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April 23, 2018

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VIA FEDERAL EXPRESS

Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 W. Jefferson
Springfield, Illinois 62761

RECEIVED

APR 24 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Palos Community Hospital, Exemption No. E-047-17

Dear Ms. Avery:

On November 21, 2017, Palos Community Hospital (the "Hospital") received a certificate of exemption ("COE") letter from the Illinois Health Facilities and Services Review Board ("HFSRB"). The COE confirmed that a Certificate of Need permit was not required to discontinue the pediatric bed category of service. As you know, in connection with the planned discontinuation of this designation of beds, the Hospital indicated its intent going forward to continue to admit pediatric patients. In doing so, it would place those patients in beds designated as medical/surgical beds. As I discussed with Jeannie Mitchell, this practice is permitted by current Illinois licensure rules and is a common practice of hospitals operating in Illinois.

The COE letter states that the Hospital must obtain other regulatory, certification or licensure approvals prior to discontinuing the bed category. As you may know, the only other approval required for this change is from the Illinois Department of Public Health ("IDPH"). While there is no formal process or form of application for discontinuing a bed category under IDPH rules, prior to the issuance of the COE, the Hospital had also requested approval from IDPH to eliminate the pediatric bed category. In connection with that request, the Hospital supplied material detail to IDPH about its plans for treating the pediatric patients in medical/surgical beds and articulated that insofar as possible, the Hospital would assign patients to a bed unit that would provide for adequate segregation with regard to age. At this time, while there has been no formal denial of the request, IDPH's approval has not been forthcoming and at this time IDPH staff has indicated that the bed unit should stay open to treat pediatric patients. Therefore, the Hospital has determined to maintain its pediatric bed category.

Accordingly, this letter serves as a request to relinquish the COE in accordance with Section 1130.580 of the HFSRB rules. This relinquishment is necessary due to IDPH's position that the bed unit must continue its designation as a pediatric bed unit for the care of pediatric

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patients. While the Hospital is puzzled on the IDPH position, at this time it appears that it must follow IDPH's guidance. IDPH staff was in communication with HFSRB staff at the time of the issuance of the COE to communicate that its review of the request was pending and would occur subsequent to COE issuance. At the time the request for a COE was made, we believed the COE and IDPH processes to be aligned. However, IDPH does not appear willing to change its position. Therefore, the Hospital hasn't taken any action to change the designation due to IDPH's position on this issue.

With respect to the April 2, 2018 letter that the Hospital received, a report had not been filed because a completion cannot occur unless and until the IDPH approval occurred.

As a side note, in communications regarding the Hospital's plans, we had learned that there is some concern about pediatric bed supply diminishing. We are not certain whether this is the basis for IDPH withholding its approval but at this time the Hospital is willing to maintain the status quo on the designation of beds where it treats pediatric patients.

With regard to this relinquishment, there were no anticipated costs associated with the planned discontinuation of the bed category and no costs were incurred. We have enclosed a check in the amount of \$1,000.00 payable to IDPH to cover the cost of the relinquishment.

Please let me know if you have any further questions.

Very truly yours,

A handwritten signature in cursive script that reads 'Kara Friedman'.

Kara M. Friedman

cc: Tim Brosnan