



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-04	BOARD MEETING: January 27, 2015	PROJECT NO: 14-053	PROJECT COST: Original: \$3,153,066
FACILITY NAME: Centegra Hospital-Huntley		CITY: Huntley	
TYPE OF PROJECT: Substantive			HSA: VIII

PROJECT DESCRIPTION: The applicants (Centegra Hospital – Huntley, Northern Illinois Medical Center d/b/a Centegra Hospital-McHenry, Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock and Centegra Health System) are proposing to establish a cardiac catheterization category of service. The cost of the project is \$3,153,066. **The anticipated completion date is December 31, 2016.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Centegra Hospital – Huntley, Northern Illinois Medical Center d/b/a Centegra Hospital-McHenry, Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock and Centegra Health System) are proposing to establish a cardiac catheterization category of service. The cost of the project is \$3,153,066. **The anticipated completion date is December 31, 2016.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the applicants are proposing to establish a category of service as defined by the State Board.

PURPOSE OF THE PROJECT:

- Per the applicants the purpose of this project is to alleviate the high utilization of Centegra Health – McHenry’s cardiac catheterization program.

PUBLIC COMMENT:

- An opportunity for a public hearing was offered; none was requested. Impact letters were received regarding this proposal. The State Board Staff received 837 letters of support regarding this project.

NEED FOR THE PROJECT:

- The State Board does not project need for the cardiac catheterization category of service. Need for cardiac catheterization service is determined by the number of cardiac cath services operating in the cardiac cath planning area and whether those programs are operating at or above 400 cardiac catheterizations per year. 77 IAC 1100.620 (c) - Need Determination – Cardiac Catheterization Programs *“No additional cardiac catheterization service shall be started unless each facility in the planning area offering cardiac catheterization services operates at a level of 400 procedures annually.”*
- There are 11 cardiac catheterization programs in the HSA-08 Cardiac Catheterization Planning Area. All 11 programs are operating at or above the 400 cardiac cath per year based upon 2013 data. HSA-08 includes the counties of Lake, Kane and McHenry.

TABLE ONE						
Facilities in the HSA VIII Service Area with Cardiac Catheterization Services						
Facility	City	HSA	County	Number of Cardiac Cath.	Cath Procedures	Met Requirement?
Advocate - Good Shepherd Hospital	Barrington	8	Lake	2	1,124	Yes
Advocate Condell Medical Center	Libertyville	8	Lake	3	2,063	Yes
Advocate Sherman Hospital	Elgin	8	Kane	6	2,308	Yes
Centegra Hospital - McHenry	McHenry	8	McHenry	3	1,855	Yes
Delnor Community Hospital	Geneva	8	Kane	1	441	Yes

TABLE ONE Facilities in the HSA VIII Service Area with Cardiac Catheterization Services						
Facility	City	HSA	County	Number of Cardiac Cath.	Cath Procedures	Met Requirement?
Highland Park Hospital	Highland Park	8	Lake	2	1,226	Yes
Northwestern Lake Forest Hospital	Lake Forest	8	Lake	1	514	Yes
Presence Mercy Medical Center	Aurora	8	Kane	3	1,523	Yes
Presence Saint Joseph Hospital	Elgin	8	Kane	4	482	Yes
Rush-Copley Medical Center	Aurora	8	Kane	3	1,648	Yes
Vista Medical Center East	Waukegan	8	Lake	3	1,125	Yes

- Current State Board rules allow for a variance to the establishment criterion if an applicant can document that a new program is necessary to alleviate excessively high demand for an existing program. *“A variance to the establishment requirements of 1110.1330(b), "Establishment or Expansion of Cardiac Catheterization Service" shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity”*
- The applicants have submitted the proposed project under this variance. The applicants own Centegra Hospital-McHenry and the cardiac cath program at Centegra Hospital-McHenry performed 2,424 procedures for the period October 2013-September 2014. The applicants believe that the proposed project to establish the 1 cardiac cath lab at Centegra Hospital-Huntley will alleviate the high utilization at the Centegra Hospital-McHenry.

WHAT WE FOUND

- The applicants addressed a total of 20 criteria and have successfully addressed them all.

STATE BOARD STAFF REPORT
Centegra Hospital-Huntley
#14-053

APPLICATION CHRONOLOGY	
Applicants(s)	Centegra Hospital – Huntley, Northern Illinois Medical Center d/b/a Centegra Hospital-McHenry, Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock and Centegra Health System
Facility Name	Centegra Hospital-Huntley
Location	10400 Haligus Road, Huntley, Illinois
Permit Holder	Centegra Hospital –Huntley
Licensee/Operating Entity	Centegra Hospital – Huntley
Owner of Site	NIMED Corporation
Application Received	October 22, 2014
Application Deemed Complete	October 23, 2014
Review Period Ends	April 22, 2014
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

I. The Proposed Project

The applicants (Centegra Hospital – Huntley, Northern Illinois Medical Center d/b/a Centegra Hospital-McHenry, Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock and Centegra Health System) are proposing to establish a cardiac catheterization category of service at Centegra Hospital-Huntley. The cost of the project is \$3,153,066. **The anticipated completion date is December 31, 2016.**

II. Summary of Findings

- A.** The State Board Staff finds the proposed project appears 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 applicants are Centegra Hospital – Huntley, Northern Illinois Medical Center d/b/a Centegra Hospital-McHenry, Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock and Centegra Health System. All four are not for profit domestic corporations and have complied with all of the provisions of the General Not for Profit Corporation Act and are in Good Standing with the State of Illinois.

The owner of the site is NIMED Corporation a not for profit affiliate of Centegra Health System and the licensee operating entity will be Centegra Hospital-Huntley. Centegra Hospital-Huntley is located at 10400 Haligus Road Huntley, Illinois in Health Service Area HSA-08 and Health Planning Area A-10.

The applicants are in compliance with Illinois Executive Order 2006-5 that requires that the site is not located on a flood plain, as identified by the most recent FEMA Flood Insurance Rate Map for this location, and that this location complies with the Flood Plain Rule and the requirements stated with Executive Order #2006-5. The applicants are also in compliance with the Illinois Historic Preservation Agency that requires that no significant historic, architectural, archaeological resources are located within the proposed project area.

IV. Health Service Area HSA-08

Health Service Area HSA-08 includes the counties of Kane, Lake, and McHenry. There are 15 hospitals in this health service area, 13 acute care hospitals, 1 psychiatric hospital (Vista Medical Center West), and 1 critical access hospital (Mercy Harvard Hospital). 11 of these hospitals provide cardiac catheterization services in this service area. In 2013 81.2% of the patients in this service area were white, 8.0% were black, 2.1% Asian, and 8.7% other. Approximately 23% of the revenue in the service area came from Medicare, 7% Medicaid, and 63.5% private pay. The service area provided 2.3% of net revenue in charity care.

TABLE TWO		
Hospitals in Health Service Area HSA -08		
Facilities	City	Cardiac Catheterization Service
Advocate - Good Shepherd Hospital	Barrington	Yes
Advocate Condell Medical Center	Libertyville	Yes
Advocate Sherman Hospital	Elgin	Yes
Centegra Hospital - McHenry	McHenry	Yes
Centegra Hospital - Woodstock	Woodstock	
Delnor Community Hospital	Geneva	Yes
Highland Park Hospital	Highland Park	Yes
Mercy Harvard Hospital	Harvard	
Midwestern Regional Medical Center	Zion	
Northwestern Lake Forest Hospital	Lake Forest	Yes
Presence Mercy Medical Center	Aurora	Yes
Presence Saint Joseph Hospital	Elgin	Yes
Rush-Copley Medical Center	Aurora	Yes
Vista Medical Center East	Waukegan	Yes
Vista Medical Center West	Waukegan	

TABLE THREE Payor Mix of Hospitals in the HSA -08				
Payor Source	HSA-08		State of Illinois	
Medicare	\$797.2	23.27%	\$10,026.4	30.05%
Medicaid	\$242	7.06%	\$4,636	13.90%
Other Public	\$20.8	0.61%	\$296.2	.89%
Private Insurance	\$2,176.6	63.54%	\$17,021.5	51.02%
Private Pay	\$189.2	5.52%	\$1,383.9	4.15%
Charity Care Expense	\$80.4	2.35%	\$1,181.1	3.5%
Total	\$3,425.8	100.00%	\$33,364	100.00%

V. Project Costs and Uses of Funds

The applicants are funding this project with cash of \$3,153,066. The estimated Start-Up Costs are \$70,000.

TABLE FOUR Project Costs and Sources of Funds	
Preplanning Costs	\$47,336
Modernization Contracts	\$680,680
Contingencies	\$68,068
Architectural/Engineering Fees	\$81,682
Consulting and Other Fees	\$375,000
Movable or Other Equipment	\$1,900,300
Total Use of Funds	\$3,153,066
Source of Funds	
Cash	\$3,153,066

VI. Costs Space Requirements

The applicants are proposing 1,768 GSF of modernized space for the proposed project.

TABLE FIVE Cost Space Requirements							
		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Cardiac Catheterization	\$3,153,066	0	1,768	0	1,768	0	0
Central Sterile Supply	\$0.00	5,256	3,488	0	0	3,488	3,488
Total	\$3,153,066	5,256	5,256	0	1,768	3,488	3,488

VII. **Criterion 1110.530 (b) - Background of Applicant**

To address this criterion the applicants must provide documentation of the number of health care facilities owned, their license number accreditation number and an attestation that no adverse action has occurred within the past three years prior to the filing of the application for permit. In addition the applicants must provide authorization giving the State Board and the Department access to any and all information to verify information in the application.

Centegra Health System is the sole corporate member of Centegra Hospital - Huntley, Centegra Hospital - McHenry and Centegra Hospital - Woodstock. Centegra Health System currently operates two hospitals: Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry; Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock. Centegra Health System is also the sole corporate member of Centegra Hospital - Huntley, which was granted a CON permit by the Health Facilities and Services Review Board on July 24, 2012 but is not yet operational. Centegra Health System is also a member of Algonquin Road Ambulatory Surgery Center, L.L.C., which is an Illinois health care facility, as defined under the Illinois Health Facilities Planning Act (20 ILCS 3960/3). The applicants have provided the necessary attestation that the applicants have not had an adverse action in the past three years and that the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health can access any and all records to verify information in this application.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANT (77 IAC 1110.530 (b) (1) (3))

VIII. **Section Purpose, Safety Net Impact, Alternatives**

A. Criterion 1110.230 (a) - Purpose of Project

To address this criterion the applicants must provide documentation of the purpose of project and the health care issues that are to be addressed with the proposed project.

According to the applicants:

“This project will improve the health care and result in increased well-being of the market area population by establishing the Cardiac Catheterization Category of Service at Centegra Hospital- Huntley. Centegra Hospital - Huntley is in Hospital Planning Area A-10 for acute care, and the Planning Area for Cardiac Catheterization Services is HSA-08, which consists of Kane, Lake, and McHenry Counties. There are 11 facilities in Planning Area HSA-08 that provide Cardiac Catheterization Category of Service. As reported in the 2013 annual hospital questionnaires, all of the facilities in Planning Area HSA-08 are operating above the target utilization of 400 procedures per year.

Centegra Hospital - McHenry is currently the only facility in McHenry County providing the Cardiac Catheterization Category of Service. This project will alleviate high utilization at Centegra Hospital-McHenry and the applicants are applying under the Multiinstitutional Variance criterion. Centegra Hospital-McHenry currently has sufficient volume so that both its existing service and the proposed service at Centegra Hospital-Huntley will operate above the target utilization rate. In addition, the applicants are submitting referral letters from Cardiologists currently admitting to Centegra Hospital-McHenry documenting the volume of procedures for patients who currently have undergone cardiac catheterization at Centegra Hospital - McHenry and who reside in Centegra Hospital - Huntley's service area. Centegra Hospital - McHenry is experiencing high utilization in the Cardiac Catheterization Category of Service During the most recent 12 month period (October 2013 - September 2014), Centegra Hospital-McHenry has experienced more than 750 procedures per lab in each of its three labs. Due to the high utilization of Cardiac Catheterization at Centegra Hospital- McHenry, and to better serve the patients in the Planning Area HSA-08, Centegra Health System is seeking to establish one cardiac catheterization lab at Centegra Hospital - Huntley utilizing the multi-institutional variance criterion.

The market area for this project is the same as the proposed service area for Centegra Hospital - Huntley. The market area consists of the following zip codes, all of which are located primarily in Planning Area HSA-08.

Primary Service Area

60142 Huntley
60156 Lake in the Hills
60014 Crystal Lake
60102 Algonquin
60152 Marengo
60140 Hampshire
60110 Carpentersville
60180 Union
60118 Dundee
60136 Gilberts

Secondary Service Area

60098 Woodstock
60013 Cary
60012 Crystal Lake
60039 Crystal Lake
60010 Barrington
60021 Fox River Grove

The applicant received referral letters from area Cardiologists documenting the number of cardiac catheterizations they anticipate performing at Centegra Hospital - Huntley. The procedures are documented patients that currently reside in Centegra Hospital-Huntley's service area.

This project proposes to address the following health care issues.

- This project proposes to establish one Cardiac Catheterization lab at Centegra Hospital - Huntley.*
- This project proposes to address the high utilization at Centegra Hospital-McHenry.*
- This project proposes to increase the accessibility cardiac catheterization services to patients because Centegra Hospital - McHenry is the only facility providing Cardiac Catheterization Category of Service in McHenry County.*
- Cardiac catheterization is available at four facilities in Kane County and six facilities in Lake County, the other counties making up Planning Area HSA-08 .*
- This project proposes to address the cardiac catheterization needs of the residents of the Centegra Hospital - Huntley service area that are identified by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) as Medically Underserved Populations.”*

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

To address this criterion the applicants proposing a substantive project must provide a safety net statement and three years of historical Medicaid and Charity Care Information.

The applicants stated the following:

The project's material impact, if any, on essential safety net services in the community. Health Safety Net Services have been defined as services provided to patients who are low-income and otherwise vulnerable, including those uninsured and covered by Medicaid. This CON application proposes to establish the Cardiac Catheterization Category of Service at Centegra Hospital- Huntley. Centegra Hospital-Huntley is in

Hospital Planning Area A-10 for acute care, and the Planning Area for Cardiac Catheterization Services is HSA-08, which consists of Kane, Lake, and McHenry Counties. There are 11 facilities in Planning Area HSA-08 that provide Cardiac Catheterization Category of Service. As reported in the 2013 annual hospital questionnaires, all of the facilities in Planning Area HSA-08 are operating above the target utilization of 400 procedures per year. This project proposes to increase the accessibility to cardiac catheterization services for patients because Centegra Hospital - McHenry is the only facility providing Cardiac Catheterization Category of Service in McHenry County. Cardiac catheterization is available at four facilities in Kane County and six facilities in Lake County, the other counties making up Planning Area HSA-08. The market area for this project is the same as the proposed service area for Centegra Hospital - Huntley. The market area consists of the following zip codes, all of which are located completely or primarily in Planning Area HSA-08

Primary Service Area

60142 Huntley
60156 Lake in the Hills
60014 Crystal Lake
60102 Algonquin
60152 Marengo
60140 Hampshire
60110 Carpentersville
60180 Union
60118 Dundee
60136 Gilberts

Secondary Service Area

60098 Woodstock
60013 Cary
60012 Crystal Lake
60039 Crystal Lake
60010 Barrington
60021 Fox River Grove

There are residents of Planning Area 8 A-10 who are low-income and otherwise vulnerable, as documented by their residing in Medically Underserved Areas and/or Populations. Medically Underserved Areas and Medically Underserved Populations are designated by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) based on the Index of Medical Underservice. Designated Medically Underserved Areas (MUAs) and Medically Underserved Populations (MUPs) are eligible for certification and funding under federal programs such as Community Health Center (CHC) grant funds, Federally Qualified Health Centers (FQHCs), and Rural Health Clinic <http://bhpr.hrsa.gov/shortage/muaguide.htm> (Health Resources and Services Administration, U.S. Department of Health and Human Services). Within the proposed service area for this project there are four census tracts that have been designated by the Governor as having a federally-designated Medically Underserved Population, a designation that is made to document unusual local conditions and barriers to accessing personal health services. This project will have a positive impact on essential safety net services in Planning Area HSA-08 for those patients requiring the Cardiac Catheterization Category of Service by establishing the category of service at Centegra Hospital - Huntley.

The project's impact on the ability of another provider or health care system to cross-subsidize safety net services. This project will not negatively impact other hospitals ability to cross-subsidize safety net series because it is seeking to establish one cardiac catheterization lab at Centegra Hospital - Huntley to alleviate high utilization at Centegra Hospital-McHenry under the Multi-Institutional Variance criterion. The applicant received referral letters from area Cardiologists documenting the number of cardiac catheterizations they anticipate performing at Centegra Hospital- Huntley. The procedures are documented patients that currently reside in Centegra Hospital - Huntley's service area and were treated at Centegra Hospital- McHenry. As a result, this project should not have any impact on the ability of another provider or health care system to cross-subsidize safety services, but it is anticipated that it will enhance Centegra Health System's ability to cross- subsidize safety net services at all of its locations.

TABLE SIX			
Centegra Hospital McHenry			
CHARITY CARE			
	FY2011	FY2012	FY2013
Net Patient Revenue	\$246,545,773	\$248,781,809	\$240,896,275
Charity (# of patients)			
Inpatient	370	485	395
Outpatient	1,924	2,567	2,307
Total	2,294	3,052	2,702
Charity (cost In dollars)			
Inpatient	\$3,122,403	\$3,034,156	\$3,513,146
Outpatient	\$1,840,401	\$1,898,986	\$2,709,832
Total	\$4,962,804	\$4,933,142	\$6,222,978
% of Net Patient Revenue	2.00%	2.00%	2.60%
MEDICAID			
	FY2011	FY2012	FY2013
Medicaid (# of patients)			
Inpatient	1,135	955	837
Outpatient	18,126	17,174	12,462
Total	19,261	18,129	13,299
Medicaid (revenue)			
Inpatient	\$8,314,827	\$6,149,882	\$5,560,904
Outpatient	\$5,790,092	\$5,166,129	\$4,232,101
Total	\$14,104,919	\$11,316,011	\$9,793,005
% of Net Patient Revenue	5.72%	4.55%	4.07%

TABLE SIX Centegra Hospital Woodstock Doty Road			
CHARITY CARE			
	FY2011	FY2012	FY2013
Net Patient Revenue	\$138,015,277	\$140,197,892	\$136,566,603
Charity (# of patients)			
Inpatient	286	263	222
Outpatient	1,676	1,993	1,806
Total	1,962	2,256	2,028
Charity (cost In dollars)			
Inpatient	\$1,692,160	\$1,644,603	\$1,728,190
Outpatient	\$1,620,743	\$1,601,008	\$1,727,954
Total	\$3,312,903	\$3,245,611	\$3,456,144
% of Net Patient Revenue	2.40%	2.30%	2.50%
MEDICAID			
	FY2011	FY2012	FY2013
Medicaid (# of patients)			
Inpatient	967	842	792
Outpatient	15,324	13,781	10,146
Total	16,291	14,623	10,938
Medicaid (revenue)			
Inpatient	\$6,190,103	\$6,731,097	\$5,255,660
Outpatient	\$2,486,947	\$3,465,923	\$1,542,046
Total	\$8,677,050	\$10,197,020	\$6,797,706
% of Net Patient Revenue	6.29%	7.27%	4.98%
Centegra Hospital Woodstock South Street			
	FY2011	FY2012	FY2013
Net Revenue	\$14,824,286	\$15,033,470	\$12,508,547
Charity Care			
Inpatients	183	197	159
Outpatients	173	178	91
Total	356	375	250
Inpatients	\$726,949	\$864,137	\$934,427
Outpatients	\$0	\$8,403	\$13,000
Total	\$726,949	\$872,540	\$947,427
% of Net Revenue	4.90%	5.80%	7.60%
Medicaid Revenue			
Medicaid (# of patients)			
Inpatients	197	172	177

Outpatients	118	87	107
Total	315	259	284
	FY2011	FY2012	FY2013
Inpatients	\$678,527	\$404,518	\$713,803
Outpatients	\$543,040	\$237,465	\$649,194
Total	\$1,221,567	\$641,983	\$1,362,997
% of Net Revenue	8.20%	4.27%	10.90%

C. Criterion 1110.230 (c) - Alternatives

To address this criterion the applicants must document the alternatives considered to the proposed project.

The applicants considered two alternatives to the proposed project.

1. Expand the Cardiac Catheterization Unit at Centegra Hospital-McHenry by adding one cardiac catheterization lab to the existing unit in the existing space.

This alternative was determined to be infeasible because Centegra Hospital - McHenry does not have available space within the existing Cardiac Catheterization Unit to accommodate an additional lab. Capital Costs for this alternative, if it had been determined to be feasible: \$3,203,066 and would include the same costs as the proposed project in addition to \$50,000 incremental costs needed to gut the existing space.

2. Expand the Cardiac Catheterization Unit at Centegra Hospital-McHenry by creating a newly constructed unit consisting of four cardiac catheterization labs.

The capital costs for implementing this alternative at Centegra Hospital - McHenry: \$8,845,788. There would be incremental cost of nearly \$5.7 million associated with selecting this alternative because it would require a new addition to be constructed at Centegra Hospital-McHenry. Construction of a new addition would result in additional costs for new construction of an addition as well as additional costs associated with the new construction that are not required for the proposed project, including demolition and clearing of the area where the new addition would be constructed, site survey and soil investigation, and preparation of the site for the new construction.

The three cardiac catheterization labs at Centegra Hospital-McHenry are located on the ground floor in the interior core of the building adjacent to the Surgery Department and Radiology Department and are surrounded on all sides by other clinical services that cannot easily, or cost effectively, be relocated. The existing catheterization labs have the surgical suite directly to the east and south, an interior corridor and radiology suite are located to the west, and the hospitals heart center is to the north and underground at this portion of the building. Having the cardiac catheterization lab located in space not adjacent to the Heart Center would also result in operational inefficiencies.

IX. Section Size of Project/Project Utilization

A) Criterion 1110.234 (a) – Size of the Project

To address this criterion the applicants must comply with the size standards as documented at 1110 Appendix B

The applicants are proposing 1,768 GSF of space for the one cardiac catheterization laboratory. The State Board Standard is 1,800 GSF per laboratory. The applicants have successfully addressed this criterion.

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

B) Criterion 1110.234 (b) – Project Utilization

To address this criterion the applicants must document that the cardiac cath laboratory will be at target occupancy of 200 catheterization procedures per year by the second year after project completion.

Three physician provided referral letters that stated 236 cardiac cath procedures were performed from the period October 2013-September 2014 for residents residing in the Centegra Hospital-Huntley service area.

1. **Douglas Tomasian, MD**, performed 301 Cardiac Catheterization procedures at Centegra Hospital - McHenry. 108 of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital-Huntley.
2. **Brian Akrami, DO** performed 322 Cardiac Catheterization procedures at Centegra Hospital- McHenry. 121 of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital - Huntley.
3. **Jason Trager, DO** performed 13 Cardiac Catheterization procedures at Centegra Hospital - McHenry. Seven of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital - Huntley.

The State Board Staff concludes that the applicants based upon the physician referral letters have successfully addressed this criterion.

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

X. Section 1110.1330 - Cardiac Catheterization

A) Criterion 1110.1330 (a) - Peer Review

Any applicant proposing the establishment or modernization of a cardiac catheterization unit shall detail in its application for permit the mechanism for adequate peer review of the program.

The applicants stated the following: “The cardiac catheterization service at Centegra Hospital Huntley will be affiliated with the existing cardiac catheterization service at the co-applicant Centegra Hospital- McHenry which has operated that service since 1992. Centegra Hospital-Huntley will adopt a peer review program similar to that currently in effect at Centegra Hospital-McHenry and includes the following details. The peer review committee chair shall be the cardiac catheterization medical director, who shall be board certified in interventional cardiology, actively practicing at Centegra Hospital - McHenry and Centegra Hospital- Huntley and appointed at the sole discretion of the administration. Members of this committee will all be actively practicing interventional cardiologist at Centegra Hospital - Huntley. The committee shall establish and periodically update all protocols for cardiac catheterization laboratory procedures, with regular revisions as needed. The protocols include procedures for the committee's evaluation of quality studies and related morbidity and mortality of patients as well as the technical aspects of providing the cardiac catheterization service. The committee shall review cases that are selected, at the committee's discretion, for quality outcomes and review overall catheterization lab quality indicators on a regular basis. The committee chair shall make regular reports to the general hospital based Quality Assurance Committee/Medical Executive Committee, as needed. Data shall be collected and submitted to the relevant American College of Cardiology registries to monitor outcomes and ensure compliance with current guidelines. These reports shall be reviewed regularly by the quality committee. The committee shall meet on a regular basis, as determined by its chair.”

The State Board Staff concludes the applicants will have a peer review program in place at the proposed Centegra Hospital – Huntley.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION PEER REVIEW (77 IAC 1110.1330(a))

B) Criterion 1110.1330 (b) - Establishment of Cardiac Catheterization Service

To address this criterion the applicants must provide information that documents that each cardiac catheterization category of service in the health planning area are operating at a level of 400 procedures annually.

Centegra Hospital - Huntley is in planning area HSA-08 which includes McHenry, Lake and Kane Counties. There are currently 11 facilities that provide cardiac catheterization services within planning area HSA-08. See Table below. All 11 facilities have met the standards outlined in 77 III. Adm. Code 1100.620 during CY2013.

The State Board Staff concludes that all facilities in the HSA-08 cardiac catheterization planning area are operating above the 400 procedures annually based upon 2013 information.

TABLE SEVEN Facilities with Cardiac Catheterization Programs						
Facility	City	HSA	County	Laboratories	Procedures	Met Requirement?
Advocate - Good Shepherd Hospital	Barrington	8	Lake	2	1,124	Yes
Advocate Condell Medical Center	Libertyville	8	Lake	3	2,063	Yes
Advocate Sherman Hospital	Elgin	8	Kane	6	2,308	Yes
Centegra Hospital - McHenry	McHenry	8	McHenry	3	1,855	Yes
Delnor Community Hospital	Geneva	8	Kane	1	441	Yes
Highland Park Hospital	Highland Park	8	Lake	2	1,226	Yes
Northwestern Lake Forest Hospital	Lake Forest	8	Lake	1	514	Yes
Presence Mercy Medical Center	Aurora	8	Kane	3	1,523	Yes
Presence Saint Joseph Hospital	Elgin	8	Kane	4	482	Yes
Rush-Copley Medical Center	Aurora	8	Kane	3	1,648	Yes
Vista Medical Center East	Waukegan	8	Lake	3	1,125	Yes
Information taken from 2013 Hospital Questionnaire						

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION ESTABLISHMENT OF CARDIAC CATHETERIZATION SERVICES (77 IAC 1110.1330 (b))

C) Criterion 1110.1330 (c) (1) (2) - Unnecessary Duplication of Services

Any application proposing to establish cardiac catheterization services must indicate if it will reduce the volume of existing facilities below 200 catheterizations. Any applicant proposing the establishment of cardiac catheterization services must contact all facilities currently providing the service within the planning area in which the applicant facility is located, to determine the impact the project will have on the patient volume at existing services.

Centegra Hospital- Huntley sent requests to the 63 facilities that provide the Cardiac Catheterization that are located within 90 minutes travel time of Centegra Hospital-Huntley, asking each facility to assess the impact this proposed project would have on their Cardiac Catheterization program. Documentation of these letters can be found at pages 301-487 of the application for permit. Impact letters were submitted by the following hospitals.

Impact Letters

Stephen Scogna President and Chief Executive Officer Northwest Community Hospital stated *“the proposed establishment will have no impact on Northwest Community Hospital.”*

Bill Gorski, MD SwedishAmerican Hospital stated *“the impact of this project on the Cardiac Catheterization volume at SwedishAmerican Hospital will be minimal. For the record, we support this project.”*

Scott Steiner CEO MacNeal Hospital stated in support *“I am in receipt of your letter that Centegra will be seeking a Certificate of Need permit to establish the Cardiac Catheterization Category of Service at Centegra Hospital- Huntley) located at 10400 Haligus Road in Huntley, Illinois. We believe that this project will have no impact on volume at MacNeal Hospital.”*

Larry M. Goldberg President and CEO Loyola University Medical Center stated *“after reviewing our patient origin of cardiac catheterization patients, we anticipate the proposed new service at your Huntley facility will not have a negative impact on our Cardiac Catheterization services.”*

Barbara Martin CEO Vista Healthcare stated in opposition *“this letter is being sent to document Vista Health System's opposition to your plans to add a cardiac catheterization ("cath") service to your proposed Huntley Hospital, and in response to your October 17, 2014 letter requesting that Vista Medical Center East comment on the anticipated impact on Vista Medical Center East's utilization, should your project be approved by the Illinois Health Facilities and Services Review Board. Because of the nature of multi-hospital systems, it would be incorrect to assume that a cath service in Huntley would not impact a similar service in Waukegan. First, as cath volume is shifted from Centegra's McHenry hospital to Centegra's Huntley hospital, capacity will "free up" in Centegra's McHenry hospital's cath lab and particularly capacity during the most desirable hours for scheduled procedures. Vista Health System and Centegra Health System have overlapping service areas, particularly in north central and northwest Lake County, and the addition of cath lab capacity at Centegra's McHenry hospital resulting from the moving of cases to Centegra-Huntley will likely result in a negative impact on the utilization of Vista Medical Center East's cath lab, particularly by residents from communities such as Lake Villa, Antioch, Round Lake, Grays Lake and Ingleside. During 2013, 271 residents of the ZIP Code areas assigned to these five Lake County communities received services in Vista Medical Center East's cath lab. An additional eleven patients from McHenry County utilized Vista Medical Center East's cath lab in 2013. Second, surely the planning for Centegra-Huntley involved an assessment of whether or not cardiac catheterization services should have been included in that Certificate of Need application. One of the factors that were likely taken into consideration was the low utilization of the cardiac cath service at Centegra's McHenry hospital, when compared to the IDPH's utilization standard. The IDPH's utilization target for cardiac cath programs is 1,500 procedures per year, not the minimum of 400*

procedures per year at existing providers prior to the approval of an additional program referenced on page 88 of your CON application. As noted in Centegra-McHenry's IDPH Hospital Profile, the hospital has three cath procedure rooms, and only 1,855 procedures were performed in 2013. As such, more than sufficient cath capacity already exists at Centegra's McHenry hospital."

The State Board Staff has concluded based upon the fact that no facilities volume will be reduced below 200 procedures annually that will no duplication of service in the HSA 8 cardiac catheterization planning area.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION UNECESSARY DUPLICATION OF SERVICE (77 IAC 1110.1330 (c))

D) Criterion 1110.1330 (e) - Support Services

To address this criterion an applicant must provide evidence that support services will be available as needed.

The following support services will be available.

1. Nuclear medicine laboratory:
 - o Available 11 hours per day Monday - Friday and available on an as-needed basis at other times.
2. Echocardiography service:
 - o Available 14 hours daily and available on an as-needed basis at other times.
3. Electrocardiography laboratory and services, including stress testing and continuous cardiogram monitoring:
4. Available 8 hours daily and available on an as-needed basis at other times.
5. Pulmonary Function unit: Immediately available on a 24 hour basis
6. Blood bank: Immediately available on a 24 hour basis
7. Hematology laboratory - coagulation laboratory: Immediately available on a 24 hour basis
8. Microbiology laboratory: Immediately available on a 24 hour basis
9. Blood Gas laboratory: Immediately available on a 24 hour basis
10. Clinical pathology laboratory with facilities for blood chemistry: Immediately available on a 24 hour basis

Based upon the information provided by the applicants the State Board Staff concludes that support services will be available as needed.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION SUPPORT SERVICES (77 IAC 1110.1330 (e))

E) Criterion 1110.1330 (g) - Staffing

Any applicant proposing to establish a cardiac catheterization laboratory must document that appropriate personnel are available:

- 1) Lab director board-certified in internal medicine, pediatrics or radiology with subspecialty training in cardiology or cardiovascular radiology.
- 2) A physician with training in cardiology and/or radiology present during examination with extra physician backup personnel available.
- 3) Nurse specially trained in critical care of cardiac patients, knowledge of cardiovascular medication, and understanding of catheterization equipment.
- 4) Radiologic technologist highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization instrumentation, and with thorough knowledge of the anatomy and physiology of the cardiovascular system.
- 5) Cardiopulmonary technician for patient observation, handling blood samples and performing blood gas evaluation calculations.
- 6) Monitoring and recording technician for monitoring physiologic data and alerting physician to any changes.
- 7) Electronic radiologic repair technician to perform systematic tests and routine maintenance; must be immediately available in the event of equipment failure during a procedure.
- 8) Darkroom technician well trained in photographic processing and in the operation of automatic processors used for both sheet and cine film.

The applicants have documented that the appropriate personnel are available for these positions at pages 98-99 and 104-139, and 140-150 of the application for permit. Curriculum vitae were provided. The State Board Staff finds that based upon information contained in the application sufficient personnel are available to staff the cardiac catheterization program.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING (77 IAC 1110.1330 (g))

F) Criterion 1110.1330 (h) - Continuity of Care

An applicant proposing the establishment of a cardiac catheterization service must document that written transfer agreements have been established with facilities with

open-heart surgery capabilities for the transfer of seriously ill patients for continuity of care.

The transfer agreement with Centegra Hospital –McHenry to provide open heart surgery is necessary. A copy of the transfer agreement can be found at pages 151-156 of the application for permit.

Based upon the reviewed transfer agreement provided in the application for permit the State Board Staff concludes continuity of care will be provided.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION CONTINUITY OF CARE (77 IAC 1110.1330 (h))

G) Criterion 1110.1330 (i) - Multi-Institutional Variance

A variance to the establishment requirements of 1110.1330(b) shall be granted if the applicant can demonstrate that the proposed new program is necessary to alleviate excessively high demands on an existing operating program's capacity.

Each of the following must be documented:

- A)** That the proposed unit will be affiliated with the existing operating program. This must be documented by written referral agreements between the facilities, and documentation of shared medical staff;

The co-applicants Centegra Hospital-McHenry and Centegra Hospital-Huntley are already affiliated as they are both within the Centegra Health System. A copy of Centegra Health System's organization chart is included at page 71 of the application for permit. Centegra Health System is the sole corporate member of both Centegra Hospital-McHenry and Centegra Hospital- Huntley. It is anticipated by the applicants that the medical staff members on staff at Centegra Hospital-McHenry who provide cardiac catheterization services will also be on the Medical Staff of Centegra Hospital-Huntley and will provide the same services at that facility. In addition, the Medical Staffs from existing Centegra facilities have already begun discussions concerning the unification of the Medical Staffs pursuant to recently released CMS regulations effective July 11, 2014.

- B)** That the existing operating program provides open heart surgery

Centegra Hospital-McHenry currently operates an open heart program and has a transfer agreement with Centegra Hospital-Huntley.

- C)** That initiation of a new program at the proposed site is more cost effective, based upon a comparison of charges, than expansion of the existing operating program;

Per the applicants *“Expansion at the existing program is not feasible. The three cardiac*

catheterization labs at Centegra Hospital - McHenry are located on the ground floor in the interior core of the building adjacent to the Surgery Department and Radiology Department and are surrounded on all sides by other clinical services that cannot easily, or cost effectively, be relocated. The existing catheterization labs have the surgical suite directly to the east and south, an interior corridor and radiology suite are located to the west, and the hospital's heart center is to the north and underground at this portion of the building. The expansion of the Centegra Hospital - McHenry's Cardiac Catheterization/Interventional Radiology Suite would require the construction of an addition to the hospital and the relocation of the existing catheterization laboratories in order to preserve the desired adjacencies. This expansion and relocation would cost \$8,845,788."

- D)** That the existing operating program currently operates at a level of more than 750 procedures annually per laboratory.

Centegra Hospital-McHenry performed 1,855 cardiac catheterization procedures in 2013 at the 3 laboratories currently at the hospital. During the most recent 12 months, October 2013 - September 2014, 1,931 cardiac catheterization procedures have been performed at Centegra Hospital - McHenry. An additional 439 interventional radiology procedures have been performed in the cardiac catheterization laboratories, resulting in a total of 2,424 procedures performed in the 3 cardiac catheterization laboratories.

- E)** That the proposed unit will operate at the minimum utilization target occupancy and that such unit will not reduce utilization in existing programs below target occupancy. The minimum utilization target is 200 cardiac cath procedures per year.

The applicants are projecting the following procedures

TABLE EIGHT	
Cardiac Catheterization Procedures	
Partial year	177
First Year	236
Second Year	237

The three physicians listed below provided referrals letters attesting that they will refer patients to the proposed cardiac catheterization services at the hospital.

1. **Douglas Tomasian, MD,** performed 301 Cardiac Catheterization procedures at Centegra Hospital - McHenry. 108 of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital-Huntley.
2. **Brian Akrami, DO** performed 322 Cardiac Catheterization procedures at Centegra Hospital- McHenry. 121 of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital - Huntley.

3. **Jason Trager, DO** performed 13 Cardiac Catheterization procedures at Centegra Hospital - McHenry. Seven of the Cardiac Catheterization procedures were for patients residing in the proposed service area for Centegra Hospital - Huntley.

The applicants' state *"Huntley anticipates 236 cardiac catheterization procedures to be performed in the first full fiscal year of operation, FY18. The projected five year population growth rate for the service area is 1.9%, or .4% per year. Utilizing the population growth rate, 237 procedures are expected for FY19."*

The State Board Staff concludes based upon the utilization at the existing cardiac catheterization program at Centegra Hospital-McHenry that the applicants have successfully met the requirements of the multi-institutional variance criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION MULTI-INSTITUTIONAL VARIANCE (77 IAC 1110.1330 (g))

FINANCIAL

XI. Section 1120.120 - Availability of Funds

To address this criterion the applicants must provide documentation that funds are available to fund the proposed project.

The applicants are funding this project with cash of \$3,153,066. A review of the audited financial statements documents sufficient cash is available to fund this project.

TABLE NINE		
Centegra Health System and Affiliates		
Audited Financial Statements		
As of June 30		
(In thousands)		
	2014	2013
Cash and Cash Equivalents	\$6,928	\$14,018
Current Assets	\$116,710	\$104,535
Total Assets	\$673,620	\$504,114
Current Liabilities	\$64,682	\$61,908
Long Term Debt	\$348,147	\$211,013
Net Patient Service Revenue	\$430,576	\$409,050
Total Revenue	\$434,018	\$399,728
Expenses	\$435,284	\$398,315
Income from Operations	(\$1,266)	\$1,413
Revenue and gains in excess of expenses and losses	\$7,574	\$6,929

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

XII. Section 1120.130 - Financial Viability Variance

To address this criterion the applicants must document that project will be funded from internal resources.

The applicants have qualified for the variance because the applicants are funding this project from internal sources

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

XIII. Section 1120.140 - Economic Feasibility

A) Criterion 1120.140 (a) - Reasonableness of Financing

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

No debt financing is involved in the funding of this project.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING AND TERMS OF DEBT FINANCING (77 IAC 1120.140(a) (b))

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

To address this criterion the applicants must document that the project costs are in compliance with current State Board Standards.

Preplanning Costs – these costs are \$47,336 and are less than 1% of modernization, contingencies and movable or other equipment costs of \$2,649,048. This appears reasonable when compared to the State Board Standard of 1.8%.

TABLE TEN Preplanning Costs	
Programming	\$5,000
Conceptual Planning	\$10,000
Preliminary Design	\$16,336
Consulting	\$10,000
Project Feasibility	\$6,000
Total	\$47,336

Modernization and Contingencies Costs – these costs are \$748,748 and are \$423.50 per GSF. This appears when compared to the State Board Standard of \$660.68.

TABLE ELEVEN	
Means Standard (New Construction) Northern Suburbs	\$410.00
Modernization Standard (70% of \$410)	\$304.48
Midpoint of Project	2 years (2016)
Inflation Factor	3%
Complexity Index	2.168
State Board Standard	\$660.68

Contingencies costs – these costs are \$68,068 and are 10% of modernization costs. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural/Engineering Fees - these costs are \$81,682 and are 10.9% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 8.04-12.06%

Consulting Costs – these costs are \$375,000. The State Board does not have a standard for these costs.

TABLE TWELVE Consulting Costs	
Interior Design	\$6,000
Development Services	\$40,000
Reimbursables	\$6,000
Low Voltage I Security Engineer	\$5,000
MEP Commissioning	\$3,000
Medical Equipment Planning	\$10,000
Construction Testing Services	\$3,000
CON Consultant Fee	\$50,000
IHFPB Filing Fees	\$10,000
IDPH Plan Examination Fee	\$20,000
Building Permit Fee -Local	\$7,000
Builders Risk Insurance	\$5,000
Legal Fees	\$75,000
Other Consultants	\$50,000
Project Management and Oversight	\$75,000
Miscellaneous and Printing	\$10,000
Total	\$375,000

Movable or Other Equipment – these costs are \$1,900,300. The State Board does not have a standard for these costs.

TABLE THIRTEEN Movable Equipment	
Medical Equipment	\$1,613,700
Furniture	\$60,000
Signage	\$1,600
Information Technology	\$125,000
Other Equipment	\$100,000
Total	\$1,900,300

TABLE FOURTEEN Medical Equipment		
Equipment	Maker of Equipment	Cost
Board, Patient Transfer Device	Aadco Medical Inc.	\$500
Cabinet, Warming, Single, Counter	Blickman Inc.	\$2,500
Cart, Procedure, Resuscitation,	InterMetro Industries Corporation	\$1,200
Computer Workstation, Cardiac Cath-Lab, Hemodynamic	GE Healthcare -Cardiology	\$125,000
Computer Workstation, Cardiac Cath-Lab, Reading	GE Healthcare -Cardiology	\$20,000
Defibrillator, Monitor, w/Pacing	Zoll Medical Corporation	\$12,000
Dispenser, Medication, countertop	Care Fusion -Pyxis	\$15,000
Dispenser, Supply, Catheter	CareFusion Pyxis	\$40,000
Dispenser, Supply, Host	CareFusion Pyxis	\$15,000
Injector, Contrast Media, Mobile	Medrad Inc	\$40,000
Monitor, Video, 52 55 inch, Medical Grade	NDS Surgical Imaging	\$20,000
Pump, Balloon, Intra-Aortic	MAQUET Cardiovascular	\$50,000
Refrigerator, Commercial, Undercounter	Summit Appliance	\$2,500
Thrombectomy System, Catheter	MEDRAD Interventional Possis	\$80,000
Ultrasound, Imaging, Vascular Access	Volcano Corp.	\$90,000
X-Ray Unit, Interventional, Angio I Cardiac (Single Plane)	Philips Healthcare-Imaging Systems	\$1,100,000
Total		\$1,613,700

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 IAC 1120.140(c))

D) Criterion 1110.140 (d) – Projected Operating Costs

The applicants are projecting operating costs for cardiac catheterization procedures to be \$2,826 per procedure and operating costs per equivalent patient day to be \$1,805 by FY 2018.

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

E) Criterion 1110.140 (e) – Total Effect of the Project on Capital Costs

The applicants are projecting capital costs per cardiac catheterization procedure to be \$162 and capital costs of \$232 per equivalent patient day for FY 2018.

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