



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-04	BOARD MEETING: April 21, 2015	PROJECT NO: 15-006	PROJECT COST: Original:\$945,233
FACILITY NAME: Bloomington-Normal Birthing Center		CITY: Bloomington	
TYPE OF PROJECT: Substantive			HSA: IV

PROJECT DESCRIPTION: The applicants (Bloomington-Normal Birthing Center, LLC, and BNBC Land, LLC) are proposing to establish a free standing birthing center in Normal, Illinois. The anticipated cost of the project is \$945,233. The anticipated completion date is August 31, 2016.

The State Board Staff Notes: The birth center model category of service is a demonstration program that is authorized by the Alternative Health Care Delivery Act [210 ILCS 3]. The purpose of the demonstration project is to evaluate the birth center model for quality factors, access and the impact on health care costs, each applicant approved for the category of service will be required to periodically submit data necessary for evaluating the model's effectiveness. The General Assembly authorized the establishment of 10 birth center alternative health care models in the demonstration program including:

- 4 located in the combined Cook, DuPage, Kane, Lake, McHenry and Will counties;
- 3 located in municipalities with a population of 50,000 or more not located in an area described above and
- 3 located in rural areas.

In each of the geographic groups identified above, one birth center shall be owned or operated by a hospital and one birth center shall be owned and operated by a federally qualified health center.

The State Board Staff also notes the proposed project is the second application for a Free-Standing Birthing Center in Illinois, and the first application for this service located in a municipality with a population of 50,000 or more, not located in Cook, DuPage, Kane, Lake McHenry, and Will Counties. The first application (Project #12-084), PCC South Family Health Center, Berwyn, was approved on February 5, 2013, and achieved project completion on December 31, 2014.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicant is proposing to establish a free-standing birthing center in 6,000 GSF of space, located at 6 Westport Court, in Bloomington. Bloomington Normal Birthing Center, LLC (the applicant), is classified as a federally qualified health center provider, and the proposed birthing center will be classified as a facility located in municipality with a population of 50,000 or more.
- The facility will contain three birthing rooms, and the cost of the project is \$945,233. The anticipated completion date is August 31, 2016.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project proposes to establish a health care facility as defined by Illinois Health Facilities Planning Act.

PURPOSE OF THE PROJECT:

- The applicant states *the proposed project will offer a new service not otherwise offered in McLean County (Illinois Health Planning Area D-04), or anywhere in downstate Illinois at this time. Bloomington-Normal birthing Center will offer an out of hospital birthing service to those who are low risk and who want to choose a safe alternative in a comfortable environment that minimizes the use of technology and is cost effective. It will address the need to control the upward spiraling trend of healthcare costs without compromising quality of care."*

BACKGROUND/COMPLIANCE ISSUES

- The applicant does not have any outstanding compliance issues with the State Board.

PUBLIC HEARING/COMMENTS

- A public hearing was offered on this project; however, no hearing was requested. No opposition letters pertaining to this project were received by the State Board Staff. The State Board Staff received a number of letters of support. Letters of support were received from the following:
 - Liz Jennings-Porter, CNM
 - Pam Koehler, CNM
 - Laura Pritts, Broker/Realtor
 - Elizabeth Gabsoyl, CNM
 - Stephen Pilcher, MD President, Bloomington Primary Care
 - Walter P. Howe, Director McLean County Health Department
 - John R. Zell, Vice President, Chief Financial Officer, OSF St. Joseph Medical Center
 - Robert Urso, President and CEO, PCC Community Wellness Center
 - J.M Smith, Assistant Professor, Illinois State University
 - Amanda Smith, Bloomington resident
 - Michelle Morrison, Champaign resident
 - Randy Sutter, Leroy resident
 - Helen-L Moose

- Pramern Sriratana, M.D.
- Taylor Morton
- Carmen Balota
- Katey Lally
- Sara Bowman
- Brittany Hany
- Bonnie Garrett
- Lisa Lowry
- Sarah Whelan
- Lyndi Alberts, APN, FNP-BC
- Angie Detwiler
- Stacy K. Ash

NEED FOR THE PROJECT:

- An applicant proposing to establish a free standing birthing center must:
 - identify the geographic location of the facility,
 - identify ownership of the center,
 - provide documentation that the proposed center will be located in a health professional shortage area,
 - document that the center will have no more than ten beds,
 - document that it will become certified to participate in the Medicare and Medicaid programs,
 - operate under a hospital license or have a contractual agreement with a licensed hospital for the referral and transfer of patients in need of an emergency caesarian delivery and be within 30 minutes of the hospital,
 - must provide documentation that the center is in a prenatal system.

The proposed facility is located in McLean County (HSA-04) an area which is traditionally known as being a “younger community” with an average age of 32 years, and the designation of being a good place to raise a family. The attraction of the younger population stems from the number of institutions of higher education, and availability of employment opportunities. In 2011, the Bloomington-Normal area was named as one of the 100 best communities for young people. The applicants, taking these accolades into consideration propose to offer a unique service to expectant parents classified as being low-risk pregnancies, offering a “safe alternative that delivers a quality of care comparable to that of a hospital”. According to the applicants, the birthing center “will address the need to control the upward spiraling trend of healthcare costs without compromising quality of care”. The applicants note a contract has been entered into with OSF St. Joseph Medical Center, to accept maternal and neonatal transfers unable to be served at the birth center and the center will be part of the OSF St. Joseph Medical Center prenatal network.

FINANCIAL AND ECONOMIC FEASIBILITY

- The project will be funded with cash and securities totaling \$365,233, and a mortgage/construction loan totaling \$580,000. The applicants provided a commitment letter from Heartland Bank, Bloomington, confirming its confidence in providing financing to satisfy the \$580,000 mortgage/construction loan.

CONCLUSIONS:

The applicant addressed a total of 12 review criteria and has met all the requirements of the State Board.

STATE BOARD STAFF REPORT
Bloomington-Normal Birthing Center, Bloomington
PROJECT #15-006

APPLICATION CHRONOLOGY	
Applicants	Bloomington-Normal Birthing Center, LLC BNBC Land, LLC
Facility Name	Bloomington-Normal Birthing Center
Location	6 Westport Court, Bloomington
Permit Holder	Bloomington-Normal Birthing Center, LLC
Owner of the Site	BNBC Land, LLC
Operating Entity/Licensee	Bloomington-Normal Birthing Center, LLC
Application Received	February 3, 2015
Application Deemed Complete	February 6, 2015
Can Applicants Request a Deferral?	Yes

I. The Proposed Project

The applicants are proposing to establish a Free-Standing Birthing Center under the Alternative Health Care Model. The facility will be located 6 Westport Court, Bloomington, Illinois. The anticipated cost of the project is \$945,233, and the project completion date is August 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 Bloomington-Normal Birthing Center, LLC, and BNBC Land, LLC. The proposed facility will contain 6,000 GSF of modernized space, contain 3 birthing rooms, and be located at 6 Westport Court, in Bloomington, Illinois. Bloomington-Normal Birthing Center, LLC, will be the operating entity/licensee, and BNBC Land, LLC, will own the site. The proposed facility will be located in HSA IV. HSA IV is comprised of Cumberland, Clark, Edgar, Coles, Douglas, DeWitt, Macon, Moultrie, Shelby, Vermilion, Champaign, Iroquois, Ford, Livingston, McLean, and Piatt counties.

There is no land acquisition cost for this project. This is a substantive project subject to both a Part 1110 and Part 1120 review. The applicants identified initial start up costs of \$398,701, and project obligation will occur after permit issuance.

Summary of Support and Opposition Letters

A public hearing was offered on this project; however, no hearing was requested. The State Board Staff received no public comments regarding this project.

IV. The Proposed Project - Details

The applicant is proposing to establish a Free-Standing Birthing Center, in 6,000 GSF of space, located at 6 Westport Court, Bloomington. The proposed facility is the second facility established in the State under the Alternative Health Care Model. The first facility, PCC Birth Center, Berwyn (project #12-084), was completed in December 2014. By the end of February 2015, PCC Birth Center reported the admission of 25 patients, with 22 on-site deliveries, and 3 transfers to its designated transfer hospital, West Suburban Medical Center, Oak Park. The proposed facility will consist of three birthing rooms, and the anticipated cost of the project is \$945,233. The anticipated completion date is August 31, 2016.

V. Project Costs and Sources of Funds

The total estimated project cost is \$945,233. The proposed project is being funded with Cash and Securities totaling \$365,233, and a mortgage/construction loan totaling \$580,000. Table One outlines the project's costs and uses of funds.

TABLE ONE			
Project Costs and Sources of Funds			
USE OF FUNDS	Clinical	Non Clinical	Total
Preplanning Costs	\$4,747	\$11,621	\$16,368
Modernization Contracts	\$114,736	\$280,906	\$395,642
Contingencies	\$11,455	\$28,045	\$39,500
Architectural/Engineering Fees	\$11,455	\$28,045	\$39,500
Consulting and Other Fees	\$13,195	\$32,305	\$45,500
Movable or Other Equipment (not in construction contracts)	\$17,125	\$41,926	\$59,050
Net Interest Expense During Construction	\$9,997	\$24,476	\$34,473
Other Costs to be Capitalized (Fair Market Value)	\$0	\$15,200	\$15,200
Acquisition of Building or Other Property	\$87,000	\$213,000	\$300,000
TOTAL USES OF FUNDS	\$269,710	\$675,524	\$945,233
SOURCE OF FUNDS	Clinical	Non Clinical	Total
Cash and Securities	\$105,918	\$259,316	\$365,233
Mortgages/Construction Loans	\$168,200	\$411,800	\$580,000
TOTAL SOURCES OF FUNDS	\$274,118	\$671,116	\$945,223

VI. Cost/Space Requirements

Table Two displays the project's cost/space requirements for the project. The applicant notes the clinic will be housed in leased space to be built out by the applicant.

TABLE TWO Costs Space Requirements							
Dept/ Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Birthing Room	\$73,800	0	933	0	933	0	0
Exam/Triage/Recovery	\$64,309	0	813	0	813	0	0
Total Clinical	\$138,109	0	1,746	0	1,746	0	0
NON REVIEWABLE							
Administrative	\$65,503	0	828	0	828	0	0
Prenatal Visit/Educational Space	\$271,031	0	3,426	0	3,426	0	0
Total Non-clinical	\$336,534	0	4,254	0	4,254	0	0
TOTAL	\$474,642	0	6,000	0	6,000	0	0

VI I. Section 1110.230 – Background, Project Purpose, and Alternatives

A. Criterion 1110.230(a) - Background of Applicant

The Criterion states:

- “1) An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFPB shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and 1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").

The applicant provided proof of its Articles of Incorporation, and application for a Certificate of Good Standing from the Illinois Secretary of State. The applicants provided additional information on the background and character of its three investors, Dr. Jose Santiago, M.D., Dr. Dele Ogunleye, M.D., and Dr. Chad

Tattini, M.D. The applicants appear fit, willing and able and have the qualifications, background and character to adequately provide a proper standard of healthcare service for the community.

B. Safety Net Impact Statement/Charity Care

The applicants report serving a medically underserved population through its existing community resources, and notes the positive projected impact on the service area resulting through the planned restoration of the Community Clinic for Prenatal Care. Therefore, the project will have no adverse impact on safety net services of any provider in the area. While the applicants supplied no historical or projected charity care data, it is noted the proposed facility is in close proximity to a health professional shortage area, and is predominately surrounded by rural communities that would benefit from a service of this nature.

C. Criterion 1110.230(b) - Purpose of the Project

The Criterion states:

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

- 1) The applicant shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project. Examples of such information include:**
 - A) The area's demographics or characteristics (e.g., rapid area growth rate, increased aging population, higher or lower fertility rates) that may affect the need for services in the future;**
 - B) The population's morbidity or mortality rates;**
 - C) The incidence of various diseases in the area;**
 - D) The population's financial ability to access health care (e.g., financial hardship, increased number of charity care patients, changes in the area population's insurance or managed care status);**
 - E) The physical accessibility to necessary health care (e.g., new highways, other changes in roadways, changes in bus/train routes or changes in housing developments).**
- 2) The applicant shall cite the source of the information (e.g., local health department Illinois Project for Local Assessment of Need (IPLAN) documents, Public Health Futures, local mental health plans, or other health assessment studies from governmental or academic and/or**

- other independent sources).
- 3) **The applicant shall detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being. Further, the applicant shall provide goals with quantified and measurable objectives with specific time frames that relate to achieving the stated goals.**
 - 4) **For projects involving modernization, the applicant shall describe the conditions being upgraded. For facility projects, the applicant shall include statements of age and condition and any regulatory citations. For equipment being replaced, the applicant shall also include repair and maintenance records.**

The applicant proposes to establish a 3 treatment room free-standing birth center.

According to the applicant the purpose of the project is to offer an out of hospital birthing service to central Illinois women residing in a 60-mile radius of the Bloomington-Normal area. The availability of this option would curtail a recent upward trend in at-home births, and curtail a recent resurgence in C-section births and the high medical costs associated with this procedure. The Center will also provide ample educational opportunities for its patients, offering pre-delivery health care, and support classes pertaining to natural childbirth. Lastly, the applicants note the proposed project will enhance maternal health care in the community through the planned re-establishment of a community prenatal clinic with a strong collaboration with the two community hospitals, and the Bloomington-Normal medical community. The applicants project to be providing 150 successful in-center births by its third year, and surpassing 200 of these procedures by its fifth year.

D. Criterion 1110.230(c) - Alternatives to the Proposed Project

The Criterion states:

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

- 1) **Alternative options shall be addressed. Examples of alternative options include:**
 - A) **Proposing a project of greater or lesser scope and cost;**
 - B) **Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;**
 - C) **Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and**
 - D) **Other considerations.**

- 2) **Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.**
- 3) **The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.”**

The applicants considered three alternatives for this project:

1) Do Nothing/Utilize Existing Resources

The applicants rejected this alternative, as it would do nothing to address the issues of the upwardly progressive rate of C-Sections being performed, and the high cost associated with this procedure.

2) Joint Venture with a Hospital/Health System

The applicants note having presented its vision for this alternative health care model to the two area health systems, in 2014. The applicants noted there would be little to no negative impact on the services provided by these health systems, and the potential for growth through the increased number of patients choosing the health care model. The applicants further addressed the potential for a collaborative relationship gained by serving as a transfer facility for patients requiring higher level care. While the applicants did not enter into joint ventures with the area health systems, they report having formed successful collaborative relations with these health systems.

3) Start an Independently Owned Birthing Center.

The applicants chose this option, based on the research conducted, and the advice from industry experts. While the facility will operate as a non-collaborative business entity, the collaboration with area health systems for patient transfers, educational opportunities, and community presence is noted. Cost of this alternative: \$945,233.

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

A) Size of Project

The Criterion states:

“The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix B, unless the additional GSF can be justified by documenting one of the following:

- 1) Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
- 2) The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
- 3) The project involves the conversion of existing bed space that results in excess square footage.”

The applicants note having performed extensive research, local market analysis, and sought advice from industry experts in regard to proper facility sizing. The applicants project an average bed utilization window consisting of 16-26 hours (12-18 hours labor, and 4-8 hours cleaning and restocking). The proposed spatial allocation for this project is 311 GSF per room. The State Board has no established standards for a free-standing birthing center, resulting in a positive finding for this criterion.

TABLE THREE Size of Project				
Department	Proposed	State Standard	Difference	Met Standard
Birthing Suites (3 rooms)	933 GSF (311 GSF per room)	N/A	N/A	Yes

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

B. Criterion 1110.234 (b) - Project Services Utilization

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

TABLE FOUR Project Utilization				
Department	Proposed Utilization*	State Standard	Difference	Met Standard
Birthing Suites (3 rooms)	122 Births (41 Births/Room)	N/A	N/A	Yes
*2017: 2 nd Year after project completion				

The applicants have documented by the second year after project completion they will be providing approximately 122 births, which accounts for approximately 41 births per room. The State Board does not have a standard for the minimum number of births per room, and a positive finding results for this criterion. See application page 63 for complete discussion.

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

IX. 1110.3130 - Freestanding Birth Centers

A) Location Requirements – Review Criteria

- 1) *There shall be no more than 10 birth center alternative health care models in the demonstration program including:*
 - A) A total of 4 located in the combined Cook, DuPage, Kane, Lake, McHenry and Will counties;
 - B) A total of 3 located in municipalities with a population of 50,000 or more not located in an area described in subsection (a)(1)(A); and
 - C) A total of 3 located in rural areas.
- 2) In each of the geographic groups identified in subsection (a)(1), one birth center shall be owned or operated by a hospital and one birth center shall be owned and operated by a federally qualified health center.
- 3) Documentation
 - A) The applicant shall document that the proposed birth center will be located in one of the geographic areas stated in the Act and described in subsection (a)(1); and

- B) The applicant shall document that the proposed birth center is owned or operated by a hospital or owned or operated by a federally qualified health center or owned and operated by a private person or entity.
- 4) As stated in Section 30 of the Act, *there shall be no more than 2 birth centers authorized to operate in any single health planning area for obstetric services as determined under the Illinois Health Facilities Planning Act [20 ILCS 3960].*

The applicant notes the proposed birthing center will be located at 6 Westport Court, Bloomington. The proposed facility is the second in this Alternative Health Care Model, and the first to qualify under Section 1110.3130 (A)(1)(B): **located in a municipality with a population of 50,000 or more not located in an area described in subsection (A)(1)(a).** A positive finding results for this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE LOCATION REQUIREMENTS CRITERION (77 IAC 1110.3130 (a)).

- B) **Criterion 1110.3130(b) – Service Provision to a Health Professional Shortage Area – Review Criteria**
 - 1) *The first 3 birth centers authorized to be operated by IDPH shall be located in or provide service to a health professional shortage area, as determined by the U.S. Department of Health and Human Services. [210 ILCS 3/30]* The applicant shall document whether the proposed site is located in or will predominantly serve the residents of a health professional shortage area.
 - 2) *If a birth center is located outside of a health professional shortage area:*
 - A) *the birth center shall be located in a health planning area with a demonstrated need for obstetrical service beds, as determined by the Health Facilities and Services Review Board; or*
 - B) *there shall be a reduction in the existing number of obstetrical service beds in the planning area so that the establishment of the birth center does not result in an increase in the total number of obstetrical service beds in the health planning area. [210 ILCS 3/30]*

The proposed project will be located in HSA-04, serve the residents of Bloomington-Normal, and north central Illinois. The proposed facility qualifies

as a facility located in a municipality with a population of 50,000 or more not located in an area described in subsection (A)(1)(a). The proposed facility will be located approximately 3 miles east of a designated primary care health provider shortage area, and is part of a larger mental health shortage area. The facility will be located in close proximity with other community-based health care providers/services, and is proximal to major traffic arteries, allowing for easy access for patients commuting in from rural communities. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SERVICE PROVISION TO A HEALTH PROFESSIONAL SHORTAGE AREA CRITERION (77 IAC 1110.3130 (b)).

C) Criterion 1110.3130 (c) – Admission Policies – Review Criterion

A birth center may not discriminate against any patient requiring treatment because of the source of payment for services, including Medicare and Medicaid recipients. [210 ILCS 3/35] Documentation shall consist of copies of all admission policies to be in effect at the facility and a signed statement that no restrictions on admissions due to these factors will occur.

The applicants provided a copy of its admissions criteria (application, p. 70), which is accompanied by a signed attestation from Dr. Joe Santiago, M.D., of their adherence to said policy. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ADMISSION POLICIES CRITERION (77 IAC 1110.3130 (c)).

D) Criterion 1110.3130 (d) – Bed Capacity – Review Criterion

The applicant shall document that the proposed birth center will have no more than 10 beds.

The applicant supplied architectural drawings (application, p. 74) that identify three birth rooms on the first floor of the facility. It appears the applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE BED CAPACITY CRITERION (77 IAC 1110.3130 (d)).

E) Criterion 1110.3130(e) – Staffing Availability – Review Criterion

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

The applicant note the Bloomington-Normal area shows having experienced a degree of job loss in the health care field in the recent past. It is also noted that Bloomington –Normal contains several institutions of higher learning that offer degree programs in health care. These two attributes have provided a sufficient labor pool for the applicants to staff the facility, upon project completion. Board staff identified the following positions suggested for the operation of the birth center:

- Primary Midwife
- Secondary Midwife
- Birth Assistants
- Doulas
- Clinical Director
- Operations/Program Director
- Patient Care Representative
- Administrative Assistant

It appears the applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE STAFFING CRITERION (77 IAC 1110.3130 (e)).

F) Criterion 1110.3130(f) – Emergency Surgical Backup – Review Criterion

The applicant shall document that either:

- 1) The birth center will operate under a hospital license and will be *located within 30 minutes ground travel time from the hospital to allow for an emergency caesarian delivery to be started within 30 minutes after the decision that a caesarian delivery is necessary*; or**
- 2) A contractual agreement has been signed with a licensed hospital for the referral and transfer of patients in need of an emergency caesarian delivery. *Birth centers shall be located within 30 minutes ground travel time from the licensed hospital to allow for an emergency caesarian delivery to be started within 30 minutes after the decision that a caesarian delivery is necessary.* [210 ILCS 3/35]**

The applicant notes a contract has been entered into with OSF St. Joseph Medical Center, Bloomington, to accept maternal and neonatal transfers unable to be served at the birth center (application, p. 76). Board Staff notes OSF St. Joseph Medical Center is approximately 2 miles (5 minutes) from the proposed birthing center. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE EMERGENCY SURGICAL BACKUP CRITERION (77 IAC 1110.3130 (f)).

G) Criterion 1110.3130(g) – Education – Review Criterion

A birth center shall offer prenatal care and community education services and shall coordinate these services with other health care services available in the community. [210 ILCS 3/35] Documentation shall consist of a written narrative on the prenatal care and community education services offered by the birth center and how these services are being coordinated with other health services in the community.

The applicants notes Bloomington-Normal Birth Center will use a group care model, sometimes referred to as Centering Pregnancy, for its prenatal and education initiatives. This consists of a group of women in similar gestational phases, participating in discussions, receive care skills, and peer support, all under the supervision of a birthing center practitioner. It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE EDUCATION CRITERION (77 IAC 1110.3130 (g)).

H) Criterion 1110.3130(h) – Inclusion in Perinatal System – Review Criterion

- A) *At a minimum, the birth center's participation shall require a birth center to establish a letter of agreement with a hospital designated under the Perinatal System.***
- B) *A hospital that operated or has a letter of agreement with a birth center shall include the birth center under its maternity service plan under the Hospital Licensing Act and shall include the birth center in the hospital's letter of agreement with its perinatal center. [210 ILCS 3/30]***

The applicant supplied a copy of the contract signed with OSF St. Joseph Medical Center, Bloomington (application, p. 76). The contract refers to transfers of neonates and Mothers, when hospital care is needed. These transfers will admit to the OSF St. Joseph Medical Center Emergency Department, and both parent and child will be classified as OSF St. Joseph Medical Center patients. It appears the

applicants have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE INCLUSION IN THE PERINATAL SYSTEM CRITERION (77 IAC 1110.3130 (h)).

I) Criterion 1110.3130(i) – Medicare/Medicaid Certification – Review Criterion

Medicare/Medicaid Certification – Review Criterion

The applicant shall document that the proposed birth center will be certified to participate in the Medicare and Medicaid programs under titles XVIII and XIX, respectively, of the federal Social Security Act (42 USC 1395 and 1396).

The applicants note that the Bloomington-Normal Birthing Center intends to seek certification for Medicare/Medicaid services, upon project completion (application, p. 87). It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE MEDICARE/MEDICAID CERTIFICATION CRITERION (77 IAC 1110.3130 (i)).

J) Criterion 1110.3130(j) – Charity Care – Review Criterion

All birth centers shall provide charitable care consistent with that provided by comparable health care providers in the geographic area. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the charity care policy that will be adopted by the proposed birth center.

The applicants supplied a copy of its Charity Care/Sliding Fee Discount Program (application, p. 89). It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CHARITY CARE CRITERION (77 IAC 1110.3130 (j)).

I) Criterion 1110.3130(k) – Quality Assurance – Review Criterion

Each birth center shall implement a quality assurance program with measurable benefits. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the quality assurance program to be adopted by the birth center.

The applicant has provided an outline of the Quality Assurance plan for the proposed Birthing Center (application, p. 90-93). The program outlines protocols for center staff to periodically review in an effort to monitor quality of care, rectify deficiencies, and increase overall outcomes for a positive patient experience. It appears the applicant has met the requirement of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE QUALITY ASSURANCE CRITERION (77 IAC 1110.3130 (k)).

X. 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable:

- a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:**
 - 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and**
 - 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;**
- b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience. Provide a list of confirmed pledges from major donors (over \$100,000);**
- c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;**
- d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:**
 - 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;**

- 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
- 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
- 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
- e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
- f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
- g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.

The applicants are funding the project with cash and securities totaling \$107,358, and Other Funds and Sources identified through Fair Market Values totaling \$326,789. The applicants supplied audited financial statements (application, p. 108), which indicates that sufficient cash is available to fund the project.

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

XI. 1120.130 - Financial Feasibility

Financial Viability Waiver

The applicant is NOT required to submit financial viability ratios if:

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or

HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.

- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA), or its equivalent; or

HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.

- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.

b) Viability Ratios

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards. The latest three years' audited financial statements shall consist of:

- 1) Balance sheet;
- 2) Revenues and expenses statement;
- 3) Changes in fund balance; and
- 4) Changes in financial position.

HFSRB NOTE: To develop the above ratios, facilities shall use and submit audited financial statements. If audited financial statements are not available, the applicant shall use and submit Federal Internal Revenue Service tax returns or the Federal Internal Revenue Service 990 report with accompanying schedules. If the project involves the establishment of a new facility and/or the applicant is a new entity, supporting schedules to support the numbers shall be provided documenting how the numbers have been compiled or projected.

c) Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

The State Board does not have financial standards for birthing centers. The applicants are funding the project with cash and securities totaling \$365,233, and Mortgages/Construction Loans totaling \$580,000. The applicants supplied loan commitment letters from Heartland Bank & Trust Company, Bloomington, (application, p. 95-97), to loan the applicants a maximum amount of \$1,000,000. Other sources of funds include personal investments totaling \$48,196.67, from each of the three physician/owners. Both applicants are identified as newly formed entities, and do not have historical financial viability ratios. It would appear from the Heartland's commitment letter that the applicants are financially viable.

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

XII. Section 1120.140 - Economic Feasibility

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

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or**
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:**
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or**
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.**

The applicants are funding the project with cash and securities totaling \$365,233, and Mortgages/Construction Loans totaling \$580,000. The applicants supplied loan commitment letters from Heartland Bank & Trust Company, Bloomington,

(application, p. 95-97), to loan the applicants a maximum amount of \$1,000,000. These documents contain the financing terms, which appear reasonable and within the acceptable parameters of this criterion.

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

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

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;**
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;**
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.**

The applicants are funding the project with cash and securities totaling \$365,233, and Mortgages/Construction Loans totaling \$580,000. The applicants supplied loan commitment letters from Heartland Bank & Trust Company, Bloomington, (application, p. 95-97), to loan the applicants a maximum amount of \$1,000,000. These documents contain the financing terms, which appear reasonable and within the acceptable parameters of this criterion.

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

C. Criterion 1120.140(c) - Reasonableness of Project Cost

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the State Board's standards as detailed in 77 IAC 1120.

Board staff notes that no State Standards exist for Free-Standing Birthing Centers, and the costs identified below, are what the applicants supplied in the application. The identified costs are classified as clinical, and it appears the applicants have met the requirements of this criterion.

Preplanning Costs – These costs total \$4,747.00, and comprise 3.3% of the modernization, contingencies, and equipment costs. There are no State Board standards for this criterion.

Modernization and Contingency Costs – These costs are \$126,191 or \$72.27 per GSF (\$126,191/1,746 GSF). Board Staff notes there are no State standards for this criterion.

Contingency Costs – These costs are \$11,455 or 9.9% of modernization costs. Board Staff notes there are no State Standards for this criterion, when compared to Free-Standing Birthing Centers.

Moveable Equipment - These costs total \$17,125. Board Staff notes there are no State Standards for this criterion, when compared to Free-Standing Birthing Centers.

Architectural & Engineering Fees – These costs total \$11,455. Board Staff notes there are no State Standards for this criterion, when compared to Free-Standing Birthing Centers.

Consulting & Other Fees - These costs total \$13,195. Board Staff notes there are no State Standards for this criterion, when compared to Free-Standing Birthing Centers.

Net Interest Expense During Construction – These costs total \$9,997. Board Staff notes there are no State Standards for this criterion, when compared to Free-Standing Birthing Centers.

It appears the applicant has met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COST CRITERION (77 IAC 1120.140 (c)).

D) Criterion 1120.140 (d) - Projected Operating Costs

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

The applicant did not identify projected operating costs for this project. The State Board does not have a standard for these costs.

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

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

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

The applicant did not identify the total effect of the project on capital costs. The State Board does not have a standard for these costs.

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

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