



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: G-04	BOARD MEETING: March 29, 2016	PROJECT NO: 15-060	PROJECT COST: Original: \$1,503,522
FACILITY NAME: Gottlieb Memorial Hospital		CITY: Melrose Park	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The applicants (Trinity Health Corporation, Loyola University Health System and Gottlieb Memorial Hospital) are proposing to establish a twenty (20) bed comprehensive physical rehabilitation unit at Gottlieb Memorial Hospital at a cost of \$1,503,522. Additionally, the proposed project will decrease medical surgical beds from one hundred fifty four (154) to one hundred thirty three (133) beds a decrease of twenty one (21) beds. The anticipated project completion date is December 31, 2016.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Trinity Health Corporation, Loyola University Health System and Gottlieb Memorial Hospital) are proposing to establish a twenty (20) bed comprehensive physical rehabilitation unit at Gottlieb Memorial Hospital (“Gottlieb”) at a cost of \$1,503,522. Additionally, the proposed project will decrease medical surgical beds from one hundred fifty four (154) to one hundred thirty three (133) beds a decrease of twenty one (21) beds. The anticipated project completion date is December 31, 2016.
- In conjunction with this application (#15-060) the applicants have filed an Exemption Application (#E-036-15) to discontinue a thirty two bed (32) comprehensive physical rehabilitation unit at Loyola University Medical Center (“Loyola”). If both the exemption and the certificate of need application is approved the number of comprehensive physical rehabilitation beds in the HSA VII Planning Area will be reduced by twelve (12) beds.
- Loyola and Gottlieb Hospitals are both owned by Trinity Health Corporation and are approximately fifteen (15) minutes apart in the same HSA VII comprehensive physical rehabilitation planning area.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to establish a category of service as required by the Health Facilities Planning Act (20 ILCS 3960)

PURPOSE OF THE PROJECT:

- The applicants state the *“purpose of relocating the Comprehensive Physical Rehabilitation unit from Loyola to Gottlieb will benefit health care delivery to residents of Suburban Cook and DuPage Counties and western parts of the City of Chicago. Specifically the project co-locates the post-acute care rehabilitation with other post-acute care programs now in place at Gottlieb. The project consolidates at Gottlieb those Loyola programs overseen by the Marianjoy Medical Group—the Transitional Care Unit and the Loyola inpatient rehabilitation unit which will improve efficiency and effectiveness”*

PUBLIC HEARING/COMMENT:

- No public hearing was requested and no letters of support or opposition were received by the State Board Staff.

OUR REVIEW:

- The applicants are proposing this project as a relocation of comprehensive physical rehabilitation services from one hospital (Loyola) to another (Gottlieb). The State Board Staff views this as a discontinuation of the service at Loyola and the establishment of the service at Gottlieb. This State Board Staff report reflects the establishment of comprehensive physical rehabilitation services at Gottlieb only compared to the calculated bed need or excess and the utilization of other providers in the planning area. Because the discontinuation of the service at Loyola has not been approved as of this report the service at Loyola is considered when evaluating existing services in the planning area.

CONCLUSIONS:

- The applicants addressed nineteen (19) criteria and did not meet the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 IAC 1110. 630 (c) (1) (2) (3) (5) – Planning Area Need	There is an excess of 118 comprehensive physical rehabilitation beds in the HSA VII comprehensive physical rehabilitation planning area. There is no absence of this service in the HSA VII service area and there has been no evidence provided by the applicants of access issues or restrictive admission policies at other facilities in the Planning Area
77 IAC 1110.630 (d) (1) (2) (3) - Unnecessary Duplication of Service/Mal-distribution/ Impact on Other Facilities	There are sixteen (16) hospitals within the thirty (30) minutes adjusted service area that have comprehensive physical rehabilitation service. Two facilities are not yet operational and no data is available. Fourteen (14) of the facilities are not at the State Board’s target occupancy of eighty five percent (85%).

STATE BOARD STAFF REPORT
#15-060
Gottlieb Memorial Hospital

APPLICATION/SUMMARY/CHRONOLOGY	
Applicants	Trinity Health Corporation, Loyola University Health System and Gottlieb Memorial Hospital.
Facility Name	Gottlieb Memorial Hospital
Location	701 N. Avenue, Melrose Park
Application Received	December 11, 2015
Application Deemed Complete	December 15, 2015
Review Period Ends	April 13, 2016
Permit Holder	Gottlieb Memorial Hospital
Operating Entity	Gottlieb Memorial Hospital
Owner of the Site	Gottlieb Memorial Hospital
End of Review Period	April 13, 2016
Project Financial Commitment Date	December 31, 2016
Gross Square Footage	19,549 GSF
Project Completion Date	December 31, 2016
Can Applicants Request Another Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The applicants (Trinity Health Corporation, Loyola University Health System and Gottlieb Memorial Hospital) are proposing to establish a twenty (20) bed comprehensive physical rehabilitation unit at Gottlieb Memorial Hospital at a cost of \$1,503,522. Additionally, the proposed project will decrease medical surgical beds from one hundred fifty four (154) to one hundred thirty three (133) a decrease of twenty one (21) beds. The anticipated project completion date is December 31, 2016.

II. Summary of Findings

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

III. General Information

The applicants are Trinity Health Corporation, Loyola University Health System and Gottlieb Memorial Hospital. Trinity Health Corporation is an Indiana not for profit corporation with 91 hospitals in twenty one (21) states with three (3) hospitals in Illinois: Gottlieb Memorial Hospital (255 beds) Melrose Park, Loyola University Medical Center (559 beds) Maywood and Mercy Hospital and Medical Center (464 beds), Chicago, Illinois. Loyola University Health System and Gottlieb Memorial Hospital are Illinois not for profit corporations. The operating entity licensee and the owner of the site is Gottlieb Memorial Hospital. Gottlieb Memorial Hospital is located in the HSA 7 Comprehensive Physical Rehabilitation Planning Area. The State Board has projected an

excess of one hundred eighteen (118) Comprehensive Physical Rehabilitation beds in this planning area by CY 2018. Project obligation will occur after permit issuance. The State Board's target occupancy for comprehensive physical rehabilitation beds is eighty five percent (85%). This project is subject to 1110 and 1120 review and is considered a substantive project.

IV. **HSA 7 Comprehensive Physical Rehabilitation Planning Area**

HSA 7 Comprehensive Physical Rehabilitation Planning Area consists of DuPage County and Suburban Cook County. Currently there are thirteen (13) hospitals in this planning area that have Comprehensive Physical Rehabilitation units. There are a total of five hundred five (505) Comprehensive Physical Rehabilitation beds in this planning area.

TABLE ONE			
Hospitals with Comprehensive Physical Rehabilitation Beds in HSA VII			
Facility	City	Beds	2014 Occupancy
Adventist LaGrange Memorial Hospital ⁽¹⁾	LaGrange	16	NA
Advocate Christ Hospital & Medical Center	Oak Lawn	37	88.7%
Alexian Brothers Medical Center	Elk Grove	72	81.6%
Evanston Hospital	Evanston	22	73.2%
Franciscan St. James Health-Chicago Heights	Chicago Heights	30	36.2%
Ingalls Memorial Hospital	Harvey	46	47.2%
Loyola University Medical Center	Maywood	32	63.5%
Lutheran General Hospital - Advocate	Park Ridge	45	76.4%
MacNeal Hospital ⁽²⁾	Berwyn	12	NA
Marianjoy Rehabilitation Center	Wheaton	100	86.2%
Northwest Community Hospital ⁽³⁾	Arlington Heights	17	NA
Rush Oak Park Hospital	Oak Park	36	8.6%
Westlake Hospital Melrose Park	Melrose Park	40	25.8%
Total Beds		505	
1. Establish sixteen (16) bed unit approved by State Board 3/11/2014 as Permit #13-073 no data 2. Approved to establish a twelve (12) bed unit as Permit #14-066 on 3/10/2015 no data available 3. Approved to establish a seventeen (17) bed unit as Permit #14-021 on 8/27/2014 no data available 4. NA – Not available <i>Source: Inventory of Health Care Facilities and Services and Need Determinations and 2014 Hospital Profiles</i>			

V. **Project Details**

Gottlieb Memorial Hospital ("Gottlieb") proposes the establishment of a twenty (20) bed inpatient Comprehensive Physical Rehabilitation service at Gottlieb Memorial Hospital, 701 W. North Avenue, Melrose Park. Additionally an exemption application has been submitted from Loyola University Medical Center ("Loyola") (#E-036-15) to discontinue a thirty two (32) bed Comprehensive Physical Rehabilitation service in Maywood, Illinois approximately four (4) miles from Gottlieb. The proposed project will relocate this service to a downsized inpatient unit at Gottlieb.

The project proposes to convert Gottlieb's 6th floor West nursing unit from a twenty one (21) bed medical/surgical unit to a twenty (20) bed Comprehensive Physical

Rehabilitation unit. Space on the fourth 4th floor will house the physical and occupational therapy function, Activities for Daily Living (ADL kitchen, bathroom and bedroom), staff offices and other support. The proposed project will increase the Comprehensive Physical Rehabilitation bed count at Gottlieb from zero (0) to twenty (20) beds, and will reduce the medical/surgical bed count by twenty one (21), from one hundred fifty four (154) to one hundred thirty three (133) medical/surgical beds.

VI. Project Costs and Sources of Funds

The applicants are funding this project with cash of \$1,503,522. The estimated start-up costs and operating deficit cost is \$3,265,350

TABLE TWO Project Costs and Sources of Funds			
Use of Funds	Clinical	Non Clinical	Total
Modernization Contracts	\$458,785	\$247,038	\$705,823
Contingencies	\$45,825	\$24,675	\$70,500
Architectural/Engineering Fees	\$36,660	\$19,740	\$56,400
Consulting and Other Fees	\$46,150	\$24,850	\$71,000
Movable or Other Equipment (not in construction contracts)	\$515,827	\$83,972	\$599,799
Total Uses of Funds	\$1,103,247	\$400,275	\$1,503,522
Source of Funds	Clinical	Non Clinical	Total
Cash and Securities	\$1,103,247	\$400,275	\$1,503,522

VII. 77 IAC 1110.230 - Purpose of the Project, Safety Net Impact Statement, Alternatives to the Project

A) Criterion 1110.230 (a) – Purpose of the Project

The applicants stated the following:

*There are several **reasons** for relocating Loyola University Health System's (LUHS) Comprehensive Physical Rehabilitation unit from Loyola University Medical Center (LUMC) to Gottlieb Memorial Hospital (GMH), benefitting health care delivery to residents of Suburban Cook and DuPage Counties and western parts of the City of Chicago.*

- The project co-locates the post-acute care rehabilitation with other post-acute care programs now at GMH. These programs include the 34 beds Transitional Care Unit, home health care, adult day care, and geriatric behavioral health. Collectively these programs create a post-acute care continuum of clinical services that enhances the delivery of clinical care in a controlled setting, enabling the implementation of care pathways and consistent quality outcomes. Throughput is increased, with anticipated reductions in length of stays and readmissions. In addition, the lower cost structure at GMH enables a more cost effective inpatient rehabilitation service, consistent with the Affordable Care Act.*
- The project consolidates at GMH those LUHS programs overseen by the Marianjoy Medical Group –the Transitional Care Unit and the LUMC inpatient*

rehabilitation unit. This will enable efficiencies in staffing and operations for both programs. In 2014, Loyola and Marianjoy entered into a collaborative relationship for oversight of the Transitional Care Unit at Gottlieb and the rehabilitation unit at Loyola University Medical Center.

- By establishing the rehabilitation service at GMH, LUHS further honors the commitment made in 2008 when it acquired Gottlieb Memorial Hospital to invest in clinical program and service development at Gottlieb. During the past 6 years, LUHS has funded the remodeling of several nursing floors, the mammography suite and the emergency department; established the EPIC medical record system at Gottlieb; and installed telemetry and anesthesiology equipment. These investments are strengthening GMH as a viable community health resource.

- The relocation of the rehabilitation unit from the 5th floor at LUMC makes that floor available for other clinical use, at a time that LUMC is stressed with high occupancies and capacity limitations. These conditions result in unavailability of inpatient beds, external transfer requests being denied or delayed, and emergency room bypass. LUMC has the highest Case Mix Index in the State of Illinois, with a growing need for beds to accommodate this acute care population. The relocation of the rehab unit promotes a better management of facility resources within the LUHS system.

The "Identified Planning Area" for the project is defined as the LUMC Central Service Area (CSA), the source of 57% of patients cared for in the LUMC inpatient rehabilitation unit in 2015. Over 99% of GMH's inpatients reside within LUMC's CSA.

Issues to be addressed. LUMC has the highest Case Mix Index in the State of Illinois. It is a measurement of the complexity of Loyola's patients and intensity of care required to treat them. This level of intensity of care results in unavailability of inpatient beds due to high occupancy, external transfer requests being denied or delayed, and emergency room bypass. How the project will address the above stated issues. The project will enhance the coordination of post acute care services within the LUHS system, and promote a lower cost inpatient rehabilitation service at GMH than can be achieved at LUMC. By continuing oversight by the Marianjoy Medical Group and transferring the unit's staff to GMH, high quality of service will be maintained within the Loyola University Health System. The relocation of the inpatient unit from LUMC to GMH also makes needed clinical space available at LUMC for higher intensity acute care services. (See Application for Permit pages 50-55)

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

The applicants stated the following:

“This Safety Net Impact Statement describes how the re-location of the inpatient physical rehabilitation service at Loyola University Medical Center Project to Gottlieb Memorial Hospital (GMH) addresses the following areas:

1. Safety net services at Gottlieb Memorial Hospital

2. *The capability at affiliated health care organization, Loyola University Medical Center, to provide safety net services*
3. *Impact on the ability of other area hospitals/health care providers to provide safety net services*
4. *No discontinuation of any safety net services*
5. *GMH charity care and Medicaid volumes*
6. *GMH broader community benefit engagement*

Safety Net Services at Gottlieb Memorial Hospital

Gottlieb Memorial Hospital provides subsidized healthcare services to the community. During FY2015 GMH provided \$21,921 in subsidized support for its adult day care center. While operating at a loss, the program continues to be offered because of a community need. GMH began running the center after a local church could no longer afford to provide this community service. The center provides care for persons with diabetes, dementia, depression and other mental and medical diagnoses. The program serves 18 adults on a daily basis throughout the year.

Impact of the proposed project on both Loyola University Medical Center and Gottlieb Memorial Hospital

The discontinuation of the Comprehensive Physical Rehabilitation service at LUMC and its relocation to GMH will not impact the subsidized programs provided at either LUMC or GMH. Inpatient rehabilitation services will continue to serve patients referred for care within the Loyola University Health System.

Safety net services at other area hospitals and health care providers

The discontinuation of the Comprehensive Inpatient Rehabilitation service at LUMC and its relocation to GMH will not have a negative impact on essential safety net services at other health care providers in the community. This project does not increase the size of the rehabilitation service at LUMC, but relocates it to GMH and reduces it in size. As a result, it is possible that rehabilitation units at other area providers may realize a small increase in their patient service volumes. This project will not impact the ability of other providers to cross-subsidize safety net services.

Discontinuation of Safety Net Services

There is no discontinuation of a safety net service. The re-location of the rehabilitation inpatient unit will enhance the Loyola University Health System's ability to provide excellent care in a lower cost setting. The safety net programs to be offered through GMH will not be negatively impacted.” (See Revised Safety Net Statement dated February 29, 2016)

TABLE THREE			
Safety Net Impact Statement			
	2013	2014	2015
Net Patient Revenue	\$121,100,234	\$121,070,337	\$113,970,063
Charity # of Patients			
Inpatients	384	148	73
Outpatients	1,895	371	304
Total	2,279	519	377
Charity Care Cost in Dollars			
Inpatients	\$2,341,138	\$1,484,592	\$1,386,932
Outpatients	\$1,456,549	\$1,524,320	\$1,134,763
Total	\$3,797,687	\$3,008,912	\$2,521,695
Medicaid # of Patients			
Inpatients	1,434	1,814	1,875
Outpatients	8,437	15,360	10,135
Total	9,871	17,174	12,010
Medicaid Revenue			
Inpatients	\$8,135,961	\$8,939,812	\$12,430,946
Outpatients	\$5,002,136	\$8,662,944	\$13,414,454
Total	\$13,138,097	\$17,602,756	\$25,845,400
% of Charity Care to Net Revenue	3.14%	2.49%	2.21%
% of Medicaid Revenue to Net Revenue	10.85%	14.54%	22.68%
<i>Source: Revised Information provided by the applicants – dated February 29, 2016</i>			

C) Criterion 110.230 (c) – Alternatives to the Proposed Project

The applicants considered four additional alternatives to the proposed project.

- Maintain thirty two (32) bed rehabilitation unit at Loyola
- Establish rehabilitation unit at Gottlieb with thirty two (32) beds, same size as at Loyola
- Establish twenty eight (28) bed rehabilitation unit at Gottlieb
- Discontinue rehabilitation service within Loyola

These alternatives were all rejected because:

1. the proposed project allows for Gottlieb to achieve synergies with other post acute services currently offered at Gottlieb.
2. the proposed project allows for additional clinical space at Loyola for high intensity acute care services.

3. the proposed location of the rehabilitation beds at Gottlieb has a lower cost structure than the current location – Loyola
4. the proposed project is the right size because a larger project of thirty two (32) beds would result in a higher capital cost and inefficiencies with splitting nursing units.
5. a project of twenty eight (28) beds cannot be accommodated at Gottlieb because there is no floor at Gottlieb that can accommodate the twenty eight (28) beds
6. the rehabilitation service within the LUHS system is essential for continuity of care, for tertiary and quaternary patients who are not ready for home or nursing home immediately following their acute care phase. Additionally the service is necessary for the residency training program at Loyola. *(See Application for Permit pages 56-58)*

VIII. Size of the Project, Projected Utilization, Assurance

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

The proposed twenty (20) bed rehabilitation unit will be located on two floors: the sixth and the fourth floors at Gottlieb in 13,071 GSF of clinical space or 654 GSF per bed. The State Board Standard is 525 to 660 GSF per bed. The clinical space on the 6th floor will be composed of twenty (20) single occupancy rehabilitation rooms each with patient toilet and shower, a dining/activity room, nurse station, and medication room. The 4th floor clinical space includes the physical therapy gym dedicated to rehabilitation patients, OT, hydrotherapy, ADL kitchen, ADL bedroom and ADL bathroom. *(See Application for Permit pages 59-61)*

B) Criterion 1110.234 (b) – Projected Utilization

The applicants are projecting that the proposed twenty (20) bed inpatient Comprehensive Physical Rehabilitation unit will serve estimated 580 - 585 patients annually in its second year of operation. The twenty (20) bed size of the unit, dictated by the available space on the 6th floor is a limiting factor on the projected volume. At 6,400 patient days per year, average daily census will be 17.5 patients, for occupancy of 88%. This level exceeds the State Board's target occupancy of eighty five percent (85%).

According to the applicants one of the reasons that the smaller unit size is practical relates to increasing pressure for efficient and cost effective post-acute care services. It is anticipated that there will be occasions when the new twenty (20) bed unit will not be able to accommodate all patients during some peak demand times. The relationship with Marianjoy provides a back-up referral option for those occasions. In addition, physicians on staff at Gottlieb have been referring their patients to other area hospital inpatient rehabilitation services in addition to LUMC. While they will have the convenient option of hospitalizing their patients needing acute rehab at Gottlieb, many may continue to prefer their established referral patterns. *(See Application for Permit page 62)*

TABLE FOUR						
Historical and Projected Utilization						
	Historic ⁽¹⁾				Projected	
	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Proposed Beds	20	20	20	20	20	20
Admissions	732	697	625	620	615	621
Patient Days	9211	9056	7419	6863	6600	6400
ALOS	12.6	13	11.19	11.1	10.7	10.3
ADC	25.2	24.8	20.3	18.8	18.1	17.5
Utilization	126.00%	124.00%	101.50%	94.00%	90.50%	87.50%
<i>Source: Application for Permit Page 62</i>						
1. Historic Information taken from Loyola's thirty two (32) bed rehabilitation unit.						

C) Criterion 110.234 (e) – Assurance

The applicants have provided the necessary assurance that the proposed new unit will be at target occupancy within two (2) years after project completion. (See *Application for Permit Page 84*)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION SIZE OF PROJECT, PROJECTED UTILIZATION, ASSURANCES (77 IAC 1110.234 (a) (b) (e))

IX. 77 IAC 1110.630 - Comprehensive Physical Rehabilitation Beds

A) Criterion 1110.630(b) - Background of Applicant

The President and CEO of Loyola University Health Systems certified that no adverse action has been taken against Loyola University Medical Center, Gottlieb Memorial Hospital, or Loyola University Health System, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130.

The applicants authorized the Health Facilities and Services Review Board and IDPH to access any documentation which it finds necessary to verify any information submitted, including but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

The applicants are in compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq. There are no historic, architectural or archaeological sites within the project area. Gottlieb is not located in a flood plain and is in compliance with Executive Order 2006-05. (See *Application for Permit pages 40-49*)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANT (77 IAC 1110.630 (b))

B) Criterion 1110.630 (c) (1) (2) (3) (5) - Planning Area Need

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

- 1) 77 Ill. Adm. Code 1100 (Formula Calculation)
- 2) Service to Planning Area Residents
- 3) Service Demand
- 5) Service Accessibility

There is a **calculated excess** of one hundred eighteen (118) Comprehensive Physical Rehabilitation beds in the HSA 7 Comprehensive Physical Rehabilitation Health Planning Area.

The applicants believe that *"because the hospitals (Loyola University Medical Center and Gottlieb Memorial Hospital) are only four (4) miles from each other, the distribution of rehabilitation patients at Loyola is a surrogate for the likely distribution of patients to the relocated rehabilitation unit at Gottlieb Memorial Hospital. That is because 29 of the 30 zip codes in Gottlieb's Central Primary Service Area and Secondary Service Area are within the Central Service Area of LUMC. Also, 58.1% of inpatients at LUMC's rehabilitation unit come from this*

Central Service Area of LUMC. The LUMC CSA has a year 2015 population of 1,904,423, and is the "Identified Planning Area" for the project."

There is no absence of **Comprehensive Physical Rehabilitation services** in the HSA 7 Comprehensive Physical Rehabilitation planning area as evidenced by Table Five below. There has been no documentation provided by the applicants of restrictive admission policies at other facilities in the planning area, nor access limitations due to payor status of patients, nor any indication of medical care problems in the planning area. Based upon the above it does not appear the twenty (20) bed comprehensive physical rehabilitation unit is needed. (See *Application for Permit pages 63-79*)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 IAC 1110.630 (1) (2) (3) (5))

C) Criterion 1110.630 (d) (1) (2) (3) - Unnecessary Duplication Mal-distribution Impact on Other Providers

- 1) The applicant shall document that the project will not result in an unnecessary duplication.
- 2) The applicant shall document that the project will not result in mal-distribution of services.
- 3) Impact on Other Providers

There are sixteen (16) hospitals within the thirty (30) minutes (adjusted) service area that have comprehensive physical rehabilitation units. Three (3) facilities are not yet operational. Of the remaining thirteen (13) facilities not one of the facilities are at the State Board's target occupancy of eighty five percent (85%). It would appear that the proposed project will result in a duplication of service in this HSA VII Comprehensive Rehabilitation Service Area.

The ratio of comprehensive physical rehabilitation beds to residents in the State of Illinois is 1 bed for every 7,401 residents and the ratio in the service area is 1 bed for every 7,968 residents. When compared to the State of Illinois Ratio there does not appear to be a surplus of beds in this service area that is 1.5 times the State of Illinois ratio.

TABLE FIVE
Facilities within thirty minutes (adjusted) of the proposed project

Facility	City	Rehab Beds	Health Service Area	Adjusted Time	Utilization	Met Standard of 85%
VHS Westlake Hospital	Melrose Park	40	7	5	25.80%	No
Loyola University Medical Center	Maywood	32	7	10	63.50%	No
Rush Oak Park Hospital	Oak Park	36	7	12	8.60%	No
Resurrection Medical Center	Chicago	65	6	18	56.60%	No
Rush University Medical Center	Chicago	59	6	18	54.10%	No
Schwab Rehabilitation Center	Chicago	81	6	20	63.60%	No

TABLE FIVE

Facilities within thirty minutes (adjusted) of the proposed project

Facility	City	Rehab Beds	Health Service Area	Adjusted Time	Utilization	Met Standard of 85%
Advocate Lutheran General Hospital	Park Ridge	45	7	21	76.40%	No
University of Illinois Medical Center at Chicago	Chicago	18	6	21	64.50%	No
Alexian Brothers Medical Center	Elk Grove Villa	72	7	23	81.60%	No
Saint Mary Of Nazareth Hospital	Chicago	15	6	24	61.00%	No
Rehabilitation Institute of Chicago	Chicago	242	6	29	68.20%	No
Swedish Covenant Hospital	Chicago	25	6	30	56.70%	No
Mercy Hospital & Medical Center	Chicago	24	6	30	37.90%	No
MacNeal Hospital ⁽¹⁾	Berwyn	12	7	20	0.00%	NA
Adventist LaGrange Memorial Hospital ⁽²⁾	LaGrange	16	7	25	0.00%	NA
Northwest Community Hospital ⁽³⁾	Arlington Heights	17	7	29	0.00%	NA

1. Approved to establish a twelve (12) bed rehabilitation unit March 2015 as Permit #14-066
2. Establish sixteen (16) beds unit approved by State Board 3/11/2014 as Permit #13-073 no data available
3. Approved to establish seventeen (17) bed unit as Permit #14-021 on 8/27/2014 no data available
4. NA – Not available
5. Time determined by Map Quest and adjusted per 1100.560 (d)

Source: Inventory of Health Care Facilities and Services and Need Determinations and 2014 Hospital Profiles

According to the applicants the proposed project will not have a negative impact on other area providers. In fact, the establishment of a smaller rehabilitation unit than the 32 bed unit at LUMC which is being discontinued is likely to result in small increases in utilization at other area hospital rehabilitation units. The projected annual volume of 6,400 inpatient days at GMH is less than the current volume at LUMC, and will result in rehabilitation unit occupancy at GMH exceeding the State standard of 85%. As a result, there will be times when the unit at GMH is at full utilization and additional patients will need to be admitted at Marianjoy Rehabilitation Center and other area rehabilitation units. (See Application for Permit pages 79-80)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE/MALDISTRIBUTION/IMPACT ON OTHER FACILITIES (77 IAC 1110.630 (d) (1) (2) (2))

D) Criterion 1110.630 (f) - Staffing

Staff currently in place at the Loyola inpatient rehabilitation unit will transfer to the unit at Gottlieb. A listing of staff by functional area was provided. The unit will continue under the medical direction of Dr Thomas Pang. Dr Pang is a physiatrist on staff at Marianjoy Medical Center as well as medical director of the inpatient rehabilitation unit at Loyola. Gottlieb will meet all licensing requirements set forth by the State of Illinois as well as staffing standards established by the Joint Commission and by the Commission on Accreditation of Rehabilitation Facilities (CARF). (See Application for Permit pages 80-82)

E) Criterion 1110.630 (g) - Performance Requirements – Bed Capacity Minimums

The minimum hospital unit size for comprehensive physical rehabilitation is 16 beds. The applicants are proposing twenty (20) comprehensive physical rehabilitation beds. *(See Application for Permit page 82)*

F) Criterion 1110.630 (h) - Assurances

The applicants have provided the necessary assurance that the proposed new unit will be at target occupancy within two (2) years after project completion. *(See Application for Permit Page 84)*

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION STAFFING, PERFORMANCE REQUIREMENTS, ASSURANCES (77 IAC 1110.630 (f) (g) (h))

FINANCIAL VIABILITY

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 - Financial Viability

The applicants are funding this project with cash of \$1,503,522. The applicants provided their most recent audited financial statements (2014) and a copy of Standard and Poor's AA- long term bond rating as well a copy of Fitch AA long term bond rating and Moody's Aa3 rating. Because the project will be funded with cash no financial viability ratios need to be provided.

TABLE SIX CHE Trinity Inc. Year Ended June 30, 2014 (In Thousands) Audited	
Cash	\$901,282
Current Assets	\$7,049,474
PPE	\$6,592,913
Total Assets	\$20,433,189
Current Liabilities	\$4,044,253
LTD	\$3,619,237
Total Liabilities	\$9,889,727
Patient Service Revenue	\$12,395,306
Total Revenue	\$13,586,479
Total Expenses	\$13,204,341
Operating Income	\$119,582
Excess of Revenue over Expenses	\$951,405

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS, AND FINANCIAL VIABILITY (77 IAC 1120.120 and 1120.130)

A) Criterion 1120.140 (a) - Reasonableness of Financing

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

The applicants are funding this project with cash; no debt is being used to finance this project.

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

Modernization and Contingencies Costs total \$504,610 or \$38.61 per GSF. This appears reasonable when compared to the State Board Standard of \$290.50.

“This line item includes the following projects on the 6th floor at Gottlieb Memorial Hospital: -conversion of one existing med/surg patient room and one nurse station to dining and ADL space -conversion of 20 med/surg rooms to 20 inpatient rehabilitation rooms -replacement of ceiling tiles and lighting fixtures -new flooring, wall finishes, handrails, doors/hardware -relocation of sinks in all patient rooms to allow handicapped

maneuverability On the 4th floor of Gottlieb -new ADL bath in PT/OT space -ADL bedroom and kitchen -refurbishment of staff offices -therapist lockers and break room.”

Contingency Costs total \$45,825 and are 9.9% of modernization costs. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural and Engineering Fees total \$36,660 or 7.2% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 7.79-11.69%

Consulting and Other Fees total \$46,150. The State Board does not have a standard for these costs.

Movable or Other Equipment totals \$515,827. The State Board does not have a standard for this cost.

This line item includes medical equipment, PT/OT equipment, IT/telecommunications, and furnishings. Because this unit is the relocation of an existing inpatient rehabilitation service from LUMC, some of the equipment with remaining useful life will be brought from LUMC, and is assessed based on its net book value. Other equipment is being purchased new for the 6th floor unit. Medical equipment includes: 20 new Stryker S3 beds, 10 Work Stations on Wheels, 2 Verathon bladderscans, EKG machine, Seca Weighing Scale, GE Dynamap, 1 Carefusion PYXIS (medication dispensing cabinet), a crashcart and other items.

D) Criterion 1120.140 (d) – Projected Operating Costs

The applicants are projecting \$275.79 in projected operating costs per equivalent patient day. This appears reasonable when compared to previously approved projects of this type.

TABLE SEVEN	
Total Operating Costs	\$3,265,350
Equivalent Patient Days	11,840
Direct Costs per Equivalent Patient Day	\$275.79

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

The applicants are projecting \$12.70 in capital costs per equivalent patient day by 2017 for the project and for Gottlieb Memorial Hospital projected capital costs per equivalent patient day is \$94.10 by 2017. This appears reasonable when compared to previously approved projects of this type.

TABLE EIGHT		
	Project	Gottlieb
Equivalent Patient Days	11,840	106,197
Total Project Cost	\$1,503,522	-
Useful life (years)	10	-
Total Annual Depreciation	\$150,352	\$9,993,300

Depreciation Cost Per Equivalent Patient Day	\$12.70	\$94.10
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THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS, TERMS OF DEBT FINANCING, REASONABLENESS OF PROJECT COSTS, DIRECT OPERATING COSTS AND PROEJCTED CAPITAL COSTS (77 IAC 1120.140 (a) (b) (c) (d) (e))

<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Lori Price			White	75.7%	Hispanic or Latino:	24.5%
ADMINSTRATOR PHONE	708-450-4949			Black	18.2%	Not Hispanic or Latino:	74.7%
OWNERSHIP:	Gottlieb Memorial Hospital			American Indian	0.1%	Unknown:	0.7%
OPERATOR:	Gottlieb Memorial Hospital			Asian	1.6%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R			Hawaiian/ Pacific	0.1%	IDPH Number:	5793
CERTIFICATION:	None			Unknown	4.2%	HPA	A-06
FACILITY DESIGNATION:	General Hospital					HSA	7
ADDRESS	701 West North Avenue	CITY: Melrose Park	COUNTY: Suburban Cook County				

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2014	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	154	93	80	6,600	26,481	2,446	4.4	79.3	51.5	85.2
0-14 Years				0	0					
15-44 Years				1,116	2,891					
45-64 Years				1,967	6,925					
65-74 Years				1,278	5,618					
75 Years +				2,239	11,047					
Pediatric	4	4	1	35	47	23	2.0	0.2	4.8	4.8
Intensive Care	24	19	12	1,148	3,737	11	3.3	10.3	42.8	54.0
Direct Admission				847	2,732					
Transfers				301	1,005					
Obstetric/Gynecology	27	13	10	1,274	2,975	48	2.4	8.3	30.7	63.7
Maternity				1,274	2,975					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	34	32	29	710	9,275	0	13.1	25.4	74.7	79.4
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	12	12	11	242	3,565	0	14.7	9.8	81.4	81.4
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	255			9,708	46,080	2,528	5.0	133.2	52.2	

(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	53.2%	18.7%	0.4%	23.7%	2.5%	1.5%	
	5165	1814	37	2302	242	148	9,708
Outpatients	35.3%	20.5%	1.4%	37.5%	4.8%	0.5%	
	26395	15360	1015	28102	3613	371	74,856

<u>Financial Year Reported:</u>	7/1/2013 to	6/30/2014	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				Charity Care Expense	Total Charity Care Expense
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals		
Inpatient Revenue (\$)	59.3%	15.0%	1.0%	23.4%	1.3%	100.0%		3,008,912
	35,420,421	8,939,812	604,850	13,967,779	803,016	59,735,878	1,484,592	
Outpatient Revenue (\$)	42.3%	14.1%	1.1%	41.1%	1.3%	100.0%		
	25,965,198	8,662,944	652,571	25,227,723	826,023	61,334,459	1,524,320	2.5%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	915		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	910		Beds	12	2	Heart:	0
Birthing Rooms:	0		Patient Days	1,831	518	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		2,349	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	5					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	0
C-Section Rooms:	1		Inpatient Studies		243,388		
CSections Performed:	297		Outpatient Studies		137,653		
			Studies Performed Under Contract		22,150		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	2	0	0	2	78	0	378	0	378	4.8	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	6	6	526	709	1140	1270	2410	2.2	1.8
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	52	34	205	120	325	3.9	3.5
OB/Gynecology	0	0	0	0	109	368	274	630	904	2.5	1.7
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	1	749	1	603	604	1.0	0.8
Orthopedic	0	0	0	0	536	848	1633	1768	3401	3.0	2.1
Otolaryngology	0	0	0	0	18	93	24	167	191	1.3	1.8
Plastic Surgery	0	0	0	0	0	97	0	228	228	0.0	2.4
Podiatry	0	0	0	0	22	88	34	156	190	1.5	1.8
Thoracic	0	0	0	0	97	54	168	84	252	1.7	1.6
Urology	0	0	1	1	79	198	145	371	516	1.8	1.9
Totals	2	0	7	9	1518	3238	4002	5397	9399	2.6	1.7
<u>SURGICAL RECOVERY STATIONS</u>				Stage 1 Recovery Stations		9	Stage 2 Recovery Stations		21		

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	2	2	854	2494	684	2220	2904	0.8	0.9
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
	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
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	Yes
Level of Trauma Service	Level 1
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	210
Patients Admitted from Trauma	57
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	17
Persons Treated by Emergency Services:	26,392
Patients Admitted from Emergency:	4,432
Total ED Visits (Emergency+Trauma):	26,602

Free-Standing Emergency Center

Beds in Free-Standing Centers	
Patient Visits in Free-Standing Centers	
Hospital Admissions from Free-Standing Center	

Outpatient Service Data

Total Outpatient Visits	152,944
Outpatient Visits at the Hospital/ Campus:	136,791
Outpatient Visits Offsite/off campus	16,153

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	2
Cath Labs used for Angiography procedures	2
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	952
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	768
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	169
EP Catheterizations (15+)	15

Cardiac Surgery Data

Total Cardiac Surgery Cases:	78
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	78
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	59

Diagnostic/Interventional Equipment**Examinations****Therapeutic Equipment****Therapies/**

	<u>Owned Contract</u>		<u>Inpatient</u>	<u>Outpt</u>	<u>Contract</u>		<u>Owned Contract</u>		<u>Treatments</u>
General Radiography/Fluoroscopy	5	0	9,952	21,699	0	Lithotripsy	0	0	0
Nuclear Medicine	2	0	825	1,108	0	Linear Accelerator	0	0	0
Mammography	2	0	42	9,297	0	Image Guided Rad Therapy			0
Ultrasound	4	0	2,600	8,083	0	Intensity Modulated Rad Thrp			0
Angiography	2	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			0	0	0	Proton Beam Therapy	0	0	0
Interventional Angiography			893	107	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	2	0	3,066	8,021	0				
Magnetic Resonance Imaging	1	0	928	2,703	0				

15-060 Gottlieb Memorial Hospital - Melrose Park



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