



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-05	BOARD MEETING: December 16, 2014	PROJECT NO: 14-046	PROJECT COST: Original: \$1,597,618
FACILITY NAME: Decatur Memorial Hospital		CITY: Decatur	
TYPE OF PROJECT: Substantive			HSA: IV

PROJECT DESCRIPTION: The applicant (Decatur Memorial Hospital) is proposing to establish a 20-bed acute mental illness category of service (geriatric psychiatric unit) on the campus of Decatur Memorial Hospital (DMH), Decatur. The cost of the project is \$1,597,618. **The anticipated project completion date is March 31, 2016.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicant (Decatur Memorial Hospital) is proposing to establish a 20-bed acute mental illness category of service. The applicant states the unit will be used to provide service to the geriatric population. The cost of the project is \$1,597,618. **The anticipated project completion date is March 31, 2016.**
- Current State Board rules do not distinguish between geriatric and adolescent acute mental illness care.
- The 20-bed unit will be located on the sixth floor of the hospital, in existing space currently being used as a Medical/Surgical (Med/Surg) Unit. The project also involves the discontinuation of 20 Med/Surg beds to accommodate this unit.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project proposes to establish a category of service as required by Illinois Health Facilities Planning Act.

PURPOSE:

- In 2013, the applicant reports having treated 2,774 geriatric patients at DMH who had secondary psychiatric diagnoses alongside their initial medical conditions. The applicant notes these patients may have benefited from additional treatment in a separate psychiatric unit, equipped to treat both the psychiatric condition with the condition that warranted admission to DMH. The applicant states these patients lacked specific bed space dedicated to treating these compounded conditions, and if only 25 of the 2,774 patients identified in this 2013 population were treated, would have had a dedicated 20-bed geriatric AMI unit operating at the State Board utilization standard of 85%.

PUBLIC COMMENT:

- A public hearing was offered but no hearing was requested. The State Board Staff has received opposition letters regarding the proposed project.

CEO of St John's Hospital Springfield stated: *"I am the CEO of St. John's Hospital and am writing to oppose the proposed AMI unit that Decatur Memorial wishes to establish. It is duplicative of St. John's unit. Also, the application incorrectly states that St. John's does not provide geriatric services, In fact, all of the AMI beds at St. John's operate to serve patients 65 and older. The utilization of the beds is 54.9% (based on 2013 data), We have ample capacity to serve patients in need of psychiatric services who are 65 years or older, I also want to point out that in Decatur, St. Mary's, which is part of the same health care system as St. John's (Hospital Sisters Health System) operates 56 AMI beds, including a geriatric psychiatry service, As a result, St. John's and St. Mary's can and do collaborate and work together to serve the patient population at issue in Health Service Area 4, where there is a stated excess of 78 AMI beds per your inventory. I find the proposal to be unnecessary, It will result in a duplication of services and negatively impact St. John's Hospital. I appreciate your consideration of our concerns, and urge you to deny the project."*

CEO St. Mary's Hospital Decatur *"I am writing on behalf of St. Mary's Decatur to oppose the above referenced application filed by Decatur Memorial Hospital ("Decatur Memorial") to establish a 20 bed Acute Mental Illness ("AMI") unit. It will be duplicative of services we already offer at our hospital, also in Decatur, and will negatively impact us. Decatur Memorial's proposed 20 bed AMI unit is unnecessary and unsupported by any physician referrals letters, as required by Health Facilities and Services Review Board rules. St. Mary's operates a 56 bed AMI unit. In 2013 the utilization of the unit was 73.7%, which is not at State Board target utilization. The unit has capacity to treat additional patients. Also, the unit provides care to geriatric patients. The Decatur Memorial application states that of St. Mary's 56 AMI beds only 14 are dedicated to geriatric psychiatric services. While this is currently true, St. Mary's can re-allocate more beds to geriatric patients as needed. The HFSRB rules do not distinguish between services/beds as relates to adult, geriatric or pediatric psychiatric services. Certainly the Hospital will re-allocate some of its current psychiatric beds to accommodate patients age 65 or older, if the need is present. With this said, I would like to point out some concerns about the application itself.*

They are as follows:

- The application requests approval for an AMI service per the Board's rules. While the applicant states its services will be limited to geriatric patients, there is nothing that would prevent the applicant, once approved, from treating all ages in the unit.*
- The application states architects' drawings are "N/A". However, the majority of the costs for the project are construction costs (for modernization) and Attachment 7 refers to architect/engineering fees. Further, there are specific IDPH design standards for AMI units, so it is likely the applicant is working with an architect. Thus, the applicant should note what stage of drawings the design is in.*
- In the text of the application there is a statement that there is a need for beds in the area, even with the addition of the proposed 20 beds. This is misleading. The purported need is based on the applicant's calculation. In fact, there is an excess of 78 AMI beds in Health Service Area 4, per HFSRB need calculation.*
- The alternatives section of the application contains no cost information for the alternatives considered, as required by HFSRB rules.*
- The application contains no certified referral letters, as required by HFSRB rules. In looking at past applications to establish AMI units, the applicants provided referral letter. Decatur Memorial simply states that because it does not have a psychiatric service, it cannot provide referral letters. This is inaccurate and unacceptable. First, Decatur Memorial has two psychiatrists on staff. Either they or internists or ED physicians who see patients that require psychiatric services could provide referral letters. The application is devoid of any evidence supporting utilization of the unit at State Board target, because it has no referral letters indicating any physician will refer patients to Decatur Memorial. It also begs the question of whether these physicians (particularly the psychiatrists on staff) are currently referring to St. Mary's in Decatur, which precludes an analysis of true impact on St. Mary's should the Decatur Memorial application be approved. In summary, the application is proposing a service in an area with a significant number of excess beds - there is no need. In addition, the application proposes services that are duplicative of services in the same town, just minutes away from the applicant's hospital. Further, the service is duplicative of other area hospitals'*

services in the area. There is ample capacity to address the patient population Decatur Memorial references (albeit without any physician referral letters to support same). The application provides no referral letters as required and/or evidence that in fact the applicant will achieve target utilization within two years as required. If necessary, the HFSRB has St. Mary's commitment to re-allocate some of its 56 AMI beds to serve patients 65 and older, if there is a need in the future for same. As a result of all of the above, I urge you to deny Decatur Memorial's request to establish an additional AMI unit in Decatur."

NEED:

- There is a calculated excess of 78 Acute Mental Illness (AMI) beds in the Health Planning Area 04, per the November 2014 Revised Bed Need Determination. However there are few facilities offering this specialized psychiatric service in the immediate service area, with the closest facilities offering this service located at St. Mary's Hospital, Decatur (9 minutes away).

TABLE ONE Facilities Closest to Decatur Memorial Hospital (50 minutes) Offering AMI Services				
Hospital	City	Time (min)	AMI Beds	Utilization
St. Mary's Hospital	Decatur	9	56	73.7%
St. John's Hospital	Springfield	43	40	71.5%
Lincoln Prairie Behavioral Health Center	Springfield	44	88	69.4%
Memorial Medical Center	Springfield	46	44	54.9%

FINDINGS:

- The applicants addressed a total of 18 criterion and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1110.234 (a) - Size of the Project	The applicant exceeds the State Board Standard by 56 GSF per bed. The applicant stated <i>"The utilization of existing space makes it impossible to meet State Board standards for this unit. The existing layout of the floors and bay space present problems when trying to develop the space in the most efficient manner, resulting in spaces being somewhat larger than required"</i> .
1110.730(b) – Planning Area Need	The applicant proposes to establish a 20-bed AMI unit specializing in geriatric psychiatric services. HPA-04 currently reports having an excess of 78 AMI beds, and there are underutilized AMI facilities in the service area.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
	One of the underutilized hospitals (St. Mary's Hospital, Decatur), offers geriatric psychiatric services.
1110.730 (c) – Impact on Other Providers/Maldistribution	The applicant proposes to establish a 20-bed AMI unit specializing in geriatric psychiatric services, in an already over-bedded service area. HPA-04 currently reports having an excess of 78 AMI beds, and there are underutilized AMI facilities in the service area. One of the underutilized hospitals (St. Mary's Hospital, Decatur), already offers geriatric psychiatric services.

STATE BOARD STAFF REPORT
Decatur Memorial Hospital
PROJECT #14-046

APPLICATION CHRONOLOGY	
Applicant	Decatur Memorial Hospital
Facility Name	Decatur Memorial Hospital
Location	Decatur, Illinois
Application Received	September 5, 2014
Application Deemed Complete	September 5, 2014
Can Applicants Request a Deferral?	Yes

I. The Proposed Project

The applicants are proposing to establish a 20-bed acute mental illness category of service on the campus of Decatur Memorial Hospital, Decatur. The estimated cost of the project is \$1,597,618. The anticipated project completion date is March 31, 2016.

II. Summary of Findings

- A. The State Board Staff finds the proposed project **DOES NOT** appear to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicant is Decatur memorial Hospital. Decatur Memorial Hospital is located at 2300 North Edwards Street, Decatur, Illinois in the HSA IV Service Area and Health Planning Area IV. HSA IV and the acute mental illness planning area includes the Illinois counties of Livingston, Ford, Iroquois, McLean, Vermilion, Champaign, DeWitt, Piatt, Macon, Moultrie, Shelby, Coles, Douglas Edgar, Clark, and Cumberland.

The licensee operating entity and owner of the site is Decatur Memorial Hospital. There are five hospitals in the Acute Mental Illness Planning Area 4 that provide acute mental illness services. The November 2014 Revised Bed Determination indicates a calculated excess of 78 Acute Mental Illness beds in the Acute Mental Illness Planning Area 4.

The estimated start-up costs/operating deficit for this project is \$1,455,737. This is a substantive project subject to a Part 1110 and Part 1120 review. Project obligation will occur after permit issuance.

IV. Summary of Support and Opposition Letters

No public hearing was requested. Letters of opposition were received by the State Board Staff.

V. The Proposed Project - Details

The applicant is proposing to establish a 20-bed acute mental illness category of service, specializing in the care of geriatric AMI patients at Decatur Memorial Hospital, Decatur. The proposed service will be located on the sixth floor of the existing hospital, in 12,315 GSF of space. The proposed project will also involve the discontinuation of 20 Med/Surg beds to accommodate the new service. Upon project completion, the overall bed complement at Decatur Memorial Hospital will remain at 300 beds, with the Med/Surg bed complement being reduced from 224 to 204. The cost of project is \$1,597,618.

VI. Project Costs and Sources of Funds

The applicant is funding this project internally, with cash and securities of \$1,597,618. Debt is not being used to fund this project, and all identified costs are classified as clinical.

TABLE TWO	
Project Costs and Sources of Funds	
USE OF FUNDS	CLINICAL
Preplanning Costs	\$20,000
Modernization Contracts	\$1,278,748
Contingencies	\$143,420
Architectural/Engineering Fees	\$153,450
Consulting & Other Fees	\$2,000
TOTAL USES OF FUNDS	\$1,597,618
SOURCE OF FUNDS	CLINICAL
Cash and Securities	\$1,597,618
TOTAL SOURCES OF FUNDS	\$1,597,618

VII. Cost Space Chart

The applicant is proposing a total of 12,315 GSF of space for this service.

TABLE THREE					
Cost Space Chart					
Department	Cost	Proposed GSF	New Construction	As Is	Vacated
AMI Unit	\$1,597,618	12,315	12,315	0	0
Total Clinical	\$1,597,618	12,315	12,315	0	0

VIII. Section 1110.230 - Project Purpose, Safety Net Impact and Alternatives

A) Criterion 1110.230 (b) - Purpose of the Project

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. The applicant shall define the planning area or market area, or other, per the applicant's definition.

The applicants stated the following regarding the purpose of the project.

In 2013, the applicants report having served 2,774 patients age 60 and older who presented with secondary psychiatric diagnoses, and would have benefitted from having treatment in a separate psychiatric unit, equipped and staffed to treat both medical and psychiatric conditions simultaneously. The applicant acknowledges the excess of AMI beds in HPA-04, but attributes this overage to the conglomeration of adolescent psych, adult psych, and geriatric psych data. The applicant isolated the utilization data for the geriatric patient base, and identified a need for 55 beds in the region. The applicant also notes the only other provider of specialized AMI services for the elderly is St. Mary's Hospital, Decatur. This facility currently has 56 AMI beds to serve all three age demographics. The applicant propose to establish a 20-bed AMI unit, dedicated to the geriatric psych population, in an effort to meet the needs of an underserved portion of the AMI population in the region.

B) Criterion 1110.230(b) - Safety Net Impact Statement

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:

"The hospital currently serves as a safety net hospital for a n an area with historically high unemployment and a substantial minority population. The population projections utilized to develop this project shows that the area has experienced more than a 10% growth in the population age 65 and over, which means an increasing number of Medicare patients will be served by this hospital. The proposed project will allow the hospital to provide additional services to the planning areas geriatric population without adversely impacting any other are facility's ability to also serve as a safety net for their patients. All of the projections used in this application show that a significant number of additional beds are needed to serve the geriatric psych population of the area"

The applicants supplied charity care information, which is illustrated in Table Four.

TABLE FOUR			
Safety Net Information per PA 96-0031			
	2011	2012	2013
Net Revenue	\$247,225,994	\$246,286,986	\$243,155,509
Amount of Charity Care (charges)	\$23,734,612	\$23,792,647	\$23,762,064
Cost of Charity Care	\$5,548,867	\$5,713,114	\$5,422,408
Ratio	\$2.24%	2.32%	2.23%
CHARITY CARE			
Charity (# of patients)	2011	2012	2013
Inpatient	977	1,020	935
Outpatient	13,979	15,210	13,019
Total	14,956	16,230	13,954
Charity (cost In dollars)			
Inpatient	\$2,020,583	\$1,713,562	\$1,897,179
Outpatient	\$3,528,284	\$3,999,552	\$3,525,229
Total	\$5,548,867	\$5,713,114	\$5,422,408
MEDICAID			
Medicaid (# of patients)	2011	2012	2013
Inpatient	2,360	2,400	2,324
Outpatient	42,415	41,964	40,592
Total	44,775	44,364	42,916
Medicaid (revenue)			
Inpatient	\$8,192,738	\$7,349,672	\$6,895,729
Outpatient	\$7,091,432	\$6,471,656	\$6,048,820
Total	\$15,284,170	\$13,821,328	\$12,944,549

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

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

The applicant reviewed the following three alternatives:

1) Do Nothing

The applicant rejected this alternative, due to the inability to address the growing need for inpatient geriatric psych services at DMH. In the absence of the proposed service, DMH's geriatric psych patient population would have gone without care, or be placed in nursing homes. The applicant did not identify a cost with this alternative.

2) Construct an Addition to the Existing Hospital

The applicant rejected this option for two reasons. 1) it was determined that the cost of constructing a new addition would be triple the cost for upgrading/utilizing existing space. 2) The applicant reports having an excess of Med/Surg beds, which could easily be remodeled to meet the needs of a Geri-Psych program, without adversely impacting the applicant's ability to serve the inpatient needs of the area. The applicant did not identify a project cost with this option.

3) Alternative as Proposed

The applicant chose the alternative to convert existing Med/Surg bed space, based on its low cost, and availability of bed space for a 20-bed unit. The applicant found the option chosen was the least costly alternative to meet the needs of the planning area, in the most efficient manner possible.

IX. Section 1110.234 - Project Scope and Size, Utilization

A) Criterion 1110.234 - Size of Project

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

The following table shows the project's square footage versus the State Norms:

TABLE FIVE				
Size of the Project				
	Proposed GSF	State Standard		Difference
20 Bed AMI Unit	12,315 GSF	440-560 GSF//Bed	11,200 GSF	1,115 GSF over/ 56 GSF/Bed

The applicant is proposing a total of 12,315 GSF for a 20-bed AMI unit. This is factored down to 616 GSF/bed, which exceeds the State standard by 56 GSF per bed (See Table Five).

The applicant stated in regards to the GSF overage “*The utilization of existing space makes it impossible to meet State Board standards for this unit. The existing layout of the floors and bay space present problems when trying to develop the space in the most efficient manner, resulting in spaces being somewhat larger than required*”.

A negative finding has been found for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH 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 is proposing to establish a 20-bed AMI unit dedicated to the care of geriatric psych patients, and bases the need for this project on the prevalence rate of individuals in this specific age group requiring necessary intervention in order to allow the individual to perform normal activities of daily living. The applicant notes having treated 2,774 patients in 2013, with either primary or secondary diagnoses of mental illness. The applicant notes that the unit would achieve acceptable occupancy standards (85%), if only 705 patients were treated in the unit, after project completion. This is based on an average length of stay consisting of 8.8 days. Based on these projected utilization data, a positive finding results for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SERVICES UTILIZATION CRITERION (77 IAC 1110.234 (a)).

X. Section 1110.730 - Acute Mental Illness – Review Criteria

a) Introduction

- 1) This Section applies to projects involving Acute Mental Illness (AMI) and Chronic Mental Illness (CMI). Applicants proposing to establish, expand or modernize AMI and CMI categories of service shall comply with the applicable subsections of this Section, as follows:

PROJECT TYPE	REQUIRED REVIEW CRITERIA
Establishment of Services or Facility	(b)(1) & (3) – Background of the Applicant
	(c)(1) – Planning Area Need – 77 Ill. Adm. Code 1100 (formula calculation)
	(c)(2) – Planning Area Need – Service to Planning Area Residents
	(c)(3) – Planning Area Need – Service Demand – Establishment of AMI and/or CMI

PROJECT TYPE	REQUIRED REVIEW CRITERIA
	(c)(5) – Planning Area Need – Service Accessibility
	(d)(1) – Unnecessary Duplication of Services
	(d)(2) – Maldistribution
	(d)(3) – Impact of Project on Other Area Providers
	(f) – Staffing Availability
	(g) – Performance Requirements
	(h) – Assurances

B) Criterion 1110.730 (a) - Background of Applicant

1) **An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6**

The applicant supplied licensing and accreditation information on pages 32-35 of the application. The applicant also attested that the State Board may access any documentation that the State Board deems pertinent to the application for permit.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH BACKGROUND OF APPLICANT CRITERION (77 IAC 1110.730(a))

C) Criterion 1110.730 (b) - Planning Area Need

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population.

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

A) The number of beds to be established for each category of service is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.

2) Service to Planning Area Residents

A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

3) Service Demand – Establishment of AMI and/or CMI

The number of beds proposed to establish a new AMI and/or CMI service is necessary to accommodate the service demand experienced by the existing applicant facility over the latest two-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new hospital, the applicant shall submit projected referrals.

D) Patient Type

The applicant shall identify the type of patients that will be served by the project by providing the clinical conditions anticipated (e.g., eating disorder, borderline personality disorder, dementia) and age groups (e.g., childhood, adolescent, geriatric) targeted.

5) Service Accessibility

The number of beds being established or added for each category of service is necessary to improve access for planning area residents.

The applicant is proposing to establish a 20 bed acute mental illness service to care for geriatric patients in Acute Mental Illness Planning Area 4. There is a calculated excess of 78 acute mental illness beds in this planning area. Currently the State Board does not distinguish between geriatric or adolescent AMI beds. The primary service area for the proposed project also is the primary planning area for hospital as a whole with the majority of the applicant's patients being located within the boundaries of HSA 4. HSA 4 includes the Illinois counties of Livingston, Ford, Iroquois, McLean, Vermilion, Champaign, DeWitt, Piatt, Macon, Moultrie, Shelby, Coles, Douglas Edgar, Clark, and Cumberland. There is one other hospital within 30 miles of the applicant's facility that provides specialized geriatric psych services. St. Mary's Hospital, Decatur is reported as having a dedicated geriatric psych service with a complement of 14-beds, but shares its clinical care space with the adult and adolescent psych services.

The applicant did not provide referral letters to estimate the number of patients to be served by the AMI service. Instead the applicant projected the number of patients who will utilize the service based upon admission data from 2013, and estimated population growth of geriatric patients in the service area.

The applicant provided the following methodology to estimate the number of AMI beds being proposed.

“Need for the proposed acute mental illness beds are based on the prevalence rate of individuals with an acute mental illness requiring intervention in order to allow the individual to perform nominal activities of daily living. The annual prevalence rate is based on studies performed for the National Institutes of Health (NIH) and the National Institute of Mental Health (NIMH) published in 1999. (US

Department of Health and Human Services, Mental Health: A report of the Surgeon General, National Institute of Mental Health, 199 and as updated, pages 46 through 48). These rates are applied to the hospital's primary and regional market populations to provide an estimate of the baseline population at-risk of needing treatment services. In general, approximately 13% of the child and adolescent population (persons under 18 years of age), and 14% of the general adult population (persons 18-54 years of age), and 14.7 % of the older adult population (persons 55 to 64 years of age) and 19.8% of the geriatric population (persons 65 years or older) have an acute mental illness appropriate for intervention. The child and adolescent population is not considered in developing the need for beds in this application because the unit proposed will be dedicated for service to patients 55 years and older. Using the prevalence rates discussed above and the population shown on Attachment #22b and an average length of stay of 8.8 days (the standard of practice for the facilities in the region) while adjusting for inpatient and outpatient utilization, the number of beds needed to support the population age 55 and over, totals 55 beds in 2012 and 58 beds in 2017. Only one facility within 30 minutes travel time of the proposed project offers any kind of dedicated service to the geriatric population of the planning area, St. Mary's Hospital, which is located in Decatur and has 56 beds to serve all age levels for AMI services. St. Mary's Hospital has designated 14 of the 56 beds to treat the geriatric population.

Again, utilizing the same data as discussed above for the total adult population, but not utilizing and children or adolescent population data and not calculating any need for those younger patients the need for adult patients 18 and over totals 116 beds in 2012 and 116 beds in 2017. Even if the applicant's proposed 20 beds are added to St. Mary's existing 56 beds, the proposed service area would still have an additional need for 40 beds. When the child and adolescent need is added to that figure even more additional beds would be needed. It is important to note here than St. Mary's hospital has specifically designated 14 of the hospitals 56 beds for older adult and geriatric patients. When the applicant's proposed 20 beds are added to St. Mary's unit the total number of beds designated for service to the 55 and older population in the service area would be only 34 beds which is substantially less than the 55-58 beds projected to be needed to serve this population group.

The figures below appear to be consistent with the hospital's experience regarding patients with either a primary or secondary psychiatric diagnosis treated at the hospital. During 2013, 2,774 patients were treated at Decatur Memorial Hospital, who were age 60 and older, and had secondary psychiatric diagnoses and may have benefited from additional treatment in a separate geriatric psychiatric unit equipped to treat both their psychiatric problems and simultaneously continue treatment of their medical problems Based upon an average length of stay of 8.8 days and an 85% occupancy rate if only 705 of these patients were treated in the proposed unit (25.4% of the total) the unit would have fully met the State Board's utilization standards.”

TABLE SIX						
Estimate of Need for AMI Beds						
Age Group	2012 Population	Percent Needing Inpatient Services	Estimated Inpatients	ALOS	Estimated Patient Days	Estimated Bed Need *
18-54	75,510	2.83%	2,135	8.8	18,788	61
55-64	23,585	2.97%	700	8.8	6,160	20
65 and older	30,200	4.00%	1,210	8.8	10,648	35
Total	129,295		4,045	8.8	35,536	116
	2017 Population					
18-54	72,090	2.83%	2,035	8.8	17,908	58
55-64	23,180	2.97%	690	8.8	6,072	20
65 and older	33,295	4.00%	1,330	8.8	11,704	38
Total	128,565		4,055	8.8	35,684	116

The applicant identified four facilities within a 45-minute radius that offer AMI service, but only one with a dedicated geriatric psych program. Of the four facilities identified in Table One, none were operating at or above the State standard (85%).

There is a calculated excess of 78 acute mental illness beds in this planning area by CY 2015, and there appears to be underutilized acute mental illness service available within 30 minutes of the proposed site. A negative finding has been made for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE OF PLANNING AREA NEED CRITERION (77 IAC 1110.730 (b))

D) Criterion 1110.730(c) - Unnecessary Duplication/Maldistribution – Review Criterion

- 1) The applicant shall document that the project will not result in an unnecessary duplication.
- 2) The applicant shall document that the project will not result in maldistribution of services.
- 3) The applicant shall document that, within 24 months after project completion, the proposed project:
 - A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and
 - 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 occupancy standards.

As can be seen by Table One on page 2, there are underutilized AMI beds within 45 minutes of the proposed site, and there is also an excess of 78 AMI beds in HSA 4. The closest hospital which provides specialized geriatric AMI services is 9 minutes from the proposed unit, but according to the applicant, would be unable to serve the projected increase in geriatric AMI patients in the coming years. It appears the establishment of 20 additional AMI beds in the planning area would contribute to unnecessary duplication/maldistribution. A negative finding results for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE UNNECESSARY DUPLICATION OF SERVICE/MALDISTRIBUTION CRITERION (77 IAC 1110.730(c))

E) Criterion 1110.730 (f) - Staffing Availability

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

The applicant provided a narrative at page 46 of the application for permit that details the process the applicant will use to recruit staff for this 20 bed unit. The applicants' strategy includes recruiting an additional psychiatrist, and executing a contact with Diamond Healthcare Corporation to manage the unit, and assist with all other staffing needs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE STAFFING AVAILABILITY (77 IAC 1110.730(f))

F) Criterion 1110.730 (g) - Performance Requirements – Bed Capacity Minimums

1) The minimum unit size for a new AMI unit within an MSA is 20 beds.

2) The minimum unit size for a new AMI unit outside an MSA is 10 beds.

The applicant is not located within an MSA; therefore the unit size meets the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE PERFORMANCE REQUIREMENTS-BED CAPACITY CRITERION (77 IAC 1110.730(g))

G) Criterion 1110.730(h) -Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

The applicant provided the necessary assurance at page 111 of the application for permit that the proposed AMI unit will be at target occupancy of 85% by the second year of operation.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH THE PERFORMANCE REQUIREMENTS-BED CAPACITY CRITERION (77 IAC 1110.730(g))

XI. 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 internally, with cash and equivalents, including investment securities, and unrestricted funds. The applicant provided a consolidated financial statements from years 2012 and 2013 (application, p. 114), attesting to the financial to undertake the proposed project.

TABLE SEVEN Decatur Memorial Hospital Audited Financial Statements September 30, 2013	
	2013
Cash	\$23,633,334
Current Assets	\$73,365,928
Assets Limited to Use	\$51,274,408
PPE	\$110,268,550
Total Assets	\$391,590,668
Current Liabilities	\$42,280,888
Long Term Debt	\$11,475,000
Total Liabilities	\$80,148,738
Net Patient Revenue	\$243,156,509
Total Revenues	\$260,575,546
Expenses	\$258,140,872
Operating Income	\$2,434,674
Excess of Revenues over Expenses	\$18,036,102

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

XII. Section 1120.130 - Financial Viability

The applicant provided a consolidated financial statements from years 2012 and 2013 (application, p. 114), attesting to the financial to undertake the proposed project. Because the applicant is funding the transaction internally (cash and securities) the applicant has qualified for the financial viability waiver.

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

XIII. Section 1120.140 - Economic Feasibility

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

The applicant shall document the reasonableness of financing arrangements.

There is no debt associated with this project; the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF FINANCING ARRANGEMENTS CRITERION (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.

There is no debt associated with this project; the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CONDITIONS OF DEBT FINANCING CRITERION (77 IAC 1120.140(b)).

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

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the State Board Standards.

Preplanning – These costs total \$20,000, which comprise 1.4% of the Modernization, Contingencies, and Equipment Costs. This appears reasonable when compared to the State Board Standard of 1.8%.

Modernization and Contingency Costs – These costs are \$1,422,168 or \$115.48 per GSF. This appears reasonable when compared to the State Board Standard of \$284.10.

Contingency Costs – These costs are \$143,420 or 11.2% of modernization costs. These costs appear reasonable when compared to the State Board Standard of 10-15%.

Architectural and Engineering Fees – These costs are \$153,450 or 10.7% of new modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 7.63% – 11.45%.

Consulting & Other Fees – These costs are \$2,000. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140(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 projected operating costs per equivalent patient day are \$1,746.80. The applicants have met this criterion.

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

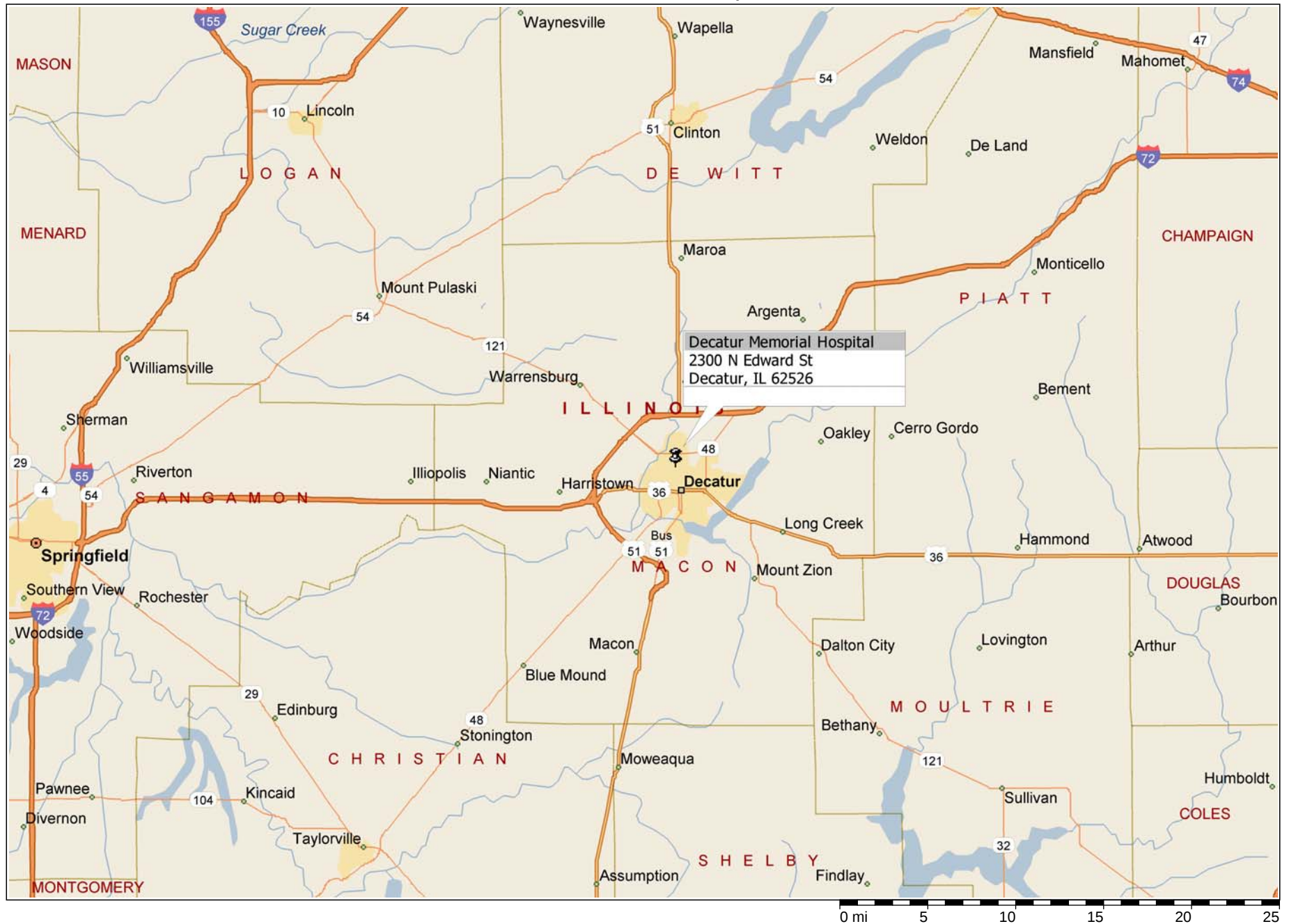
E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

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 is \$174.16 per equivalent patient day.

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

14-046 Decatur Memorial Hospital - Decatur



<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Timothy D Stone			White	83.6%	Hispanic or Latino:	0.6%
ADMINSTRATOR PHONE	217-876-2114			Black	14.3%	Not Hispanic or Latino:	97.7%
OWNERSHIP:	Decatur Memorial Hospital			American Indian	0.3%	Unknown:	1.6%
OPERATOR:	Decatur Memorial Hospital			Asian	0.3%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R			Hawaiian/ Pacific	0.0%	IDPH Number:	0471
CERTIFICATION:				Unknown	1.6%	HPA	D-04
FACILITY DESIGNATION:	General Hospital					HSA	4
ADDRESS	2300 North Edward Street	CITY:	Decatur	COUNTY:	Macon County		

<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	224	204	113	8,130	29,158	4,696	4.2	92.8	41.4	45.5
0-14 Years				0	0					
15-44 Years				1,028	3,127					
45-64 Years				2,484	8,587					
65-74 Years				1,704	6,218					
75 Years +				2,914	11,226					
Pediatric	18	18	9	601	1,166	846	3.3	5.5	30.6	30.6
Intensive Care	32	32	32	1,015	7,880	246	8.0	22.3	69.6	69.6
Direct Admission				1,015	7,880					
Transfers				0	0					
Obstetric/Gynecology	26	26	18	1,195	2,801	1,444	3.6	11.6	44.7	44.7
Maternity				947	2,304					
Clean Gynecology				248	497					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	5	1	1,804	0	1,804.0	4.9	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
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	300			10,942	42,809	7,232	4.6	137.1	45.7	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>								Total Charity Care Expense 7,658,820
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals	
Inpatients	47.8%	18.1%	0.0%	25.9%	4.0%	4.2%		
	5234	1980	0	2831	442	455	10,942	
Outpatients	43.6%	15.6%	0.0%	33.1%	3.2%	4.6%		
	118032	42144	0	89770	8612	12360	270,918	
<u>Financial Year Reported:</u>	10/1/2012 to	9/30/2013	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					Total Charity Care as % of Net Revenue 2.9%
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	
Inpatient Revenue (\$)	49.5%	4.3%	0.0%	27.7%	18.5%	100.0%		
	42,656,197	3,720,216	0	23,916,440	15,948,484	86,241,337	2,340,150	
Outpatient Revenue (\$)	27.3%	4.1%	0.0%	47.1%	21.5%	100.0%		
	47,932,103	7,132,145	0	82,703,898	37,718,267	175,486,413	5,318,670	

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	1,030		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	1,028		Beds	24	0	Heart:	0
Birthing Rooms:	0		Patient Days	2,188	346	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		2,534	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	9		Inpatient Studies		344,917	Total:	0
C-Section Rooms:	2		Outpatient Studies		649,080		
CSections Performed:	393		Studies Performed Under Contract		18,870		

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	2	0	0	2	81	0	473	0	473	5.8	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	6	6	758	1651	1848	2806	4654	2.4	1.7
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	1	1	247	224	953	523	1476	3.9	2.3
OB/Gynecology	0	0	1	1	293	881	695	1140	1835	2.4	1.3
Oral/Maxillofacial	0	0	0	0	19	6	52	12	64	2.7	2.0
Ophthalmology	0	0	2	2	0	1187	0	1358	1358	0.0	1.1
Orthopedic	0	0	4	4	783	2402	2086	4162	6248	2.7	1.7
Otolaryngology	0	0	2	2	76	1434	156	2283	2439	2.1	1.6
Plastic Surgery	0	0	0	0	1	720	5	982	987	5.0	1.4
Podiatry	0	0	0	0	27	371	44	604	648	1.6	1.6
Thoracic	0	0	0	0	84	4	235	9	244	2.8	2.3
Urology	0	0	0	0	94	186	551	406	957	5.9	2.2

Totals	2	0	16	18	2463	9066	7098	14285	21383	2.9	1.6
<u>SURGICAL RECOVERY STATIONS</u>			Stage 1 Recovery Stations		32		Stage 2 Recovery Stations		17		

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	5	5	918	2040	486	1121	1607	0.5	0.5
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	0	4522	0	1131	1131	0.0	0.3
Cystoscopy	0	0	2	2	217	970	408	1644	2052	1.9	1.7

Multipurpose Non-Dedicated Rooms

Minor Procedure	0	0	1	1	0	113	0	122	122	0.0	1.1
	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	Level 2 Not Answered
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	26
Persons Treated by Emergency Services:	49,505
Patients Admitted from Emergency:	7,297
Total ED Visits (Emergency+Trauma):	49,505

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	270,918
Outpatient Visits at the Hospital/ Campus:	270,918
Outpatient Visits Offsite/off campus	0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	3
Cath Labs used for Angiography procedures	3
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	970
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	681
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	227
EP Catheterizations (15+)	62

Cardiac Surgery Data

Total Cardiac Surgery Cases:	81
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	81
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	63

<u>Diagnostic/Interventional Equipment</u>	<u>Examinations</u>					<u>Therapeutic Equipment</u>			<u>Therapies/ Treatments</u>
	Owned	Contract	Inpatient	Outpt	Contract	Owned	Contract		
General Radiography/Fluoroscopy	11	0	8,498	50,195	0	Lithotripsy	1	0	77
Nuclear Medicine	5	0	793	4,383	0	Linear Accelerator	2	0	9,187
Mammography	6	0	16	14,795	0	Image Guided Rad Therapy			5,125
Ultrasound	13	0	4,493	19,689	0	Intensity Modulated Rad Thrp			3,430
Angiography	3	0				High Dose Brachytherapy	1	0	0
Diagnostic Angiography			40	289	0	Proton Beam Therapy	0	0	0
Interventional Angiography			82	595	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	1	0	65	1,225	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	5	0	2,063	20,626	0				
Magnetic Resonance Imaging	5	0	808	9,961	0				