

Via FedEx: 8113 1096 4254

December 8, 2017

Chair Kathryn Olson
c/o Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761



DEC 11 2017

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Status Report on Project 15-026 (Modernization of certain floors)

Dear Chair Olson:

Thank you for the opportunity to provide this status report in writing. When Vista East Medical Center ("Vista East") appeared in front of you on the above referenced matter it explained the need to modernize the hospital building, which is over 50 years old and has many semi-private rooms. The project would allow for all private medical surgical and pediatric inpatient rooms and refresh the patient care areas. Obviously, this is a good project and was supported by the Board. However, the Board did inquire as to why Vista East did not decrease some of its 165 medical surgical beds as part of the project, so that it could meet the Board's utilization target of 85%. (Vista East did surrender 98 medical surgical beds and 10 pediatric beds in 2012.)

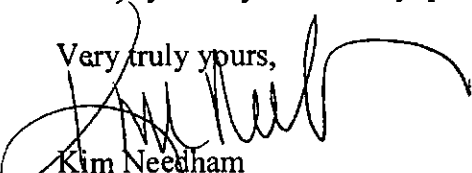
At the time, Ms. Barbara Martin (former CEO of Vista East) explained that the beds were available to be set up and staffed if needed, and that given Waukegan's significant population it was necessary to maintain them in the case of a disaster or pandemic. Also, the realistic assessment is that once the hospital is modernized and can offer private rooms the medical surgical utilization will increase. The Board agreed, but asked Vista East to come back to it with information regarding where the Hospital's medical surgical utilization stands toward the completion of the project.

At this point, Vista East has requested a permit renewal through 2019. The project has been put on hold due to the need to conserve capital. As the Board is well aware, Vista East has a significant Medicaid population (in 2017 41.7% (based upon adjusted admissions) of its patients were Medicaid recipients and 30.8% of its revenue came from Medicaid). The State was (and still is, although it is improving) very back logged on its Medicaid payments. As a result, capital was unavailable for the project, which was to be paid for with cash. Vista East is still fully committed to the project. It is a straight forward and common sense modernization project that will bring the benefits of a modernized facility and private rooms to the community served. Vista East is focusing on the project being re-energized with a capital commitment in 2018.

With that said, the recent medical surgical utilization information may be irrelevant since it cannot be assessed in light of whether the modernization resulted in increased utilization of the service. As reported in our response to the Annual Survey in 2016 the ADC in medical surgical was 91.8%. In 2017 the ADC was 91.9% through the end of November.

Thank you. If you have any questions do not hesitate to contact me, or our CON counsel Clare Connor.

Very truly yours,


Kim Needham
ACEO, Vista East

cc: Clare E. Connor