

May 22, 2014

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Response to May 20, 2014 SAR
Project 13-072
NorthPointe Health and Wellness Campus
Ambulatory Surgical Treatment Center

Dear Ms. Avery,

We appreciate the opportunity to submit supplemental material to support our proposed project. This material addressed questions raised by the State Board and the concerns expressed in the SAR reports. I would like to summarize our supplemental information and what we believe to be relevant points for the Review Board's deliberation in considering our Permit Application.

Beloit Health System Market (Service Area)

The Beloit Health System is an integrated provider serving the State Line region. We have provided healthcare services located in Illinois since the early 1990's. Based on the information provided, (Supplemental Information, Page 15) over 44 percent of our system activity is provided to Illinois residents. We are a multi-state provider.

Proposed Multi-Specialty ASTC Utilization and Treatment Room Need

The SAR indicates the project is in compliance with Criterion 1110.1540(c) and 1110.1540(d) and the 4-room multi-specialty ASTC meets State Board standards.

At-Home Healthcare
1904 E. Huebbe Parkway
Beloit, WI • (608) 363-5885

Beloit Clinic
1905 E. Huebbe Parkway
Beloit, WI • (608) 364-2200

Clinton Clinic
307 Ogden Avenue
Clinton, WI • (608) 676-2206

Darien Clinic
300 N. Walworth Street
Darien, WI • (262) 882-1151

Janesville Clinic
1321 Creston Park
Janesville, WI • (608) 757-1217

**NorthPointe Health &
Wellness Campus**
5605 E. Rockton Road
Roscoe, IL • (815) 525-4000

NorthPointe Terrace
5601 E. Rockton Road
Roscoe, IL • (815) 525-4800

**Occupational Health Sports
& Family Medicine Center**
1650 Lee Lane
Beloit, WI • (608) 362-0211

Riverside Terrace
3055 S. Riverside Dr.
Beloit, WI • (608) 365-7222

West Side Clinic
1735 Madison Road
Beloit, WI • (608) 363-7510

Need for the Project

As outlined in our Permit Application and Supplemental submission, Beloit Memorial Hospital needs to modernize its outdated surgical and procedure room facilities. The proposed multi-specialty NorthPointe based ASTC was determined to be the least costly and best alternative to serve our current multi-state market. Our analysis indicates the combined total operating and procedure rooms (Beloit Memorial Hospital and the proposed NorthPointe 4-room multi-specialty ASTC) are justified (Supplemental Information Pages 31 – 47).

Alternative of Choice

A Board member raised a question regarding our original determination that the proposed project was the “least-cost alternative”. Our supplemental response, pages 34 to 38, restates and clarifies the information in our Permit Application and concludes the proposed project is the preferred and least-costly alternative.

Market Capacity / Impact on Other Facilities

As noted in our original permit application and the associated SAR’s (Criterion 1110.1540(d)), there is calculated “excess capacity” in the 45-minute drive-time from our NorthPointe Campus. However, this macro-view does not reflect market reality with respect to specific / proposed surgical services and probable patient access to these services due to restricted reimbursement policies by existing in-market ASTC service providers.

The Beloit Healthcare System accepts all patients regardless of their ability to pay, has testified to the fact the proposed ASTC will accept Illinois Medicaid patients (as is the current case for our NorthPointe-based Immediate Care Center) and currently provides significant charity care (see also the requested AHQ data).

As profiled on page 39 to 47 of our supplemental information, several in-market providers do not provide the comprehensive services we propose to locate to NorthPointe, some in-market providers do not have the available capacity as they stated in public testimony, and, most importantly, the in-market free-standing ASTC’s limit or do not accept Medicaid patients nor provide significant charity care, if at all. The Beloit Health System does not restrict access.

We again respectfully submit market capacity is not available to accept our patients and there will be no impact on other provider facilities given our demonstrated need for operating and procedure rooms (Supplemental Information, Page 47).

ASTC Licensing

Please see Supplemental material pages 52 – 53; we have considered the requirements and have attested to such. We first require an ASTC to license in order to comply with the requisite requirements.

Other Considerations

A. New Construction and Contingencies

Documentation has been submitted clarifying the reason our estimated costs are slightly higher than the average State Board Means data due to local conditions.

B. A & E Fees

Assuming the entire project costs, not just allocated clinical costs, the A & E fees are approximately 8.0%, which is within the State Board standard.

C. Moveable Equipment

The original Permit Application did not separate costs between the ASTC and other project areas; page 60 of the supplemental information clarifies these costs and indicates the ASTC capitalized equipment at \$446,625 per room or \$14,736 less than the State Board Standard. As clarified, the ASTC capitalized equipment cost is 3.2% below the standard on a per room basis.

Public Participant Comments

Various in-market providers commented on our permit application. In our judgment, much of their testimony was inaccurate based on publicly available data and have provided our response to their assertions. We trust the Review Board will consider our reasoned responses in their determination.

Summary

We again thank you and your staff for considering the facts supporting our Permit Application and trust a favorable and reasoned determination can be made by the Review Board.

I can be contacted at 608-364-5685 or tmckevett@beloithealthsystem.org if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy McKeve", with a long horizontal flourish extending to the right.

Timothy McKeve
President

CC: Mike Constantino, Supervisor, Project Review Section
Ed Parkhurst, PRISM Healthcare Consulting