



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO: H-01	BOARD MEETING: March 10, 2015	PROJECT NO: 14-062	PROJECT COST: Original: \$18,212,337
FACILITY NAME: Sarah Bush Lincoln Health Center		CITY: Mattoon	
TYPE OF PROJECT: Non-Substantive			HSA: IV

PROJECT DESCRIPTION: The applicants are proposing to construct a Cancer Center on the campus of Sarah Bush Lincoln Health Center in Mattoon, Illinois. The cost of the project is \$18,212,337. **The anticipated project completion date is December 31, 2018.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Sarah Bush Lincoln Health Center and Sarah Bush Lincoln Health System) are proposing to construct a Cancer Center on the campus of Sarah Bush Lincoln Health Center in Mattoon, Illinois. The cost of the project is \$18,212,337. **The anticipated project completion date is December 31, 2018.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project is in excess of the capital expenditure minimum

PURPOSE OF THE PROJECT:

- The purpose of this project is to improve the health care and well-being of the market area population by replacing Sarah Bush Lincoln Health Center's undersized and outdated Regional Cancer Center, which is located within the hospital, with a freestanding regional Cancer Center on the hospital campus.

NEED FOR THE PROJECT:

- According to the applicant's Sarah Bush Lincoln Health Center's existing Cancer Center includes Radiation Therapy, Medical Oncology (Chemotherapy), Exam Rooms, Physicians' Work Areas, and Shared Patient Support. This facility was constructed in 1989 and is in need of replacement and expansion. The State Board does not consider a Cancer Center a category of service. The need for the project is based upon the age of the existing facility, projected increase in the number of cancer patients in the 10 county market areas in East Central Illinois and the historic utilization of the existing center.

PUBLIC COMMENT:

- An opportunity of a public hearing was provided however no hearing was requested. No letters of opposition were received by the State Board Staff. Letters of Support were received from:
 - Joseph R. Dively, Chairman and CEO First Mid-Illinois Bancshares
 - Michael Smith, Chief Marketing Officer, Consolidated Communications

FINANCIAL:

- The applicants are funding the project with pledges of \$3,166,624, gifts and bequests of \$333,376 and a bond issue of \$14,712,337. The applicants have provided sufficient proof of financial viability.

WHAT WE FOUND:

- The applicants addressed 15 criteria and appear to meet all of them.

STATE BOARD STAFF REPORT
Sarah Bush Lincoln Health Center
PROJECT #14-062

APPLICATION CHRONOLOGY	
Applicants(s)	Sarah Bush Lincoln Health Center, Sarah Bush Lincoln Health System
Facility Name	Sarah Bush Lincoln Health Center
Location	Mattoon, Illinois
Application Received	December 10, 2014
Application Deemed Complete	December 17, 2014
Operating Entity/Licensee	Sarah Bush Lincoln Health Center
Owner of Site	Sarah Bush Lincoln Health Center
Can applicants request a deferral?	Yes
Review Period Extended by the State Board Staff?	No

I. The Proposed Project

The applicants (Sarah Bush Lincoln Health Center and Sarah Bush Lincoln Health System) are proposing to construct a Cancer Center on the campus of Sarah Bush Lincoln Health Center in Mattoon, Illinois. The cost of the project is \$18,212,337. **The anticipated project completion date is December 31, 2018.**

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 Sarah Bush Lincoln Health Center and Sarah Bush Lincoln Health System. Sarah Bush Lincoln Health System serves as a parent corporation and is the sole corporate member of its controlled affiliates: Sarah Bush Lincoln Health Center (“Health Center”), Sarah Bush Lincoln Health Foundation (“Foundation”), Sarah Bush Lincoln Health Management Services (“HMS”) and Sarah Bush Lincoln Captive Insurance Company (“Captive”). Sarah Bush Lincoln Health Center is a 129 bed acute care hospital in Mattoon.

Sarah Bush Lincoln Health Center is the operating entity/licensee and the owner of the site. The hospital is located in Health Service Area IV and the D-05 planning area. Health Service Area IV includes the Illinois Counties of Champaign, Clark, Coles, Cumberland, DeWitt, Douglas, Edgar, Ford, Iroquois,

Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermilion. Planning Area D-5 includes Coles, Cumberland, Clark and Edgar Counties.

The project is a non substantive project and is subject to Part 1110 and Part 1120 review. Obligation will occur after permit issuance. **The anticipated project completion date is December 31, 2018.**

IV. Project Description

The applicants are proposing to construct a Cancer Center on the campus of Sarah Bush Lincoln Health Center. The Cancer Center, which will be a separate building, will be a part of the licensed hospital. The project includes the following Clinical Service Areas:

- Radiation Therapy;
- Medical Oncology Infusion Center (Chemotherapy);
- Patient Exam Rooms and Physician Work Areas for cancer patients;
- Pharmacy (for compounding chemotherapy infusions);
- Clinical Laboratory Services (for preparing and transferring specimens from the Cancer Center to the Hospital Laboratory for analysis);
- Shared Patient Support for Cancer Center Patients.

This project also includes the following Non-Clinical Service Areas:

- Education/Conference Room;
- Administrative Offices;
- Information Services (Cancer Center only)
- Environmental Services;
- Materials Management;
- Storage;
- Staff Services;
- Interdepartmental Circulation Space;
- Mechanical/Electrical Space and Equipment;
- Entrances;
- Access to Utility Tunnel to Hospital Building.

V. Project Costs

The total cost of the project is \$18,212,337. The project is being funded by pledges of \$3,166,624, Gifts and Bequests \$333,376 and a bond issue is \$14,712,337.

TABLE ONE			
Project Costs and Sources of Funds			
Use of Funds	Clinical	Non Clinical	Total
Preplanning Costs	\$177,223	\$54,199	\$231,422
Site Survey and Soil Investigation	\$15,316	\$4,684	\$20,000
Site Preparation	\$199,560	\$61,030	\$260,590
Off Site Work	\$0	\$1,602,768	\$1,602,768
New Construction Contracts	\$5,602,381	\$1,712,946	\$7,315,327
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$560,238	\$171,294	\$731,532
Architectural/Engineering Fees	\$451,411	\$164,169	\$615,580
Consulting and Other Fees	\$111,041	\$33,959	\$145,000
Movable or Other Equipment (not in construction contracts)	\$5,180,556	\$134,562	\$5,315,118
Bond Issuance Expense (project related)	\$134,015	\$40,985	\$175,000
Net Interest Expense During Construction (project related)	\$1,378,440	\$421,560	\$1,800,000
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$0	\$0	\$0
Total Uses of Funds	\$13,810,181	\$4,402,156	\$18,212,337
Source of Funds	Clinical	Non Clinical	Total
Cash and Securities	\$0	\$0	\$0
Pledges	\$2,425,001	\$741,623	\$3,166,624
Gifts and Bequests	\$255,299	\$78,077	\$333,376
Bond Issues (project related)	\$11,129,881	\$3,582,456	\$14,712,337
Total Sources of Funds	\$13,810,181	\$4,402,156	\$18,212,337

VI. Cost Space Requirements

The applicants are proposing 20,860 GSF of space. Of that amount 15,312 GSF will clinical space. Only the clinical gross square footage will be reviewed.

TABLE TWO Space Requirements						
Amount of Proposed Total Gross Square Feet That Is:						
Dept. / Area	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Linear Accelerator	1,727	2,061	2,061	0	0	1,727
Therapy Simulator	791	875	875	0	0	791
Support Services	257	1,892	1,892	0	0	257
Medical Oncology	1,272	4,233	4,233	0	0	1,272
Exam Rooms	1,039	3,616	3,616	0	0	1,039
Pharmacy	0	519	519	0	0	0
Clinical Laboratory Services	0	142	142	0	0	0
Patient Support for Cancer Patients	638	1,974	1,974			638
Clinical Total	5,724	15,312	15,312	0	0	5,724

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

A) Criterion 1110.230 (a) - Purpose of Project

The applicants provided the following:

This project will improve the health care and well-being of the market area population by replacing Sarah Bush Lincoln Health Center's undersized and outdated Regional Cancer Center, which is located within the hospital, with a freestanding Regional Cancer Center on the hospital campus. The replacement Cancer Center will provide the patients of Sarah Bush Lincoln Health Center's 10-county market area with a wide range of cancer services in appropriately sized and configured facilities. Sarah Bush Lincoln Health Center's existing Cancer Center includes Radiation Therapy, Medical Oncology (Chemotherapy), Exam Rooms, Physicians' Work Areas, and Shared Patient Support. This facility was constructed in 1989 and needs to be replaced and expanded. The new Cancer Center will be able to enhance Sarah Bush Lincoln's cancer program because it will have the space to add multidisciplinary teams, an Oncology Service Line Director, a Clinical Research Coordinator, and patient navigators.

This project is needed and appropriate to address the market area's significant incidence of cancer and the aging of the market area population. The market area for this project is Sarah Bush Lincoln Health Center's 10-county market area in east central Illinois (consisting of Coles, Clark, Cumberland, Douglas, Edgar, Moultrie, Shelby, Crawford, Effingham, and Jasper Counties) that includes all of the State-designated Planning Area D-05, the planning area in which Sarah Bush Lincoln Health Center is located, as well as parts of Planning Areas D-01, D-04, F-02, and F-03. This 10-county area had a 2010 population of 223,339 and accounted for at least 92% of the total discharges to Sarah

Bush Lincoln Health Center in the 12 month period from April, 2013, through March, 2014. The need for this project is based upon the following.

Cancer is a leading cause of death, according to the Illinois Department of Public Health, which stated that "Cancer is the second most common cause of death in Illinois and the United States, and the leading cause of death for Illinois citizens aged (45-64). This project is needed to provide state-of-the-art diagnostic and treatment services for cancer patients currently receiving care at Sarah Bush Lincoln Health Center. Sarah Bush Lincoln Health Center diagnoses nearly 270 new cancer cases annually and operates an active cancer center that provides Radiation Therapy, Medical Oncology, Blood Transfusions, office visits, and physician examinations. The number of Radiation Therapy treatments increased by more than 11 % from CY2010 to CY2013, increasing from 2,978 treatments in 2010 to 3,317 treatments in 2013. The number of visits to Medical Oncology for procedures performed in the infusion stations (e.g., chemical infusions, blood transfusions, pumps, injections) increased by 53% from CY2010 to CY2013, increasing from 3,460 visits in 2010 to 5,813 visits in 2013. The number of visits in Exam Rooms, either for provider office visits or for procedures (e.g., bone marrows, port flushes, phlebotomy/labs) increased by 50% from CY2010 to CY2013, increasing from 6,772 visits in 2010 to 10,167 in 2013. In FY2013, 1,339 new cancer cases were diagnosed in Sarah Bush Lincoln Health Center's 10-county market area. In 2013, 11,383 residents of Sarah Bush Lincoln's market area were living with cancer. In 2013, 469 residents of Sarah Bush Lincoln's market area died of cancer.

Sarah Bush Lincoln is a major provider of cancer treatment care to residents of its 10-county market area. In 2012, 57% of Sarah Bush Lincoln Health Center's new cancer cases were residents of its Primary Service Area, Coles County, the county in which the hospital is located, while 35% of its new cancer cases were residents of its Secondary Service Area (Clark, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties), and 7% of its new cancer cases were residents of its Tertiary Service Area (Crawford, Effingham, and Jasper Counties). Only 2% of its new cancer cases resided outside the market area. Similarly, in 2012, 67% of the courses of Radiation Therapy treatment provided at Sarah Bush Lincoln Health Center were provided to residents of its Primary Service Area, while 22% of the courses of Radiation Therapy treatment provided were provided to residents of its Secondary Service Area, and 9% of its new cancer cases were provided to residents of its Tertiary Service Area. Only 2% of its courses of Radiation Therapy treatment were provided to patients who originated outside the market area. Sarah Bush Lincoln needs to expand its cancer programs in order to meet the needs of its market area population, which is older than a normative population and is continuing to age. The incidence of cancer is nine times higher for persons 65 years and older than it is for those younger than 65. In 2013, 14.6% of the population in Sarah Bush Lincoln Health Center's Primary Service Area was 65 and older, while 18.7% of the population of its Secondary Service Area was 65 and older, and 17.0% of the population in its Tertiary Service Area was 65 and older. The percentage of the population in Sarah Bush Lincoln Health Center's Primary Service area that is aged 65 and older is expected to increase to 16.0% by 2017, while the percentage of the population in its Secondary Service Area that is aged 65 and older is expected to increase to 20.4% by 2017, and the percentage of the

population in its Tertiary Service Area that is aged 65 and older is expected to increase to 18.8% by 2017

As a result of this aging of the market area population, the number of new cancer cases in the market area is expected to increase to 1,410 by 2017, and the number of those living with cancer is expected to increase to 11,981 by 2017. This project is needed to provide state-of-the-art diagnostic and treatment services for cancer patients residing in the market area who are receiving care at Sarah Bush Lincoln Health Center as well as for those who reside in its 10-county market area in East Central Illinois but are currently traveling outside the market area to receive this care. This project is needed to replace existing diagnostic and treatment equipment that has exceeded its useful life. For example, Sarah Bush Lincoln Health Center's linear accelerator is currently 7 years old and is scheduled to be replaced in FY2017. This project is needed to provide care to many of Sarah Bush Lincoln Cancer Center's patients that are low-income and otherwise vulnerable, as documented by their residing in Health Professional Shortage Areas for Primary Medical Care. There are a number of federally-designated Health Professional Shortage Areas in the market area for this project.

This project is needed to provide care to many of Sarah Bush Lincoln Cancer Center's patients that are low-income and otherwise vulnerable, as documented by their residing in Medically Underserved Areas or being part of Medically Underserved Populations.

As of November 25, 2014, the federal government designated the following Medically Underserved Areas (MUAs) in the market area for this project.

- Clark County: Low Income Population Group
- Cumberland County: Greenup/Sumpter Service Area
- Edgar County parts of 1 township
- Effingham County: 3 census tracts
- Jasper County: parts of 3 townships
- Shelby County: parts of 7 townships in the Shelbyville, Herrick, and Ridge Service Areas

The federal government has designated the following Medically Underserved Population (MUP) in the market area for this project.

- Coles County: Low Income Population Group in East Oakland Township
- Edgar County: Low Income Population Group in Kansas Township

B) Criterion 1110.230 (b) - Safety Net Impact

This project is classified as a non-substantive project; no safety net impact statement is required. Charity Care data was provided as required.

TABLE THREE Charity Care Information			
	FY2011	FY2012	FY2013
Net Patient Revenue	\$135,619,572	\$147,221,018	\$157,785,835
Amount of Charity Care	\$19,384,498	\$25,598,916	\$23,167,820
Cost of Charity Care	\$5,912,271	\$7,398,087	\$6,636,607
Ratio of Charity Care Charges/Net Patient Revenue	14.29%	17.39%	14.97%
Ratio of Charity Care Cost to Net Patient Revenue	4.36%	5.03%	4.21%

C) Criterion 1110.230 (c) – Alternatives to Project

The applicants considered only **one** alternative to the proposed project other than doing nothing. The only alternative that was considered and determined to be infeasible, other than doing nothing, was to expand the current cancer facilities that exist at Sarah Bush Lincoln Health Center in their current location within the hospital building. This alternative would modernize Sarah Bush Lincoln's existing cancer facilities, which are located within the hospital building, and expand them from their current size of 8,400 gross square feet to approximately 17,800 gross square feet. This alternative was determined to be infeasible and less desirable than the alternative that is the subject of this CON application for the following reasons. Capital Costs: approximately \$9,555,000

The expansion of the existing cancer facilities would result in facilities that could accommodate Sarah Bush Lincoln Health Center's current cancer program volumes, but there would not be space for future expansion because the modernized and expanded Cancer Center would be landlocked by Sarah Bush Lincoln Health Center's Emergency Department. As a result, this would be a costly capital project for the Sarah Bush Lincoln Health Center since the facilities might need to be replaced soon if cancer program volumes increase in the future. The expansion of the existing cancer facilities might result in a suboptimal configuration of the Cancer Center because the current location is land-locked due to its adjacency to the Emergency Department. The construction would create substantial noise and disrupt operations of existing hospital departments as well as create an unpleasant environment for patients. Construction phasing would require the Linear Accelerator to be shut down for more than 2 months, which would negatively impact cancer patients who require radiation therapy in a timely manner. The modernized and expanded Cancer Center would still be part of the hospital building, although the vast majority of patients undergoing cancer diagnosis and treatment are outpatients. Access to outpatients will be improved by constructing the Cancer Center in a separate building on the hospital's campus that is not located within the hospital itself. This alternative would provide Cancer Center patients with less convenient vehicular and pedestrian access than will be available on the freestanding site that is the subject of this CON application. The purpose of this project is to provide cancer patients within Sarah Bush Lincoln Health Center's existing market area in East Central Illinois with a Cancer Center on the hospital campus that is appropriately sized and configured. It should be noted that this project does not propose to establish new categories of service or a new

health care facility and that the clinical services and programs that will be provided at the Sarah Bush Lincoln Cancer Center are currently provided in the hospital.

VIII. Section 1110.234 - Project Size and Utilization

A) Criterion 1110.234 (a) - Size of Project

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

The State Board has gross square footage standards for linear accelerator and simulator. The applicants are proposing 1 linear accelerator and 1 simulator at the cancer center.

TABLE FOUR Size of Project				
Department/Service	Proposed DGSF	State Standard	Difference	Met Standard?
Linear Accelerator	2,061	2,400	339	Yes
Simulator	875	1,800	925	Yes

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

B) Criterion 1110.234 (b) - Project Services Utilization

The applicants 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 applicants are proposing 1 linear accelerator and 1 simulator to be located in the new cancer center.

TABLE FIVE Projected Utilization of Project					
Department/Service	Number of Rooms	Historical Utilization	State Standard	Projected	Met Standard?
Linear Accelerator	1 Room	3,317 Treatments	7,500 Treatments	4,057 Treatments	Yes
Simulator	1 Room	129 Visits	N/A	120 Visits	Yes

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

C) Criterion 1120.234 (e) (1) – Assurances

The applicants are required to attest that by the second year after project completion the applicants will meet or exceed the State Board Standards at 77 Ill IAC 1110 Appendix B.

Timothy A. Ols, FACHE President and Chief Executive Officer attested to following as required by 77 Ill IAC 1110.234(e)(1), “I hereby attest to the understanding of the co-applicants for this project that, by the end of the second year of operation after project completion, Sarah Bush Lincoln Cancer Center will meet or exceed the utilization standards specified in 77 Ill. Adm. Code 1110.Appendix B for the clinical service areas included in this project

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

A) Criterion 1110.3030 (b) (1) (3) - Background of Applicant

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

The applicants are in Good Standing with the State of Illinois and have been accredited by the Joint Commission. The applicants have provided evidence of ownership of the property, and have met the requirements of Executive Order 5 (2006) that the site is not located in a flood plain. There are no significant historic, architectural or archaeological resources located within the proposed project area. The applicants have attested that there has been no adverse action taken against any health care facility owned and/or operated by Sarah Bush Lincoln Health System during the three years prior to the filing of this application and authorize the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health (IDPH) to access any documents necessary to verify the information submitted, including but not limited to the following: official records of IDPH or other state agencies; the licensing or certification records of other states, where applicable; and the records of nationally recognized accreditation organizations.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANTS (77 IAC 1110.3030 (b) (1) (3))

B) Criterion 1110.3030 (c) (1)(2)(3)(4) - Need Determination

The applicants provided the following information regarding this criterion.

1) Service to the Planning Area Residents

The purpose of this project is to construct a Cancer Center that will serve residents of the Sarah Bush Lincoln Health Center's market area, which includes

all of the state-designated Planning Area D-05, the planning area in which Sarah Bush Lincoln Health Center is located, as well as parts of Planning Areas D-01, D-04, F-02, and F-03. The market area for this project consists of the following counties in East Central Illinois. Coles County, Clark County, Crawford County, Cumberland County, Douglas County, Edgar County, Effingham County, Jasper County, Moultrie County, and Shelby County

As of May 23, 2014, the federal government had designated the following portions of the market area as being Health Professional Shortage Areas (HPSAs). As this list indicates, at least a portion of every county in Sarah Bush Lincoln's market area for cancer care is designated as a Health Professional Shortage Area.

- Coles County: Low Income Population Group
- Clark County: Low Income Population Group
- Cumberland County: Low Income Population Group
- Douglas County: Entire County
- Edgar County: Low Income Population Group
- Moultrie County: Entire County
- Shelby County: Entire County
- Crawford County: Low Income Population Group
- Effingham County: Medicaid Eligible Population Group
- Jasper County: Low Income Population Group

The federal government has designated the following Medically Underserved Population (MUP) in the market area for this project.

- Coles County: Low Income Population Group in East Oakland Township
- Edgar County: Low Income Population Group in Kansas Township

During this recent 12-month period (April 1, 2013-March 31, 2014) nearly 92% of Sarah Bush Lincoln Health Center's inpatients resided within its market area, and nearly 77% of its inpatients resided in Planning Area D-05, the planning area in which the hospital is located.

2) Service Demand

The Sarah Bush Lincoln Cancer Center will be a line department of Sarah Bush Lincoln Health Center. Therefore, historic utilization of the Radiation Therapy Service as well as other clinical service areas included in this project have been used as the basis of projecting future utilization of this service. The number of new cancer patients diagnosed each year at Sarah Bush Lincoln Health Center and the projected increase in new cancer diagnoses were considered as a source of referrals for the clinical services and modalities that will be included in the Cancer Center. The volume of Radiation Therapy treatments currently performed at Sarah Bush Lincoln Health Center will all transfer to the Sarah Bush Lincoln Cancer Center because the hospital's Radiation Therapy Department will close when the new Cancer Center, which will be located on the hospital campus,

becomes operational. The number of newly diagnosed cancer cases in Sarah Bush Lincoln's market area will increase in future years because of the aging of the market area population. Within the next 3 years, 19% of the population in Sarah Bush Lincoln Health Center's 10-county market area (Primary Market Area) is projected to be aged 65 and older. The incidence of cancer in persons aged 65 and older is nine times higher than the incidence in a younger population. ESRI On-Line Data Services and SEER Cancer Incidence Statistics have estimated that Radiation Therapy treatments within the 10-county market area will continue to increase during the 5 year period of 2013 through 2017. Sarah Bush Lincoln is projecting conservative growth in all modalities of cancer treatment once the Cancer Center becomes operational. The projected number of Radiation Therapy treatments on the Linear Accelerator will increase from the 3,317 treatments performed in CY2013 at Sarah Bush Lincoln Health Center's Radiation Therapy Department to 3,443 treatments in FY2019, all of which will be performed at the new Sarah Bush Lincoln Cancer Center.

3) Impact of the Proposed Project on Other Area Providers

This project will **not** have any impact on other area providers since this project is a replacement of Sarah Bush Lincoln Health Center's existing cancer services (e.g., Radiation Therapy, Medical Oncology Infusions, physicians' exams) in a Cancer Center that will be located on the hospital campus. The sole purpose of this project is to replace, consolidate and coordinate Sarah Bush Lincoln Health Center's existing cancer services in a single location on the hospital campus that remains accessible to the residents of East Central Illinois, enabling patients to be able to receive care in one convenient location. Since this project is intended to provide services to Sarah Bush Lincoln's existing cancer patients as well as to additional area residents that will be diagnosed with cancer in the future, it is not anticipated that the Sarah Bush Lincoln Cancer Center will do either of the following: lower the utilization of other area providers below the utilization standards specified in 77 Ill. Adm. Code 1100.520 (c) or 1110.Appendix B; or lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the utilization standards.

4) Utilization

The State Board has utilization standards for Linear Accelerator only. The applicants can justify the one linear accelerator being requested.

TABLE SIX Historical Utilization				
Service	Number of Units/Rooms	FY 2019 Volume	State Standard	Number Rooms/Units Justified
Linear Accelerator	1	3,443 Treatments	7,500 Treatments	1
Simulator	1	120 Visits	N/A	1

Support Services	N/A	N/A	N/A	N/A
Medical Oncology	17 Bays	5,385 Visits	N/A	N/A
Exam Rooms	9 Rooms	11,647 Visits	N/A	N/A
Pharmacy	N/A	N/A	N/A	N/A
Clinical Laboratory	N/A	17,328 Tests	N/A	N/A

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 IAC 1110.3030 (c) (1) (2) (3) (4))

FINANCIAL

A) Criterion 1120.120 - Availability of Funds

An applicant has to provide evidence of the availability of funds to fund the proposed project.

The applicants are funding the project with pledges of \$3,166,624, gifts and bequests of \$333,376 and a bond issue of \$14,712,337.

Standard & Poor's Ratings Services stated "Standard & Poor's Ratings Services affirmed its 'A+' issuer credit rating (ICR) on Sarah Bush Lincoln Health Center. The ICR applies to Sarah Bush's general creditworthiness and is not specific to any bond issue. The outlook is stable. The rating reflects our view of Sarah Bush's continually strong operating performance, despite a decline in admissions, generating strong maximum annual debt service (MADS) coverage. Although the system is executing an extensive capital spending program, it has continued to increase its cash reserves to levels that provide a solid foundation for unanticipated operating pressures, as it operated in a limited service area with a relatively small, albeit growing, medical staff. Although the credit profile exhibits several strengths commensurate with a higher rating, the inherent risks of its small revenue base constrain the rating."

TABLE SEVEN Sarah Bush Lincoln Health System Audited Information		
	2014	2013
Cash	\$30,760,283	\$29,873,165
Current Assets	\$108,734,627	\$98,971,722
Investments	\$122,559,597	\$107,331,552
PPE	\$123,378,802	\$105,759,546
Total Assets	\$430,273,815	\$381,267,860
Current Liabilities	\$46,410,864	\$45,583,775
LTD	\$34,790,000	\$37,370,000
Total Liabilities	\$136,127,944	\$128,142,690
Net Patient Service Revenue	\$237,592,108	\$207,188,710

Total Revenues	\$242,745,703	\$212,338,909
Expenses	\$225,241,057	\$194,765,071
Operating Income	\$17,404,646	\$17,573,838
Excess of Revenues over Expenses	\$38,786,935	\$30,544,189

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

B) Criterion 1120.130 - Financial Viability

The applicants have qualified for the financial waiver because the applicants provided evidence of an A+ bond rating.

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

ECONOMIC FEASIBILITY

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

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

This project will be financed through tax exempt revenue bonds, pledges, and gifts and bequests. The applicants have attested that the selected form of debt financing for this project will be tax exempt revenue bonds issued through the Illinois Finance Authority and the selected form of debt financing for this project will be at the lowest net cost available to the co-applicants.

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

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

Only clinical costs are being reviewed.

Preplanning Costs – these costs are \$177,223 and are 1.56% of new construction, contingencies and movable equipment costs. This appears reasonable when compared to the State Board Standard of 1.8% of new construction, contingencies, and movable equipment.

TABLE EIGHT Preplanning Costs	
Architectural Pre Planning	\$119,788
Program Planning Services	\$57,435

Total	\$177,223
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Site Survey, Soil Investigation, and Site Preparation – these costs are \$214,876 and are 3.49% of new construction and contingency costs.

TABLE NINE Site Survey Site Preparation	
Permits Testing and Surveys	\$15,316
Excavation and Grading	\$199,560
Total	\$214,876

New Construction and Contingency Costs – these costs are \$6,162,619 or \$402.70. This appears reasonable when compared to the State Board Standard of \$424.06.

Contingency Costs – these costs are \$560,238 or 9.99% of construction costs. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees – these costs are \$451,411 and are 7.32% of new construction and contingency costs

Consulting and Other Costs – these costs are \$111,041. The State Board does not have a standard for these costs.

TABLE TEN Consulting and Other Costs	
CON Planning and Consultation	\$57,435
CON Application and Processing Fee	\$34,461
IDPH Plan Review	\$19,145
Total	\$111,041

Movable of Other Equipment – these costs are \$5,180,556. The State Board does not have a standard for these costs.

Bond Issuance Expense – These costs are \$134,015. The State Board does not have a standard for these costs.

TABLE ELEVEN Bond Issuance Expense	
Cost of Issuance	\$13,785
Issuer	\$32,929
Issuer Counsel	\$8,424
Bond Counsel	\$24,506
Hospital Counsel	\$9,955

Lender	\$12,253
Bank Counsel	\$9,955
Financial Advisor	\$17,613
Trustee and Other Fees	\$4,595
Total	\$134,015

Net Interest Expense –These costs are \$1,378,440. The State Board does not have a standard for these costs.

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

D) Criterion 1120.140 (d) – Direct Operating Costs

The projected operating cost per equivalent patient day is \$2,611.73. This appears reasonable when compared to previously approved projects

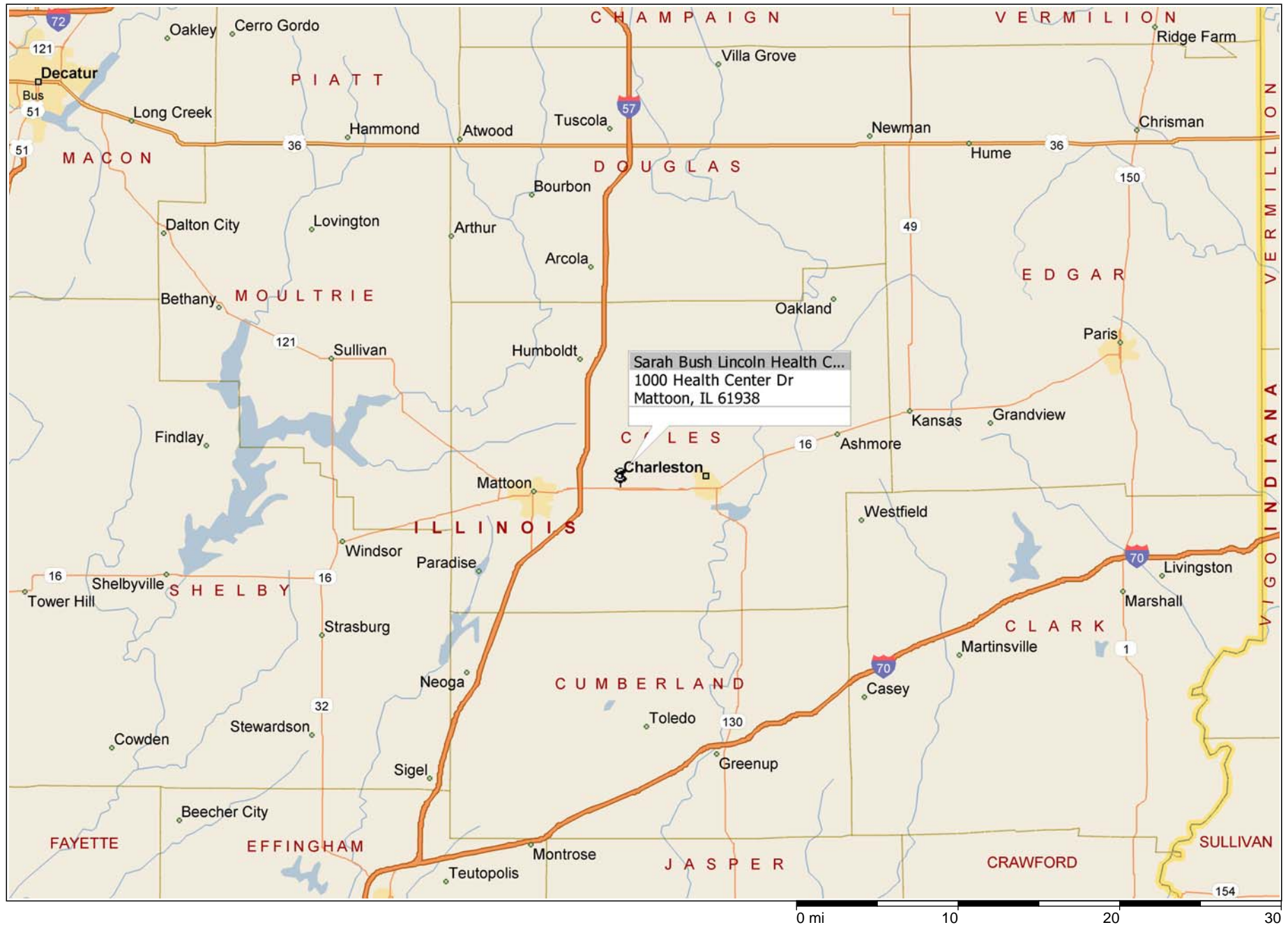
THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECTED DIRECT OPERATING COSTS (77 IAC 1120.140 (d))

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

The projected capital cost per equivalent patient day is \$254.98. This appears reasonable when compared to previously approved projects

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

14-062 - Sarah Bush Lincoln Health Center - Mattoon



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<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Craig Sheagren			White	96.9%	Hispanic or Latino:	1.0%
ADMINSTRATOR PHONE	217-258-2513			Black	2.0%	Not Hispanic or Latino:	98.1%
OWNERSHIP:	Sarah Bush Lincoln Health Center			American Indian	0.0%	Unknown:	0.9%
OPERATOR:	Sarah Bush Lincoln Health Center			Asian	0.2%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R			Hawaiian/ Pacific	0.0%	IDPH Number:	3392
CERTIFICATION:				Unknown	0.9%	HPA	D-05
FACILITY DESIGNATION:	General Hospital					HSA	4
ADDRESS	1000 Health Center Drive	CITY: Mattoon	COUNTY: Coles 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	73	66	66	3,989	15,713	3,850	4.9	53.6	73.4	81.2
0-14 Years				0	0					
15-44 Years				374	1,255					
45-64 Years				1,120	4,206					
65-74 Years				840	3,483					
75 Years +				1,655	6,769					
Pediatric	8	8	6	124	271	191	3.7	1.3	15.8	15.8
Intensive Care	9	9	9	806	1,910	73	2.5	5.4	60.4	60.4
Direct Admission				557	1,320					
Transfers				249	590					
Obstetric/Gynecology	19	17	14	986	1,951	177	2.2	5.8	30.7	34.3
Maternity				818	1,501					
Clean Gynecology				168	450					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	20	18	17	877	3,002	0	3.4	8.2	41.1	45.7
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	129			6,533	22,847	4,291	4.2	74.4	57.6	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	49.3%	18.1%	0.7%	20.2%	4.4%	7.3%	
	3222	1183	46	1318	286	478	6,533
Outpatients	34.0%	13.5%	0.7%	44.1%	4.6%	3.0%	
	97116	38518	2099	125881	13238	8456	285,308
<u>Financial Year Reported:</u> 7/1/2012 to 6/30/2013 <u>Inpatient and Outpatient Net Revenue by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	50.4%	5.5%	0.9%	43.1%	0.2%	100.0%	
	24,194,246	2,641,921	410,945	20,690,344	109,189	48,046,645	1,858,250
Outpatient Revenue (\$)	20.6%	4.1%	0.6%	73.9%	0.8%	100.0%	
	21,195,586	4,173,411	644,814	75,941,739	801,238	102,756,788	4,778,357
							Total Charity Care Expense 6,636,607
							Total Charity Care as % of Net Revenue 4.4%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	809		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	804		Beds	17	0	Heart:	0
Birthing Rooms:	0		Patient Days	1,249	0	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		1,249	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	9		Inpatient Studies		123,985	Total:	0
C-Section Rooms:	1		Outpatient Studies		651,326		
CSections Performed:	190		Studies Performed Under Contract		19,776		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	0	0	79	82	212	116	328	2.7	1.4
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	4	4	8	76	338	146	541	687	1.9	1.6
Gastroenterology	0	0	0	0	186	586	373	753	1126	2.0	1.3
Neurology	0	0	0	0	9	174	29	155	184	3.2	0.9
OB/Gynecology	0	0	0	0	141	552	191	420	611	1.4	0.8
Oral/Maxillofacial	0	0	0	0	7	174	15	314	329	2.1	1.8
Ophthalmology	0	0	0	0	0	622	0	486	486	0.0	0.8
Orthopedic	0	0	0	0	616	1119	1497	1608	3105	2.4	1.4
Otolaryngology	0	0	0	0	5	1256	7	767	774	1.4	0.6
Plastic Surgery	0	0	0	0	0	0	0	0	0	0.0	0.0
Podiatry	0	0	0	0	1	17	1	25	26	1.0	1.5
Thoracic	0	0	0	0	17	3	42	4	46	2.5	1.3
Urology	0	0	0	0	36	310	38	251	289	1.1	0.8
Totals	0	4	4	8	1173	5233	2551	5440	7991	2.2	1.0

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

13

Stage 2 Recovery Stations

13

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	3	3	206	2251	155	1689	1844	0.8	0.8
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	21	3524	16	2643	2659	0.8	0.8
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0

Multipurpose Non-Dedicated Rooms

Minor Procedure	0	0	1	1	123	828	93	621	714	0.8	0.8
	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	Not Answered
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	18
Persons Treated by Emergency Services:	37,902
Patients Admitted from Emergency:	4,330
Total ED Visits (Emergency+Trauma):	37,902

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	404,205
Outpatient Visits at the Hospital/ Campus:	397,819
Outpatient Visits Offsite/off campus	6,386

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	1
Cath Labs used for Angiography procedures	1
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	514
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	416
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	98
EP Catheterizations (15+)	0

Cardiac Surgery Data

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

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

General Radiography/Fluoroscopy	14	0	7,746	32,758	0	Lithotripsy	0	1	83
Nuclear Medicine	3	0	408	3,816	0	Linear Accelerator	1	0	2,154
Mammography	2	0	3	15,621	0	Image Guided Rad Therapy			1,127
Ultrasound	11	0	3,009	15,423	0	Intensity Modulated Rad Thrp			1,027
Angiography	1	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			446	1,102	0	Proton Beam Therapy	0	0	0
Interventional Angiography			0	0	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	1	0	0	435	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	3	0	2,802	14,789	0				
Magnetic Resonance Imaging	1	0	334	6,396	0				