinning ranks of well-insured patients remain as unambiguous drivers of weaker financial results, manifested in softer volumes, weaker payer mix, and stressed operating revenues. While the last year has seen a number of positive developments, including the improvement of balance sheets and

> *operating results, much of this improvement resulted from comparatively easy reductions in expenses, rather than from strong revenue growth. These conditions will challenger hospital boards and management teams to revisit their model of healthcare delivery.*[3]

Moody's followed up on the not-for-profit healthcare sector with its special comment entitled, *"Revenue Growth Lowest in More Than a Decade for Not-For-Profit Hospitals in 2010 according to Preliminary Median Data"*. This summary stated:

> *Preliminary median data for U.S. not-for-profit hospitals covering fiscal year (FY) 2010 show trends consistent with our negative outlook for sector 2011. Hospitals struggled with the lowest revenue growth rate in more than a decade and median revenue growth of 4.2% on 2010 was a significant decline form 6.5% in 2009 and 7.0% in 2008. Patient admissions were flat in 2010, a negative indicator for revenue growth in 2011.*[4]

At the state level severe budget constraints threaten hospital reimbursements. Many Illinois Hospitals will go almost half a year of delay before being paid by the State. The hospital financial environment is under considerable pressure and we ask that the situation net be made worse by approval of new hospital projects.

III. The Mercy Application Does Not Meet Review Criterion 1110.530(c)(3): "Impact of Project on Other Area Providers"

The question of impact on other providers is not, as portrayed, an issue of "market store" – it is a core part of the Review Board's rules. The Board rules specifically provide a proposed project show that it will not reduce utilization below target levels.

> *3) The applicant shall document that, within 24 months after project completion, the proposed project:*
>
> *A) Will not lower the utilization of other GSA providers below the utilization standards specified in 77 111. Adm. Code 1100; and*

---

[3] Moody's Investors Service, Negative Outlook for U.S. Not-for-Profit Healthcare Sector Continues for 2011", February 3, 2011, p. 1.

[4] Moody's Investors Service, "Revenue, April 15, 2011, p.1. "Revenue Growth Lowest in More Than a Decade for Not-For-Profit Hospitals in 2010 according to Preliminary Median Date".

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 utilization standards.

Section 3(A) of the above rule requires that the applicant document that the Project will not lower utilization of existing providers below the utilization standard (or further below the utilization standard). As shown on the table below, most area hospitals, including Mercy's Harvard hospital, operate below utilization targets.

SAR Table 1 :Facilities within 30 minutes of the proposed Centregra-Huntley site or Mercy-Crystal Lake site, updated with 2010 Hospital Profile Data

Hospital	City	Distance from Mercy- Crystal Lake		Distance from Centegra - Huntley		2010 Occupancy			
		Minutes	Miles	Minutes	Miles	Med/Surg	ICU	OB	Total
Centegra Hospital - Woodstock	Woodstock	12.7	5.68	16	11.26	83.5%	77.3%	53.4%	**77.8%**
Centegra Hospital - McHenry	McHenry	17.3	7.15	25	17.83	74.1%	91.8%	40.0%	**72.1%**
Mercy Harvard	Harvard	More than 30 min		More than 30 min		27.5%	9.5%		**25.0%**
Subtotal, McHenry County Hospitals						**73.0%**	**79.0%**	**45.7%**	**70.4%**
Advocate Good Shepherd	Barrington	12.7	6.2	28	16.61	81.6%	84.7%	50.2%	**77.1%**
Provena Saint Joseph	Elgin	25.3	16.1	24	13.9	71.1%	60.4%		**69.7%**
Sherman	Elgin	27.6	13.3	20	15.11	63.8%	55.8%	70.0%	**63.5%**
St. Alexius Medical Center	Hoff. Estates	27.6	16.1	More than 30 min		71.0%	57.0%	62.1%	**68.1%**
Total						**71.3%**	**66.4%**	**57.2%**	**69.1%**

Shaded cell indicates unit is operating below state occupancy standards

Source: State Agency Reports, 2010 Annual Hospital Profile

IV. The Mercy Applicant Does Not Meet Criterion 1110.530(c) - Unnecessary Duplication/Maldistribution – Review Criterion

Similar to the rule criterion regarding "Impact of Project on other Provider's, an application fails the Board's rule when a proposed project unnecessarily duplicates existing services or creates a "maldistribution" of beds. This criterion provides that applicant must document that "the project will not result in an unnecessary duplication." Maldistribution exists when the area has an excess supply of facilities, beds and services[5].

[5] The Board's Rules, 77 Ill. Admin. Code, Section 1110.530(c) (emphases added) provides:

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

A) A list of all zip code areas (in total or in part) that are located within 30 minutes normal travel time of the project's site;

Maldistribution is characterized by historical utilization for existing facilities that is below the Board's occupancy standards.

The proposed Project unnecessarily duplicates existing services and clearly and unequivocally creates a maldistribution of services under the Board's rules. As the Table above shows, few hospitals in the area meet the historical utilization standard for med/ /surg bed utilization. Indeed, on average there are 342 unoccupied beds in area hospitals.

Mercy's Application contains physician referral letters showing that it will take more than 4,000 patients from existing hospitals. Clearly, the proposed Mercy Project will have an adverse impact under the Board's rules.

V. Hospital Utilization Has Declined Since Intent-to-Deny

A. Why Use Rates are Important in Calculating Need and Why Declining Use Rates Indicate Declining Need

As the Review Board well knows, hospital utilization is largely a factor of how many people there are in an area and how much those people use hospital services. At the June 28 Review Board meeting considering the Centegra and Mercy projects, the Board heard much about population projections as a factor in bed need. The other, and perhaps more important factor, is how much patients use a hospital or the "Use Rate" (days per thousand).

At its October meeting, the Review Board acted upon two items that relate to bed need calculations. A revised bed inventory indicated increased bed need in McHenry

---

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

C) The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide categories of bed services proposed by the project.

2) The applicant 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 that exceeds one and one-half times the State average;

B) Historical utilization (for the latest 12-month period prior to submission of the application) for existing facilities and services that is 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."

County, while the newest 2010 AHQ data showed continued decrease in the actual number of patient days in McHenry County. While there has been considerable discussion of population projections, this portion of our letter focuses on the bed use rate. While the Applicant will likely point to the increased bed need as proof of the need for its proposed hospital, it will likely be stuck with trying to explain why it needs a new hospital when its own Harvard hospital operates at only 27.5 percent occupancy.

As this letter further addresses below, and as the November Krentz Report analyzes in detail, inpatient hospital use rates, nationally, in Illinois, and in McHenry County are all declining. Moreover, national experts expect this decline to continue into the future. The Bed Need Inventory attempts to forecast population, but does not forecast use rates. Stated simply, the underutilization of existing hospitals, along with the expected decline in utilization, shows why there is no need for a new hospital in this area.

At its October meeting the Review Board released the results of the 2010 Annual Hospital Questionnaire ("AHQ") data. As discussed further below, the AHQ 2010 data now show: (1) in 2010 all of the Concerned Hospitals in the area operated below targeted med/surg utilization; (2) no hospital has a lower utilization rate than Mercy's Harvard hospital; and (3) the actual number of patient days in McHenry County have declined significantly over the last two years and since the Board's Intent-to-Deny.

During the past two years, Mercy's volume at its Harvard hospital, has remained essentially flat. The following chart shows the decline of patient days of area hospitals.

Patient Days Change

Med/Surg (Adult/Ped) Days	2008	2010	08-10 # Change	08-10 % Change
Good Shepherd	36,888	35,627	-1,261	-3%
Centegra-McHenry	37,690	34,896	-2,794	-7%
Centegra-Woodstock	19,006	18,277	-729	-4%
Sherman	38,049	45,572	7,523	20%
Provena St. Joe's	30,889	25,700	-5,189	-17%
St. Alexius	55,368	59,685	4,317	8%
Mercy Harvard	1,684	1,705	21	1%

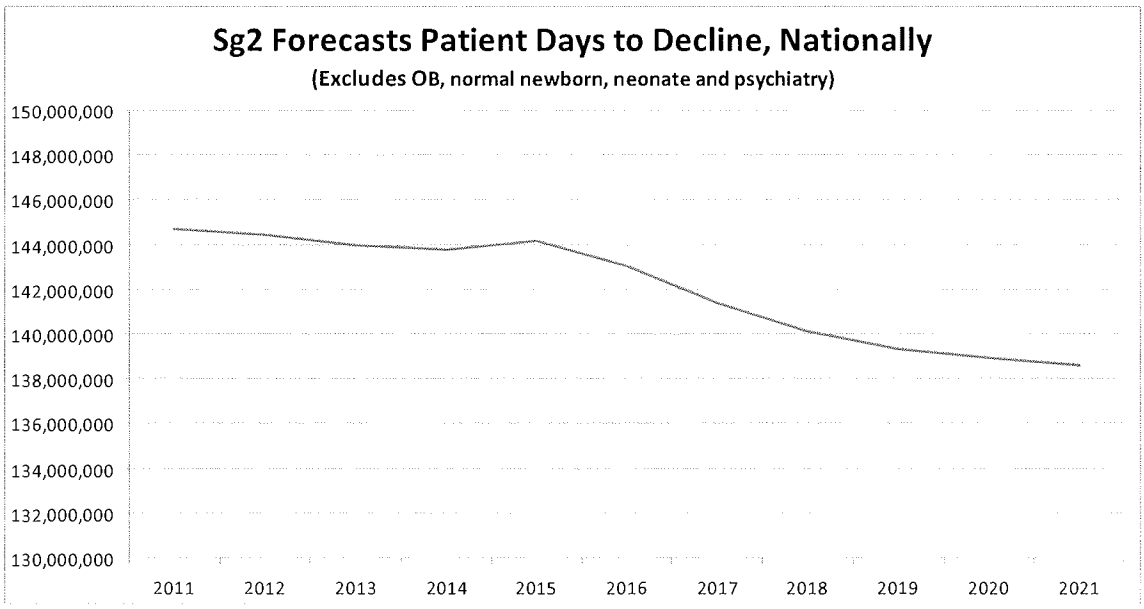
When examining utilization and excess capacity, area hospitals had 347 beds, on average, available each day during 2010. Importantly, McHenry County residents could access these beds less than 30 minutes from their home. Specifically, there were 251 med/surg beds, 44 ICU beds and 52 OB/GYN beds.

B. Use Rates and Utilization Have Been Declining and are Forecast to Continue to Decline in McHenry County and Nationally.

Inpatient use rates are expected to continue to decline in the coming years due to outcomes-based payment, clinical integration, and accountable care organization delivery models. While health care reform may increase the number of insured, use rates will likely decrease. Most of the uninsured already receive inpatient care, as all of the area hospitals provide charity care to the uninsured.

C. National Inpatient Use Rates are Forecast to Decline Significantly.

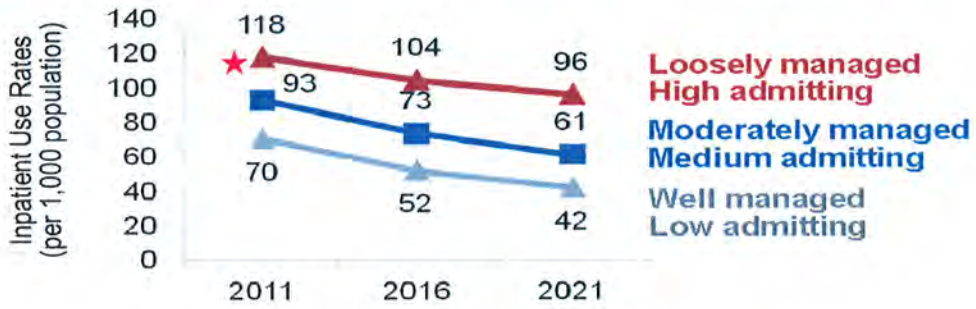
1. Sg2 Forecast for Use Rate (patient days per thousand population) Decline. Sg2, a national health care research company located in Illinois, forecasts that use rates will decline by 12% over the next decade. The table below show the Sg2 forecast of patient days nationally. The downward trend is projected to accelerate beginning in 2015, within two years of completion of both hospitals.



2. Milliman Study Similarly Projects Lower Use Rates. Similarly, in a recent seminar presentation to members of the Illinois Hospital Association, the following chart was presented showing a national hospital use rate forecast. In its presentation to the IHA, Kaufman, Hall & Associates presented the projections below for impact use rates based upon research of Milliman, Kaiser a nationally respected health care actuary.

Milliman Projections for National Inpatient Use Rates

★ *2009 National Inpatient Use Rate = 116*



Source: Milliman, Kaiser State Health Facts, AHA

The Milliman projections above forecast a decline in national hospital inpatient use rates and are consistent with the Sg2 projection for declining use rates.

D. State and Local McHenry County Forecast for Declining Use Rates.

1. IDPH Data Shows Declining Use Rates. The med/surg patient day use rate used by IDPH to calculate the current McHenry County bed need is based on 2006-2008 data for McHenry County hospitals. We understand the rationale for using those dates, but want to point out the impact of the more recent data published in the 2010 Illinois Hospitals Data Summary.

The current McHenry County bed need is based on the older use rates from 2006-2008. Using the older, higher use rates rather than the more recent 2010 use rates for McHenry County overstates bed need. To make a meaningful comparison, we need to compare the 2006 to 2008 average use rate to 2010 average use rate.

Med/Surg Patient Day Use Rate Comparison			
Age Cohort	2008 (1)	2010 patient day use rate (2)	Change in patient day use rate 2008 to 2010
0-14	0.0163	0.00693	-57%
15-44	0.0579	0.04957	-14%
45-64	0.2020	0.20479	1%
65-74	0.7316	0.60306	-18%
75+	2.0689	1.68213	-19%
Total	**0.1781**	**0.1639**	**-8%**
(1) From Inventory of Health Care Facilities and Services and Need Determination			
(2) From 2010, Illinois Hospitals Data Summary.			

E. The Bed Utilization among McHenry County Patients is Trending Down.

VI. Analysis of Population Projections and Bed Inventory Change.

At the June 28 Board meeting at which the Centegra and Mercy projects were heard, there was considerable discussion regarding population projections and the corresponding bed need calculations associated with that population projection. Mr. Carvalho provided detailed explanation to the Board about the population projections and bed need calculation. Following the Intent-to-Deny, the Board specifically requested additional information about population projections.

Despite the Board's request that Mercy specifically address population issues, Mercy provides only a single paragraph addressing the Board's question.[6] By contract, the Concerned Hospitals have provided a detailed analysis of this issue. That information is contained in the November Krentz Report, which was commissioned in response to the Centegra Huntley Project. Because that Krentz Report addresses the same population issues, we submitted made the November Krentz Report to became part of the Mercy project file as well.

We expect that the Applicant will seek to make much of the fact that the bed need calculation has increased from 83 med/surg beds to 138 beds. We caution against putting too much emphasis on that change. As the State Agency acknowledged when presenting the new inventory, the population projections remain based upon the 2000 Census data

[6] July 26 Mercy Letter, p. 9

and not the 2010 Census. The impact of the economic downturn in 2008, which continues today, has considerably impacted population growth. We believe everyone, including the Applicant, agrees that the 2010 Census numbers will show a much smaller population increase than the 2000 Census data.

In response to the new 2010 AHQ data and the new revised bed need, the Concerned Hospitals asked Krentz Consulting to analyze this new data. This November Krentz Report fully examines the population and utilization issues in McHenry County.

Finally, the November Krentz Report examines the declining hospital use rates and the inherent inconsistency of an increasing calculated bed need while showing actual decline in hospital utilization. At the very least, this incongruency reinforces the need for the statutorily created comprehensive planning function, and supports our call that new hospital projects not be approved until the comprehensive planning function is fulfilled.

VII. Key Reasons the Application Should be Denied

1. New Suburban Hospitals are Inconsistent with Health Care Reform. Although there are many views on health care reform, almost all are consistent with the premise that building an additional community hospital in an affluent suburban area already well-served by five area hospitals goes against where health care reform is heading or should go.

2. There is No Need for the Mercy Crystal Lake Hospital. From any practical perspective there is no "need" for this proposed hospital. Last year there were fewer hospital inpatient days in McHenry County than the previous year. No patient is going unserved because of the lack of hospital bed.

3. The Proposed Hospital will Significantly and Seriously Harm Existing Providers and the Safety Net Services that they Provide. Concerned Hospitals have presented detailed and thorough analyses regarding the impact a new hospital would have on existing hospitals and the patients they serve and have submitted that information to the Board by way of an extensive Safety Net Impact Statement Response. This Project will clearly reduce utilization below or further below the Board's standard for utilization.

4. Better Health Care Quality Outcomes generally Follow in an Environment where Higher Volumes are Performed. The reasons to avoid duplication of services go beyond bed need calculations. As discussed in other submissions and herein below, duplication of services can also negatively impact quality. A new hospital in the proposed area will dilute the number

of cases already performed at existing hospitals and the experience and expertise that correspond to that volume.

5. The Application Does Not Comply with other Important Review Board Rules. Board rules require that an Applicant document that the Project will not reduce utilization of existing providers to below, or further below target utilization.

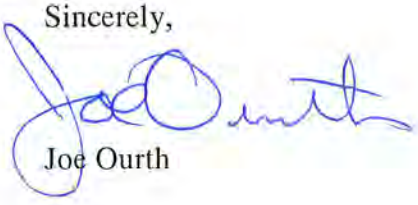
6. The Board should Defer Consideration of New Hospital Projects until the Comprehensive Planning Function is Fulfilled. By separate letter dated June 7, 2011 the Board was asked to defer approval of new hospitals until the Comprehensive Planning Function of Public Act 96-0031 is fulfilled. We believe the Comprehensive Plan would provide valuable assistance to the Board in making decisions on matters of importance, such as these new hospitals. If the intent of the General Assembly in creating this new planning function is to be given any affect, it should be on these new hospital projects.

   The incongruity between an increased bed need calculation in the midst of declining utilization points even more dramatically for the need for the Comprehensive Planning Function. No harm will be done in waiting for the Comprehensive Planning function to be fulfilled while considerable harm will be done to existing hospitals if new hospital projects are approved now.

Conclusion

There is no practical need for a new hospital in McHenry County. The proposed hospital is the same ill-fated project that the Courts already rejected as violating the Planning Act. This Application fails to meet the Review Board's rules and should be denied.

Sincerely,



Joe Ourth

JRO/eka

NORTHWEST HERALD

Mercy plans hospital face-lift

By Chelsea McDougall cmcdougall@nwherald.com
July 14, 2011

HARVARD – Mercy Health System's $1.7 million plan to renovate the medical/surgical unit at Harvard Hospital calls for a reduction of seven beds, but the face-lift will create private patient rooms. Mercy officials say the hospital, built in the 1950s, is in need of renovation.

"It will bring us up to the 21st century," said Wynn Biedermann, Mercy Harvard Hospital chief nurse executive.

The total renovation will create 10 private rooms and one bariatric room retrofitted with size-appropriate furniture and beds for heavier patients.

The medical/surgical wing has 17 beds in 11 rooms with both private and shared rooms. Decreasing the amount of beds will not affect operations.

"We rarely fill all 17 beds," Biedermann said.

The medical/surgical wing will be closed during the renovation, and the beds will be moved to the long-term care wing.

The hospital averages about five to eight patients each day using the beds in the medical/surgical wing, and the long-term care wing averages about 22 patients a day, Biedermann said.

The renovation will not affect staffing for the hospital's 40 nurses, she added.

"Since our census is low anyway, consolidating all patients down on one wing is not really affecting operations," Biedermann said. "Except we have a little bit longer walk down the hall, and we're not that big, so that's OK."

The overhaul is expected to begin in late fall or as soon as the health system receives approval from the Illinois Department of Public Health. A permit is needed to temporarily move medical/surgical beds to the long-term care unit, and a second permit is needed for construction.

"Once we actually start construction, it is probably a seven-month project," said Dave Kurtz, Mercy's vice president of facilities.

Unlike the certificate of need process in which the health system is trying to gain state approval for a new hospital in Crystal Lake, these permits are on the fast track. "This is well underneath the certificate of need threshold, and this is strictly an IDPH process," Kurtz said.

The wing has to be completely "gutted." Heat and air conditioning will be reconfigured so each patient room has access to change the temperature.

The hospital has 17 medical/surgical beds, three intensive care unit beds, five emergency room beds, four outpatient surgery beds, and 45 long-term care beds.

The medical/surgical unit renovation is part of a several-phase overhaul that Mercy has been working on since 2005. A space once used for obstetrics was renovated that year into a state-of-the-art surgical wing and the rooms in the former surgical wing were renovated for outpatient surgeries. Mercy spent $5 million on that renovation.

"We've done several phases of renovation; this is just the current phase, and we've still got additional phases planned," Kurtz said.