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HEALTH FACILITIES &
SERVICES REVIEW BOARD

April 26, 2013

Via Email and Regular Mail

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street
Springfield, IL. 62761

**Re: Project Number 12-081 / Submission of Additional Information and
Information Addressing Board's Concerns After Intent to Deny**

Dear Ms. Avery:

I am submitting this information on behalf of the applicant, Vista Lindenhurst Medical Center, to address concerns raised about the project at the March 27, 2013 Health Facilities and Services Review Board meeting. The applicant appreciates the opportunity to provide this information, and sincerely hopes it addresses the Board's questions.

Can Beds Be Transferred Per the Board's Rules

The application referenced the fact that Vista East Medical Center in Waukegan (Vista East) would discontinue 108 Medical/Surgical/Pediatric Beds upon the opening of the proposed Lindenhurst hospital. As noted in the application to establish Vista Lindenhurst Medical Center, it proposes 100 medical surgical beds, 20 obstetric beds and 12 ICU beds. The application stated 108 medical/surgical/pediatric beds at Vista East would be *discontinued* as of the completion date of the Lindenhurst Medical Center (not transferred).

The Board expressed concern about the ability to transfer beds under its rules, as well as the issue of phantom beds at Vista East. However, the over riding concern seemed to be the over bedding in Lake County, along with the number of beds at Vista East and its utilization in the medical/surgical category of service, and how that might impact the proposed hospital in Lindenhurst. As a result:

- Vista East has discontinued ninety eight (98) medical surgical beds;
- In addition, Vista East has discontinued ten (10) of its thirty five (35) pediatric beds.

This will result in an immediate increase in Vista East's utilization in both these categories of service. With these bed changes, utilization (using 2012 patient data) will increase from 36% to 60% in the medical surgical category and from 7% to 10% in pediatrics. Vista East's peak pediatric utilization generally supports 15 pediatric beds, and it will be entering into an affiliation with Lurie Children's Hospital which will result in continued and increasing utilization of its pediatric service.

This is a significant change to this project from when the Board first considered it. When the Board heard the project on March 27, 2013 there was an excess of 86 medical surgical beds and the Lindenhurst project would have added another 100 beds, increasing the excess to 186. However, with the proposed changes above, there will be a need for twelve medical surgical beds when the Board next considers the project. Upon approval of the Lindenhurst project, the excess bed count in Lake County will be virtually the same as it has been for years, i.e. 88 versus 86. The reduction in pediatric beds also reduces the excess beds in the planning area in this category of service.

In discontinuing these beds now, versus upon the Lindenhurst hospital opening if approved by the Board, Vista East also has addressed the Board's concern regarding the transfer of beds, low utilization in medical surgical and pediatrics at Vista East as well as "phantom" medical/surgical beds. The State could not have required discontinuation of more than thirty (30) beds at Vista East under its current rules, so this voluntary action by Vista East is important and respectfully made to address the Board's concerns.

Need for ICU Beds

At this point in time, there is a calculated need for 40 ICU beds in planning area A-09 (Lake County). This project addresses the need in Lake County for ICU beds. This was not recognized by opposition to the project. It conveniently overlooked that fact, and instead focused on the excess medical surgical beds. With the bed changes already made as referenced above, the excess bed count will not change, but the need for ICU beds will be addressed.

Impact on Other Area Providers

The Board noted the alleged impact of the establishment of a hospital in Lindenhurst on other area providers. However, the two vocal opponents of the project are among the most, if not the most, financially viable systems in the State. Further, any impact will be mitigated by making hospital services accessible to residents of Northern and Western Lake County, saving lives as a result. In addition, the revenue generated by the proposed Lindenhurst hospital will allow CHS to continue its operations in Waukegan. Without the projected revenue from the proposed Vista Lindenhurst Medical Center, it will be economically challenging to continue Vista West's services at Vista West over an extended period of time.

While opposition expressed concerns about the impact the project would have on their respective facilities, they have not stated the impact will cause them to discontinue any category of service currently offered. Rather, general statements were made regarding loss of specialty services, threats to patient care and loss of Level One Trauma Service. However, the Board should note:

- There was no detail whatsoever regarding the impact on any service – just generalizations;
- In 2011, only 2.7 percent of Condell’s ED volume was Level One and the Lindenhurst project will not see Level One patients – it will have no impact on these services;
- The number of cardiac catheterization procedures that *might* be decreased due to the Lindenhurst catheterization service would still leave total volume at planning area providers well above the Board’s target *and* would be offset by making this service available to patients without their having to travel thirty (30) to forty five (45) minutes to receive it (see traffic study contained in the record of this project).
- 1,400 plus residents leave Illinois to go to Wisconsin to access hospital services (based on IHA Comp DATA). In fact, if Advocate is so concerned about patients why is it ignoring the access to care issue?

Advocate’s CEO stated there is not a need for inpatient services in Lake County, but then turned around and stated that the Lindenhurst project will “take” 3,500 patients a year from it. Which is it? If three thousand five hundred patients will utilize the proposed Lindenhurst Hospital, from Condell alone, there clearly is a need. Condell admits 3,500 people are traveling thirty to forty-five minutes just to receive hospital services, not to mention their family members and caregivers.

Condell and Northwestern Lake Forest are in more affluent communities than the Vista East and West facilities, as well as the proposed Lindenhurst Medical Center (see below chart).

Median Household Income
(U.S. Census Bureau)

Lake Forest	\$133,264.00
Libertyville	\$104,165.00
Lindenhurst	\$99,848.00
Waukegan	\$46,656.00

According to the 2011 Response to Hospital Questionnaire, Advocate Condell reported total inpatient and outpatient revenue of \$311,721,573.00. Northwestern Lake Forest reported total inpatient and outpatient revenue of \$222,102,440 and Vista East’s total was \$175,136,394. Condell’s total patients – 222,405. Vista’s total patients – 128,505. Northwestern Lake Forest total patients – 209,298. Obviously, Advocate and Northwestern are strong systems.

When the project’s offering of accessible *full* emergency department care (currently the FEC in Lindenhurst can only see Basic Life Support patients, not Advanced Life Support) and

inpatient services for residents of Northern and Western Lake County is weighed against the minimal impact on existing providers, it is clear that the impact is outweighed by the need for accessible care. In fact, according to *independent* first responders whose only motivation is their community, the care is necessary to save lives.

The minimal impact alleged (again no detail offered) must be weighed against:

- the need for ICU beds in Lake County;
- the need for Level II trauma services in Central and Northern Lake County;
- the disparity in location of inpatient beds (and OP hospital services) in Lake County; and
- the need of the Waukegan hospitals to offset the losses from their payer mix and the aging infrastructure at Vista West with a more favorable payer mix in Lindenhurst, resulting in the long term ability to preserve services in Waukegan.

Vista as a Safety Net Provider/Commitment to Waukegan

Surprisingly, Advocate Condell claims Vista East is not a safety net provider. It is in Waukegan. As noted above, the median income of Waukegan residents is \$46,656.00, while the median income of Libertyville residents (Condell is located in Libertyville) is \$104,165.00. Also, while Vista reported 1% less charity care than Condell in 2011, Vista served 10% more Medicaid inpatients than did Condell and 15% more Medicaid outpatients. It is quite frankly a ludicrous statement to claim Vista East is not a safety net provider. It is **the** safety net provider in Lake County.

It is ironic that the opponents claim that Vista would abandon Waukegan if Lindenhurst is approved when in fact the true negative impact on Vista's services will occur if Lindenhurst is *not* approved. Currently, the Vista West facility costs Vista Health System and its parent Community Health System two million a year simply to maintain the building. There is no question the payer mix at Lindenhurst will assist the Vista facilities in serving the community of Waukegan. Community Health System commits herein, as it did at the Board meeting, to maintain categories of service at Vista East and Vista West for five (5) years from the approval of the Lindenhurst hospital project.

This also speaks to opposition comments that Waukegan is losing industry, and/or that Vista will abandon Waukegan. The Lindenhurst project is closer to Waukegan than to Libertyville or Lake Forest. It will create **600 plus** permanent jobs and enhance industry in the area, which includes Waukegan. In addition to the 600 permanent jobs, it will result in many construction and related jobs, and will enhance commerce in Lake County.

This is a true positive for the Waukegan area – jobs will impact Waukegan (and other) area residents positively if the Vista Lindenhurst Medical Center is approved. Services will be maintained at both Vista East and West for five years after approval of the Lindenhurst project.

The Vista Lindenhurst Medical Center Meets the Board's Goal's and Objectives

In summary, approval of Vista Lindenhurst Medical Center will achieve the Board's goals and objectives. It will bring necessary services to the residents of Lake County, who now have to travel long distances (minimum 30 minutes) to obtain them. Even the State Board Report noted that no maldistribution of service will occur if the project is approved, as there is no other hospital provider within 30 minutes of the proposed Lindenhurst hospital site. In addition, the occupancy rate at Vista East has gone up given its discontinuation of 98 medical surgical beds and 10 pediatric beds. While the Lindenhurst project will provide accessibility in the area where it is needed in Lake County, the impact on the Board's medical/surgical inventory of services is a zero sum game. The number of excess OB beds does increase, but this is offset by bringing needed ICU beds to Lake County and particularly to an area where there are none (in Central and Northern Lake County).

Also, while economic development and job production are not review criteria of the HFSRB – access to quality healthcare is. There is no doubt that increased economic development and job production, with corresponding health insurance coverage, generally improves the health and welfare of communities where it occurs.

Approval of the project will also result in a commitment to Waukegan by Vista East for a period of five years.

When all of these positive outcomes are weighed against the minimal impact on opposition facilities which again are not even within a 30 minute radius of the proposed Lindenhurst Medical Center site, let alone within 30 minutes of a good portion of the population to be served by it, it is clear the project warrants HFSRB approval. We respectfully urge you to reconsider your vote in light of this information, which we believe addresses the concerns raised at the March 27, 2013 Board hearing.

Very truly yours,


Clare Connor Ranalli

cc: Mike Constantino, via e-mail
Barbara R. Martin, via e-mail
Tom Miller, via e-mail