



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217) 785-4111

DOCKET NO: H-02	BOARD MEETING: October 7, 2014	PROJECT NO: 14-032	PROJECT COST: Original: \$33,208,571
FACILITY NAME: St. Bernard Hospital Ambulatory Care Center/Physicians Office Building		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

DESCRIPTION: The applicant proposes to construct a three-story ambulatory care medical office building on the campus of St. Bernard Hospital, 326 West 64th Street, Chicago, Illinois. The anticipated cost of the project is \$33,208,571. The anticipated completion date is June 1, 2016.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicant proposes to construct a three-story ambulatory care medical office building, on the campus of St Bernard Hospital (SBH), 326 West 64th Street, Chicago, Illinois. The 70,267 GSF facility will house ancillary services, hospital-based clinics, leasable physician office space, and shell space for future development. The anticipated cost of the project is \$33,208,571. The anticipated completion date is June 1, 2016.

WHY THE PROJECT IS BEFORE THE BOARD:

- The project is by or on behalf of a health care facility and the project costs are in excess of the capital expenditure minimum of \$12,670,607.

PURPOSE OF THE PROJECT:

- According to the applicant *“The purpose of the Project is to improve access to much needed health care services. More specifically, the Women’s Wellness Clinic, Specialty Clinic, and Walk-In Clinic (new service), are intended to assist in improving the healthcare and well-being of the local community/market. The facility will enhance local access to care”*

PUBLIC COMMENT:

- A public hearing was held in regard to this project on September 15, 2014, in the Community Room of the Chicago Police Station, 7th District, 1438 West 63rd Street, Chicago, IL. 27 people were in attendance, with 12 offering testimony, and 15 registering their attendance only. No opposition letters were received by the State Board Staff.
- Letters of support for the proposed project were received from
 - State Senator Mattie Hunter
 - State Representative Esther Golar
 - Ward 20 Alderman Willie Cochran
 - Ward 16 Alderman John Thompson
 - Pastors of Englewood
 - Teamwork Englewood
 - Antioch Missionary Baptist Church
 - Greater Englewood Community Development Corporation
 - Dr. Jean Wilson Muscadin, M.D.
 - Beloved Community Family Wellness Center
 - Better Health Network
 - SEIU Healthcare

NEED FOR THE PROJECT:

- The applicant notes that Chicago’s south side is designated as a medically underserved area, with identified physician shortages. The proposed project intends to provide space for new and specialty physicians, to enhance the provision of ambulatory care on the St. Bernard campus.
- The applicant cites a current trend in the delivery of health care that suggests a growing market in the delivery of care through more outpatient/ambulatory vehicles. St. Bernard

Hospital was initially designed as an inpatient facility, and lacks sufficient space for ambulatory care initiatives.

FINANCIAL:

- The applicant is funding this project with cash of \$33,208,571. According to the applicant the Sisters of the Religious Hospitallers of St. Joseph will make a cash contribution (gift) of \$36 million to fund this medical office building. The Religious Hospitallers of St. Joseph is sponsored by Catholic Health Partners Inc., operating as Catholic Health International. Catholic Health International also sponsors St. Bernard Hospital. The applicant provided documentation that the gift is in the Hospital's bank account as requested by State Board Staff.

WHAT WE FOUND:

- The applicants addressed a total of 16 criteria and have successfully addressed all of the criteria relevant to this project.

STATE BOARD STAFF REPORT
St. Bernard Ambulatory Care Center/Physicians Office Building
PROJECT #14-032

APPLICATION CHRONOLOGY	
Applicants	St Bernard Hospital
Facility Name	St. Bernard Ambulatory Care Center/Physicians Office Building
Location	Chicago
Application Received	07/11/2014
Application Deemed Complete	07/18/2014
Can Applicants Request Another Deferral?	Yes

I. The Proposed Project

The applicant proposes to construct a three-story ambulatory care medical office building, on the campus of St. Bernard Hospital, 326 West 64th Street, Chicago, Illinois. The anticipated cost of the project is \$33,208,571. The anticipated completion date is June 1, 2016.

II. Summary of Findings

- A.** The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B.** The State Board Staff finds the proposed project is in conformance with the provisions of Part 1120.

III. General Information

The applicant is St. Bernard Hospital. St. Bernard Hospital, located in Chicago, Illinois, is a not-for-profit corporation and is exempt from federal income taxes. The Hospital, of which St. Bernard Health Network (Network) is its sole corporate member, provides inpatient, outpatient, and emergency care services for residents in the Englewood area of Chicago. The Network is sponsored by Catholic Health International, located in New Brunswick, Canada. The Network is also the sole corporate member of St. Bernard Foundation.

The Medical Office Building will be located on the hospital campus, located at 326 West 64th Street, Chicago, Illinois. St. Bernard Hospital is located in HSA VI and the A-3 planning area. HSA VI includes the City of Chicago. The A-3 planning area includes the City of Chicago Community Areas of Douglas, Oakland, Fuller Park, Grand Boulevard, Kenwood, Near South Side, Washington Park, Hyde Park, Woodlawn, South Shore, Chatham, Avalon Park, South Chicago, Burnside, Calumet Heights, Roseland, Pullman, South Deering, East Side, Garfield Ridge, Archer Heights, Brighton Park, New City, West Elsdon, Gage Park, Clearing, West Lawn, West Englewood, Englewood, Chicago Lawn and Greater Grand Crossing. The proposed ambulatory care building will be

expected to serve a planning area that includes the communities of Englewood, West Englewood, Woodlawn, Auburn Gresham, Back of the Yards, Chatham, Roseland, and Grand Boulevard.

There are nine hospitals in the A-3 planning area; Advocate Trinity Hospital, Holy Cross Hospital, Jackson Park Hospital Foundation, Mercy Hospital & Medical Center, Provident Hospital of Cook County, Roseland Community Hospital, South Shore Hospital, St. Bernard Hospital, and University of Chicago Medical Center.

This is a non substantive project subject to both a 1110 and 1120 review. Obligation of the project will occur after permit issuance.

At the conclusion of this report is the 2013 Hospital Profile for St Bernard's Hospital.

IV. The Proposed Project – Details

The applicant is proposing to construct a three story ambulatory care medical office building to house ambulatory services/ancillary services (19,355 GSF), physician offices (21,900 GSF), and shell space (6,125 GSF) for future use. The medical office building is intended to house the following clinical components: Laboratory/Specimen collection, Physical Therapy, Imaging (General Radiology, Mammography, Ultrasound, DEXA Scan, MRI), Non-Invasive Cardiology, and Walk-In Clinics for both standard and specialty services.

The Walk-in Clinics will include a Women's Wellness Clinic, and various specialty clinics to improve the healthcare and well being in the community, and enhance local access to healthcare.

V. Project Costs and Sources of Funds

The applicant is proposing to fund the project in its entirety with cash and securities totaling \$33,208,571, and the project will consist entirely of new construction. Table One lists the specific project costs and sources of funds, with reference to clinical and non-clinical considerations.

TABLE ONE			
Project Costs and Sources of Funds			
Uses of Funds	Clinical	Non Clinical	Total
Preplanning Costs	\$24,263	\$65,600	\$89,863
Site Survey and Soil Investigation	\$10,982	\$29,693	\$40,675
Site Preparation	\$0	\$364,861	\$364,861
New Construction	\$6,174,573	\$16,372,200	\$22,546,773
Contingencies	\$617,457	\$1,637,220	\$2,254,677
Architectural and Engineering	\$208,400	\$563,500	\$771,900
Consulting and Other Fees	\$154,420	\$417,514	\$571,934
Movable of Equipment	\$3,891,686	\$0	\$3,891,686

TABLE ONE			
Project Costs and Sources of Funds			
Uses of Funds	Clinical	Non Clinical	Total
Other Costs to be Capitalized	\$0	\$2,676,202	\$2,676,202
Total	\$11,081,781	\$22,126,790	\$33,208,571
Sources of Funds			
Cash & Securities	\$11,081,781	\$22,126,790	\$33,208,571
Total	\$11,081,781	\$22,126,790	\$33,208,571

VI. Cost Space Requirements

The applicants are proposing both clinical and non clinical portions for this project. Only the clinical portion will be reviewed.

TABLE TWO					
Cost Space Requirements					
Department Areas	Costs	Existing	Proposed	New Construction	Vacated
Clinical					
Specialty Clinic	\$814,338	0	1,967	1,967	823
Women's Wellness	\$1,062,720	0	2,624	2,624	1,008
Non-Invasive Cardiology	\$777,750	0	1,830	1,830	288
Diagnostic Imaging	\$3,469,863	0	4,087	4,087	520
Lab Specimen Draw	\$601,920	0	1,368	1,368	384
Orthopedic Clinic	\$468,180	0	1,156	1,156	663
Physical Therapy	\$1,442,412	0	3,501	3,501	0
Walk-In Clinic	\$872,890	0	2,129	2,129	0
Pharmacy	\$285,516	0	693	693	0
Total (Clinical)	\$9,795,589	0	19,355	19,355	3,686
Non Clinical					
Physician Offices (Lease)	\$8,982,690	0	21,909	21,909	0
Conference Center	\$980,625	0	2,615	2,615	0
Reception/Waiting	\$860,776	0	2,270	2,270	0
Parking	\$3,432,385	0	N/A	N/A	0
Green Roof	\$358,969	0	N/A	N/A	0
Building Support/Mechanical	\$3,799,177	0	9,447	9,447	0
Circulation	\$3,130,235	0	8,546	8,546	0
Shell Space	\$1,868,125	0	6,125	6,125	0
Total (Non Clinical)	\$23,412,982	0	50,912	50,912	0
Grand Total	\$33,208,571	0	70,267	70,267	3,686

VII. Section 1110.230 - Purpose of Project, Safety Net Impact Statement and Alternatives

A) Criterion 1110.230 (a) - Purpose of the Project – Information Requirements
The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served.

According to the applicant; *“The purpose of the Project is to improve access to much needed healthcare services, more specifically, the Women’s Wellness Clinic, Specialty Clinic, and Walk-In Clinic are intended to assist in improving the healthcare an well being of the local community/market.”* The applicant notes St. Bernard Hospital was initially established as an inpatient facility, and in the past had to adapt and reengineer existing resources to address current trends in healthcare, that include increased ambulatory care. St. Bernard Hospital is one of four hospitals and three Federally Qualified Health Centers (FQHC), in the Better Health Network, a collaborative effort designated as an Accountable Care Entity (ACE), which is comparable to an Accountable Care Organization (ACO). The four hospitals in the ACE are:

- St. Bernard Hospital & Health Care Center
- South Shore Hospital
- Roseland Community Hospital
- Loretto Hospital

The three FQHCs are:

- Aunt Martha’s Youth & Health Centers
- Beloved Community Wellness Center
- Christian Community Health Center

St. Bernard’s Hospital is located in a medically underserved area where physician shortages are prevalent. The applicant proposes to accommodate new and specialty physicians to their facility, through the provision of new physician office space. **See pages 53-55 of the application for permit for a complete discussion.**

B) Criterion 1110.230 (b) - Safety Net Impact Statement – Information Requirements

All health care facilities, with the exception of skilled and intermediate long-term care facilities licensed under the Nursing Home Act [210 ILCS 45], 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 the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

The applicant stated the following:

“St Bernard Hospital is a safety net hospital provider to Chicago’s South Side and Englewood neighborhood, This project will enhance access to local care and, in doing so, further provide availability of safety net services in the community.” “The proposed ACC/MOB will have a positive impact on safety net services within the hospital’s service area and surrounding Chicago neighborhoods. There will be no negative impact on essential safety net services in the community nor on other local healthcare providers.” See pages 95-96 of the application for permit for a complete discussion of this criterion.

TABLE THREE			
Safety Net Information per PA 96-0031			
	Year 2011	Year 2012	Year 2013
Net Revenue	\$81,428,005	\$82,141,391	\$82,028,953
Amount of Charity Care (Charges)	\$16,161,958	\$16,350,320	\$16,993,260
Cost of Charity Care	\$6,812,737	\$6,299,778	\$6,561,067
CHARITY CARE			
Charity (# of patients)			
Inpatient	719	356	784
Outpatient	12,402	10,877	13,921
Total	13,121	11,233	14,705
Charity (cost in dollars)			
Inpatient	\$2,887,455	\$2,176,173	\$1,600,128
Outpatient	\$3,925,282	\$4,123,605	\$4,960,939
Total	\$6,812,737	\$6,299,788	\$6,561,067
Charity Care % of Net Revenue	8.3%	7.6%	7.9%
MEDICAID			
Medicaid (# of patients)			
Inpatient	5,355	4,654	3,581
Outpatient	42,607	44,492	46,192
Total	47,962	49,146	49,773
Medicaid (revenue)			
Inpatient	\$45,395,762	\$44,273,869	\$41,668,870
Outpatient	\$10,841,848	\$11,233,013	\$14,621,303
Total	\$56,237,610	\$55,506,882	\$56,290,173
% of Medicaid to Net Revenue	69%	67.5%	68.6%

C) Criterion 1110.230 (c) - Alternatives to the Proposed Project – Information Requirements

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 by the project.

The applicants considered four alternatives to the proposed project.

1. Project of a Lesser Scope

The applicant notes the proposed project was the least costly alternative, and could be considered as the alternative chosen. **Project cost: \$33,208,571.**

2. Joint Venture with Other Providers.

According to the applicant “The proposed project focuses on developing community-based services to enhance local access and improve community health.” The objective of the proposed project cannot be achieved through a joint venture, due to the absence of other locally based health organizations to undergo such a venture with. **The applicant identified no costs with this alternative.**

3. Utilize Other Available Health Resources.

The applicant notes there are no other locally-based health care resources available to meet the proposed objectives and goals pertinent to the proposed project. **The applicant identified no costs with this alternative.**

4. On Campus Facility Development

The applicant considered three “sub-alternatives” under this option, choosing the third as the most viable. They are:

- Develop a new MOB on the hospital-owned surface parking lot, with a bridge, connecting to the second and third levels of the hospital. **Estimated project cost: \$36,100,000.**
- Demolish existing convent north of Pavilion Building, and create a new ancillary MOB connecting back to the Pavilion Building on the second and third floors. **Estimated project cost: \$36,400,000.**
- Develop Free-Standing ancillary MOB on the corner of 63rd Street and Stewart Street (hospital-owned land), without a connection back to the existing hospital. **Estimated project cost: \$33,200,000.**

The third option was chosen as most viable, based on the street presence of the building and overall project cost.

VIII. Section 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space

A) Criterion 1110.234 (a) - Size of Project

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

The applicant has documented at pages 69-73 of the application for permit that the project is appropriately sized.

TABLE FOUR Size of the Project						
Department		Rooms	Proposed GSF	State Standard		Met Standard?
				GSF per Room	Total	
Laboratory		1	1,368	N/A	1,368 GSF	Yes
Diagnostic Imaging						
	General Radiology	3	Included	1,300 GSF per room	3,900 GSF	Yes
	Mammography	1	Included	900 GSF per room	900 GSF	Yes
	Ultrasound	4	Included	900 GSF per room	3,600 GSF	Yes
	Dexa	1	Included	900 GSF per room	900 GSF	Yes
	MRI	1	Included	1,800 GSF per room	1,800 GSF	Yes
Total		10	4,087 GSF		11,100 GSF	Yes
Cardiology						
	EKG	2	Included	800 GSF/Room	1600 GSF	Yes
	Stress	1	Included	800 GSF/Room	800 GSF	Yes
	Echo	1	Included	800 GSF/Room	800 GSF	Yes
	PFT Tests	11	Included	800 GSF/Room	8,800 GSF	Yes
Total		15	1,830 GSF		12,000 GSF	Yes
	Walk-In Clinic	4	2,129 GSF	800 GSF/Room	3,200 GSF	Yes
	Specialty Clinic	3	1,967 GSF	800 GSF/Room	2,400 GSF	Yes
	Women's Wellness Clinic	4	2,624 GSF	800 GSF/Room	3,200 GSF	Yes
	Ortho Clinic	2	1,156 GSF	800 GSF/Room	1,600 GSF	Yes
	Pharmacy	1	693 GSF	N/A	N/A	Yes
Physical Therapy						
	PT	1	Included	N/A	N/A	Yes
	OT	1	Included	N/A	N/A	Yes
	EMG	1	Included	N/A	N/A	Yes
Total		3	3,501 GSF	N/A	N/A	Yes
			19,355 GSF		57,968 GSF	Yes

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE REQUIREMENTS OF THE SIZE OF THE PROJECT CRITERION (77 IAC 1110.234(a))

B) Criterion 1110.234 (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 applicant has documented at pages 63-64 of the application for permit that the project will meet the utilization standards by the second year after project completion.

TABLE FIVE Utilization of Proposed Project					
Department	Rooms	State Standard	Projected Utilization	# of Rooms Justified	Met Standard?
Laboratory	1	N/A	233,136 visits	1	Yes
Imaging	10	11,100 visits	34,195 visits	38	Yes
Cardiology	1	2,000 visits	3,576 visits	2	Yes
Walk-In Clinic	1	2,000 visits	6,240	4	Yes
Specialty Clinic	1	2,000 visits	6,020	3	Yes
Women's Wellness Clinic	1	2,000 visits	6,500	4	Yes
Ortho Clinic	1	2,000 visits	2,182	2	Yes
Pharmacy	1	N/A	44,071	N/A	N/A
Physical Therapy	1	N/A	5,424 visits	N/A	Yes

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE REQUIREMENTS PROJECT SERVICE UTILIZATION CRITERION (77 IAC 1110.234(b))

C) Criterion 1110.234 (d) - Unfinished or Shell Space

If the project includes unfinished space (i.e., shell space) that is to meet an anticipated future demand for service, the applicant shall document that the amount of shell space proposed for each department or clinical service area is justified, and that the space will be consistent with the standards of Appendix B as stated in subsections (a) and (b).

The applicant notes the first floor of the three story MOB establishes the foot print for the overall building, and the remaining 6,125 GSF of space designated as shell space is simply space on the second and third floors, where other programmed areas did not fully fill the accommodated space. This remaining space will be used for non-clinical physicians offices. The applicant provided signed and notarized attestation that any future projects to build out the shell space will be first approved by the Illinois Health Facilities and Services Review Board through the Certificate of Need process. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE REQUIREMENTS OF UNFINISHED SHELL SPACE CRITERION (77 IAC 1110.234(d))

D) Criterion 1110.234 (e) - Assurances

The applicant provided a letter at page **74 of the application for permit**, attesting that any future projects to build out the shell space will be first approved by the Illinois Health Facilities and Services Review Board through the Certificate of Need process. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE REQUIREMENTS OF THE ASSURANCE CRITERION (77 IAC 1110.234(e))

IX. Section 1110.3030 – Clinical Service Areas Other Than Categories of Service

These criteria are applicable only to those projects or components of projects (including major medical equipment), concerning Clinical Service Areas (CSAs) that are not "Categories of Service", but for which utilization standards are listed in Appendix B, including:

- A) Surgery
- B) Emergency Services and/or Trauma
- C) Ambulatory Care Services (organized as a service)
- D) Diagnostic and Interventional Radiology/Imaging (by modality)
- E) Therapeutic Radiology
- F) Laboratory
- G) Pharmacy
- H) Occupational Therapy/Physical Therapy
- I) Major Medical Equipment

- 2) The applicant shall also comply with requirements of the review criterion in Section 1110.234(a) (Size of Project – Review Criteria), as well as all other applicable requirements in this Part and 77 Ill. Adm. Code 1100 and 1130. Applicants proposing to establish, expand or modernize CSAs shall comply with the applicable subsections of this Section, as follows:

PROJECT TYPE	REQUIRED REVIEW CRITERIA		
New Services or Facility or Equipment	(b)(1) & (3)	–	Background of the Applicant
	(c)	–	Need Determination – Establishment

B) Criterion 1110.3030 (b)(1) &(3) -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.

The applicant provided the necessary attestation allowing the State Board and the Department of Public Health access to all documentation to verify information in this application.

St Bernard Hospital has been a fixture in the South Chicago area, and has been considered a Safety Net Impact Hospital, serving Chicago's Englewood area and surrounding communities. The hospital was initially established as an inpatient facility, with an attached Pavilion Building to house Physician offices. Recent trends in health care delivery have motivated the applicant to invest in ambulatory oriented facilities to improve local market access to healthcare services. The applicant also sees the move to ambulatory care as a recruitment tool for future physicians. The applicant is proposing to construct a 3-story medical office building on the campus of the existing hospital to accommodate its ambulatory care services. The proposed 70,267 GSF facility will offer the following clinical services that do not fall into the Board-established categories of service.

- Laboratory
- Imaging (to include)
 - General Radiology
 - Mammography
 - Ultrasound
 - Dexa Scan
 - MRI
- Non-Invasive Cardiology (to include)
 - EKG
 - Stress Testing
 - Echocardiograms
 - Pulmonary Function Testing (PFT)
- Walk-In Clinic
- Specialty Clinic
- Women's Wellness Clinic
- Orthopaedic Clinic
- Pharmacy
- Physical Therapy

The applicant addresses the need for the above mentioned services with historical and projected utilization data that follows.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE REQUIREMENTS OF CRITERION BACKGROUND OF APPLICANT (77 IAC 1110.3030(b)(1)&(3))

C) Criterion 1110.3030 (c) - Need Determination
The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

- 1) Service to the Planning Area Residents
- 2) Service Demand
- 3) Impact of the Proposed Project on Other Area Providers
- 4) Utilization

The applicant has supplied historical and projected utilization data for each category of service to determine service demand .

1. Laboratory Specimen Collection

The applicant provided the following historical and projected utilization data. The applicant notes no major laboratory equipment or processing equipment is included, and based on the figures below, projects a 5% annual growth in utilization.

TABLE SIX	
Laboratory Utilization	
2011	8,645
2012	15,227
2013	16,014
2017	19,465
2018	20,438

2. Imaging

The applicant provided historical and projected utilization data for General Radiology, Mammography, Ultrasound, Dexa Scan, and MRI. The data indicates a 5% annual growth in utilization, and justifies the need for 12 rooms.

TABLE SEVEN	
Imaging Utilization	
General Radiology	
2011	14,621
2012	15,000
2013	14,427
2017	18,381
2018	19,760
Mammography	
2011	1,128
2012	1,152
2013	1,194
2017	1,533
2018	1,654
Ultrasound	
2011	6,533
2012	7,005
2013	7,464
2017	10,138
2018	11,254

Dexa Scan (No State Board Standard)	
2011	1
2012	26
2013	28
2017	36
2018	39
MRI (New Service)	
2011	0
2012	0
2013	0
2017	1,391
2018	1,488

3. Non-Invasive Cardiology

The applicant provided historical and projected utilization data for EKG, Stress Testing, Echocardiograms, and Pulmonary Function Testing (PFT Procedures). The data indicates a 5% annual growth in utilization, and justifies the need for 9 rooms.

TABLE EIGHT	
Non-Invasive Cardiology Utilization	
EKG	
2011	2,792
2012	2,283
2013	2,189
2017	3,136
2018	3,576
Stress Testing	
2011	188
2012	206
2013	175
2017	311
2018	395
Echocardiograms	
2011	550
2012	587
2013	612
2017	744
2018	781
Pulmonary Function Testing (PFT Procedures)	
2011	8,645
2012	15,227
2013	16,014
2017	19,465
2018	20,438

4. Walk In Clinic

The applicant provided projected utilization for the new category of service, based on non-emergent patients presenting to the Emergency Department with needs addressed that could be addressed through the proposed clinic. The applicant notes the clinic will improve access to care, complement the Accountable Care Entity, and support Anchor Home Medical.

TABLE NINE Walk-In Clinic Utilization	
2011	0
2012	0
2013	0
2017	6,240
2018	6,240

5. Specialty Clinic

The applicant notes the specialty clinic, opened in 2014, will improve the health of the population of the service area through enhanced access to services provided by specialists that are in demand in the service area. These specialty services include Cardiology, Behavioral Health, Diabetes Management, Internal Medicine, Gynecology, Gastroenterology, Surgery, Physical Rehabilitation, and Pulmonology.

TABLE TEN Specialty Clinic Utilization	
2011	0
2012	0
2013	0
2017	5,733
2018	6,020

6. Women's Wellness Clinic

Established in 2010, the Women's Wellness Clinic has provided female patients from the Englewood area access to services ranging from prenatal services to wellness education and professional referrals for follow-up care. The applicant supplied historical data, and based its projected utilization data on a demonstrable community need for better health outcomes in this area, and an assumed 25 to 26 visits per day to the four room clinic.

TABLE ELEVEN Specialty Clinic Utilization	
2011	868
2012	667
2013	1,619
2017	6,240
2018	6,500

7. Orthopaedic Clinic

Established in 2011, this clinic was formed based on an extreme shortage of orthopaedic coverage in the service area. The applicant supplied historical data, and based its projected utilization data on a demonstrable community need for better health outcomes in this area, and an assumed annual growth in utilization of 5%.

TABLE TWELVE Specialty Clinic Utilization	
2011	905
2012	1,293
2013	1,710
2017	2,079
2018	2,182

8. Pharmacy

The applicant notes the historical and projected utilization is based on prescriptions filled from patient care, and a projected 5% growth annually in utilization.

TABLE THIRTEEN Pharmacy Utilization	
2011	26,644
2012	27,855
2013	29,006
2017	41,973
2018	44,071

9. Physical Therapy/Occupational Therapy

The applicant notes this service entails the relocation of its outpatient population from its inpatient unit, to allow enhanced access and more effective operations for both populations (inpatient/outpatient). The applicant notes the historical and projected utilization is based on patient care records, and a projected 5% growth annually in utilization.

TABLE FOURTEEN PT/OT Utilization	
2011	3,139
2012	3,527
2013	4,250
2017	5,166
2018	5,424

Summary

The proposed project involves the relocation of patient services currently located in inpatient facilities, and the introduction of new outpatient modalities to better serve the community, address accessibility issues, and respond to healthcare reform. A positive finding has been made for this criterion.

5. Impact of the Proposed Project on Other Area Providers.

The applicant notes the expansion/modernization project will essentially serve the current patient base and market area more effectively. The applicant also notes

the anticipated growth proposed through this project will be from unmet service needs in the planning area, and no negative impact will occur on current providers

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION NEED DETERMINATION 77 IAC 1110.3030 (c)

X. Section 1120.120 - Availability of Funds

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

The applicant is funding this project in its entirety with cash of \$33,208,571. The project is being funded with a cash contribution of \$36 million from the Sisters of the Religious Hospitallers of St. Joseph. The Sisters of the Religious Hospitallers of St. Joseph is sponsored by Catholic Health International, the sponsor of St. Bernard Hospital. The applicant provided evidence that the gift from the Sisters of the Religious Hospitallers of St. Joseph has been provided to St. Bernard Hospital.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 IAC 1120.120)

XI. Section 1120.130 - Financial Viability

The applicant is NOT required to submit financial viability ratios if the applicants have an “A” or better bond rating or is funding the project from internal sources.

The project is being funded with a cash contribution (gift) of \$36 million from the Sisters of the Religious Hospitallers of St. Joseph. The Sisters of the Religious Hospitallers of St. Joseph is sponsored by Catholic Health International, the sponsor of St. Bernard Hospital. The applicant provided evidence that the gift from the Sisters of the Religious Hospitallers of St. Joseph has been provided to St. Bernard Hospital. The State Board Staff accepted this gift as funding from internal sources. Table Fifteen documents the balance sheet and income statement for St. Bernard Hospital for FY 2013-2012. Table Sixteen documents the financial ratios for St. Bernard Hospital. As can be seen by Table Sixteen the financial ratios are improving year over year for the hospital and by 2018 the applicant is projecting no debt and will be in compliance with all of the State Board’s Financial Ratio Standards by 2018.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1120.130)

TABLE FIFTEEN Balance Sheet Income Statement St Bernard Hospital		
	2013	2012
Balance Sheet		
Current assets:		
Cash and cash equivalents	\$5,055,432	\$5,069,274
Total current assets	\$27,612,113	\$20,993,738
Total assets whose use is limited	\$17,123,245	\$14,535,364
Land, buildings, and equipment, net	\$26,582,644	\$25,809,245
Long-term investments	\$30,841	\$30,991
Total assets	\$71,438,843	\$61,369,338
Current Liabilities	\$13,320,811	\$10,335,030
Total Liabilities	\$30,505,344	\$27,777,253
Net Assets	\$40,843,499	\$33,592,085
Income Statement		
Net Patient Revenue	\$82,028,954	\$82,141,391
Total Revenue	\$93,892,588	\$92,362,825
Total Expenses	\$90,045,873	\$85,221,667
Income from Operations	\$3,846,715	\$7,141,158
Revenue Gains in Excess of expenses and losses	\$3,886,512	\$7,147,138
Net Assets Released from Restriction purchase of equipment	\$2,114,956	\$1,906,632
Increase in Net Assets	\$6,001,468	\$9,053,770

TABLE SIXTEEN Financial Ratios St. Bernard Hospital						
Ratio	Formula	State Board Standard	2011	2012	2013	2018
Current Ratio	Current Assets/Current Liabilities	2	1.29	1.92	1.99	2.18
Net Margin Percentage	Net Income/ Net Operating Revenue	3%	5.98%	7.74%	4.14%	3.02%
Percent Debt to Total Capitalization	LT Debt/LT Debt + Net Assets	< 50%	8.91%	7.22%	5.79%	0%
Projected Debt Service Coverage	Net Income + (Depreciation + Interest + Amortization)/Principal Payments + Interest Expense	> 2.5	65	80	57	NA
Days Cash on Hand	Cash + Investments + Board Designated Funds/(Operating Expense - Depreciation Expense/365 days	> 75 days	48	87	94	101
Cushion Ratio	Cash + Investments + Board Designated Funds/Principal Payments + Interest Expense	>7.0	77	142	161	NA

XII. Section 1120.140 - Economic Feasibility

A) Criterion 1120.140 (a) - Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements.

No debt financing being used for this project. The project is being funded with a cash contribution (gift) of \$36 million from the Sisters of the Religious Hospitallers of St. Joseph. The Sisters of the Religious Hospitallers of St. Joseph is sponsored by Catholic Health International, the sponsor of St. Bernard Hospital.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS (77 IAC 1120.140 (a))

B) Criterion 1120.140 (b) - Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable.

No debt financing being used for this project. The project is being funded with a cash contribution (gift) of \$36 million from the Sisters of the Religious Hospitallers of St. Joseph. The Sisters of the Religious Hospitallers of St. Joseph is sponsored by Catholic Health International, the sponsor of St. Bernard Hospital.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION TERMS OF DEBT FINANCING (77 IAC 1120.120(b))

C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable. Board Staff notes the reported costs in this section pertain to clinical components entirely.

Preplanning Costs – These costs total \$24,263, and are .2% of the reported new construction, contingency, and equipment costs. This appears reasonable when compared to the State standard of 1.8%.

Site Survey Soil Investigation and Site Preparation - These costs are \$10,982 and are .16% of new construction and contingency costs. This appears reasonable when compared to the State Board Standard of 5%.

New Construction and Contingencies – These costs are \$6,792,030 or \$195.91 per GSF. This appears reasonable compared to the State Board standard of \$249.23 per GSF.

Contingencies – These costs are \$617,457 or 9.9% of new construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – These costs are \$208,400 and are 3% of new construction and contingencies. This appears reasonable when compared to the State Board Standard of 6.11%-9.17%.

Consulting and Other Fees – These costs are \$154,420. The State Board does not have a standard for these costs.

Movable or Other Equipment – These costs are \$3,891,686. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT AND RELATED COSTS (77 IAC 1120.120 (c))

D) Criterion 1120.140 (d) - Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.

The Annual projected operating cost per unit of service for this project is \$5.92. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 IAC 1120.140 (d))

E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The total effect of the project on capital costs are \$4.24 per unit of service. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.140 (e))

14-032 St. Bernard Hospital MOB - Chicago



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<u>Ownership, Management and General Information</u>			<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	CHARLES HOLLAND		White	2.8%	Hispanic or Latino:	1.2%
ADMINSTRATOR PHONE	773-962-4100		Black	95.4%	Not Hispanic or Latino:	98.3%
OWNERSHIP:	ST. BERNARD HOSPITAL		American Indian	0.0%	Unknown:	0.5%
OPERATOR:	ST. BERNARD HOSPITAL		Asian	0.0%		
MANAGEMENT:	Church-Related		Hawaiian/ Pacific	0.0%	IDPH Number:	2303
CERTIFICATION:			Unknown	1.7%	HPA	A-03
FACILITY DESIGNATION:	General Hospital				HSA	6
ADDRESS	326 West 64th Street	CITY: Chicago	COUNTY:	Suburban Cook (Chicago)		

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2013	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	126	126	68	4,480	18,780	1,457	4.5	55.4	44.0	44.0
0-14 Years				2	3					
15-44 Years				1,074	3,582					
45-64 Years				2,365	9,261					
65-74 Years				501	2,802					
75 Years +				538	3,132					
Pediatric	12	12	9	57	113	24	2.4	0.4	3.1	3.1
Intensive Care	10	10	10	241	2,039	5	8.5	5.6	56.0	56.0
Direct Admission				237	2,017					
Transfers				4	22					
Obstetric/Gynecology	22	22	16	1,087	2,785	274	2.8	8.4	38.1	38.1
Maternity				1,026	2,687					
Clean Gynecology				61	98					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	40	40	40	1,542	11,492	0	7.5	31.5	78.7	78.7
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	210			7,403	35,209	1,760	5.0	101.3	48.2	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	31.4%	48.4%	2.4%	7.0%	0.3%	10.6%	
	2325	3581	174	518	21	784	7,403
Outpatients	10.9%	59.0%	0.9%	10.3%	1.1%	17.8%	
	8535	46192	729	8056	882	13921	78,315
<u>Financial Year Reported:</u>	1/1/2013 to	12/31/2013	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	32.5%	63.6%	1.2%	2.7%	0.1%	100.0%	
	21,277,475	41,668,870	780,676	1,747,019	79,180	65,553,220	1,600,128
Outpatient Revenue (\$)	15.2%	74.0%	0.7%	8.8%	1.4%	100.0%	
	2,996,896	14,621,303	131,782	1,731,648	272,130	19,753,759	4,960,939
							Total Charity Care as % of Net Revenue
							7.7%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	1,006		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	996		Beds	22	4	Heart:	0
Birthing Rooms:	0		Patient Days	1,960	897	Lung:	0
Labor Rooms:	4		Total Newborn Patient Days		2,857	Heart/Lung:	0
Delivery Rooms:	3					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	0
C-Section Rooms:	2		Inpatient Studies		201,695		
CSections Performed:	200		Outpatient Studies		182,668		
			Studies Performed Under Contract		0		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	22	0	55	0	55	2.5	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	5	5	339	274	980	397	1377	2.9	1.4
Gastroenterology	0	0	1	1	581	472	850	620	1470	1.5	1.3
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	105	123	240	281	521	2.3	2.3
Oral/Maxillofacial	0	0	0	0	0	87	0	354	354	0.0	4.1
Ophthalmology	0	0	0	0	0	0	0	0	0	0.0	0.0
Orthopedic	0	0	0	0	33	35	104	60	164	3.2	1.7
Otolaryngology	0	0	0	0	0	0	0	0	0	0.0	0.0
Plastic Surgery	0	0	0	0	0	0	0	0	0	0.0	0.0
Podiatry	0	0	0	0	0	25	0	30	30	0.0	1.2
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	0	0	0	0	42	0	75	75	0.0	1.8
Totals	0	0	6	6	1080	1058	2229	1817	4046	2.1	1.7
<u>SURGICAL RECOVERY STATIONS</u>			Stage 1 Recovery Stations		0		Stage 2 Recovery Stations		0		

Dedicated and Non-Dedicated Procedure Room Utilization

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	0	0	0	0	0	0	0	0.0	0.0
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	27
Persons Treated by Emergency Services:	36,870
Patients Admitted from Emergency:	5,628
Total ED Visits (Emergency+Trauma):	36,870

Free-Standing Emergency Center

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

Outpatient Service Data

Total Outpatient Visits	78,315
Outpatient Visits at the Hospital/ Campus:	77,778
Outpatient Visits Offsite/off campus	537

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	0
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	0
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	0
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	0
EP Catheterizations (15+)	0

Cardiac Surgery Data

Total Cardiac Surgery Cases:	0
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	0
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	0

Diagnostic/Interventional Equipment**Examinations****Therapeutic Equipment****Therapies/ Treatments****Owned Contract****Inpatient****Outpt****Contract****Owned Contract**

General Radiography/Fluoroscopy	6	0	9,249	14,427	0	Lithotripsy	0	0	0
Nuclear Medicine	1	0	392	171	0	Linear Accelerator	0	0	0
Mammography	1	0	2	1,194	0	Image Guided Rad Therapy			0
Ultrasound	3	0	1,807	7,464	0	Intensity Modulated Rad Thrp			0
Angiography	0	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			0	0	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	1	0	2,445	4,637	0				
Magnetic Resonance Imaging	0	0	0	0	0				