DELIVERY VIA UPS

December 31, 2018

Mr. Michael Constantino
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street 2nd Floor
Springfield, IL 62761

RECEIVED
JAN 02 2019
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Project #18-042
Quincy Medical Group Surgery Center
Revised Pages 111 and 112

Dear Mr. Constantino

Attached are the revised pages 111 and 112 of Section 1110.235(c)(7) of the permit application for the Quincy Medical Group surgery center. The changes reflect the revised utilization information submitted in November by Blessing Hospital for its ASTC Operating Rooms for years 2016 and 2017. Blessing's revised information was accepted by HFSRB at its December 4 meeting.

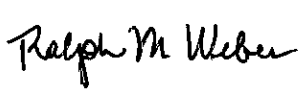
As you know, the QMG permit application used Blessing's data for 2016 and prior years, as reported in the State's inventories. That was the most recent data available at the time we prepared the permit application. The permit application was submitted on October 24, 2018. The State published year 2017 utilization information for hospitals and ASTCs in early November, 2018, based on data hospitals and ASTCs submitted to the State in spring, 2018. Blessing's original 2017 data (submitted by Blessing to the HFSRB prior to the filing of QMG's permit application) showed a dramatic increase in outpatient surgery from 2016 to 2017. QMG was in the process of submitting revised pages of its application to reflect Blessing's 2017 data when Blessing surprisingly changed its numbers for 2016 and 2017, including, significantly, a reduction of 4,812 hours in Blessing's ASTC ORs from the originally reported 2017 data. Notably, Blessing's submission of these significantly reduced numbers was **after** QMG filed its application.

Our attached revised pages reflect Blessing's revised year 2016 and 2017 data. It is worth noting that our conservative estimate of Blessing's 2017 volume of outpatient surgery hours, as we stated in the permit application <u>before</u> Blessing's <u>original</u> and <u>revised</u> 2017 data came out, was 13,788 hours (page 112, item c in the permit application). Blessing's corrected 2017 data for the ASTC ORs, when incorporated with Blessing's other outpatient surgery and procedure data, totals 13,636 hours. This observation is offered as further support for the validity of our projection methodologies used in this section and throughout the permit application.

As noted in the section, the revised pages 111 and 112 use the most recent Blessing data to document that the project will <u>not</u> have an adverse impact on Blessing outpatient surgical volumes.

Please contact me if you have questions.

Sincerely,



Ralph Weber
CON Consultant
847-791-0830

Attached: revised pages 111 and 112

Collectively, the 5 ASTCs reported a total of 23,519 hours in 12 ORs, or 1,960 hours per room. This is in excess of the utilization standard of 1500 hours per room. This statistic indicates that more ORs are needed to serve the population.

The next page shows the table from HFSRB's *Inventory of Health Facilities and Services and Need Determinations*, 9/1/2017, listing the 5 ASTCs in HSA 3 and their cases and hours.

C. Document that, within 24 months after project completion, the proposed project will a) not lower the utilization of other area providers below utilization standards, and b) not lower the utilization of other GSA facilities that are operating below the utilization standards.

Blessing Hospital (with its hospital ORs and procedure rooms) and the Blessing ASTC are the two licensed facilities in the GSA providing surgical/treatment services. The table below shows the volume (hours) of surgical/treatment services at Blessing and its ASTC for the years 2013 – 2017. (Source: HFSRB Hospital and Ambulatory Surgical Treatment Center profiles, updated to include revised surgical hours for 2016 and 2017 presented by Blessing and accepted at the HFSRB meeting on December 4, 2018.)

Blessing Hospital and ASTC Surgical and Procedure Hours
Source: HFSRB Hospital and ASTC Profiles

Year	2013	2014	2015	2016	2017
Blessing Hospital					
ORs - outpatient	3310	3781	4027	4527	5886
Procedure Rooms - outpatient	683	2343	2103	0	0
Blessing ASTC					
ORs - outpatient	3568	3666	3752	4472	4810
Procedure Rooms - outpatient	2423	2491	2641	2875	2940
Total outpt surgeries/procedures	9984	12281	12523	11,874	13,636

Given the above information, the following assumptions and calculations are made in order to appropriately assess the impact of the project on Blessing:

a) Blessing Hospital's outpatient surgery hours at the hospital and the ASTC grew by 37% between 2013 and 2017.

b) This is an annual average increase of approximately 9.25%.

c) A 10% annual average increase in hours is assumed through 2023 (2 years after completion of the QMG project). This 10% increase reflects the 9.25% annual average increase from 2013 through 2017, weighted by the 14.8% increase from 2016 to 2017. This weighting is justified because the 14.8% increase during the recent year is more than 50% greater than the average annual increase for the four year period.

d) 13,636 hours in 2017, increased by 10% per year through 2023, results in a projected 24,157 hours in 2023 for outpatient surgery/treatment at Blessing Hospital and the Blessing ASTC.

e) As presented in the Project Services Utilization section of this permit application, QMG projects 10,650 hours at QMG's proposed ASTC at 3347 Broadway in year 2023.

f) Assuming that these 10,650 hours are subtracted from the volume at Blessing Hospital and its ASTC, the result is 13,507 hours remaining at Blessing Hospital and its ASTC in year 2023. (24,157 – 10,650 = 13,507)

g) 13,507 hours is substantially the same as the 13,636 hours reported at Blessing Hospital and its ASTC in 2017. The analysis assumes that all the volume at the proposed QMG ASTC will be drawn solely from Blessing Hospital and its ASTC. QMG physicians, however, also direct surgical cases to other hospitals. Therefore, if the analysis were to include surgical cases referred and/or performed by QMG physicians at hospitals other than Blessing, the hour differential in relation to Blessing Hospital and its ASTC would be less than the amount currently projected.

This information is submitted as documentation that the proposed project will not have an adverse impact on the surgical utilization of Blessing Hospital and its ASTC. The proposed project i) will not lower the utilization of Blessing Hospital and its ASTC below utilization standards, and ii) will not lower, to a further extent, the utilization of other GSA facilities that are currently (during the latest 12-month period) operating below the utilization standards. (Section 1110.235(c)(7)(C)).

The analysis set forth in this section, using data submitted to HFSRB by Blessing Hospital, demonstrates that QMG's proposed ASTC complies with the Unnecessary Duplication/Maldistribution of Service review criterion.

Pursuant to HFSRB requirements, QMG sent a letter to Blessing Hospital as the sole Illinois provider of surgical services located within the GSA. A copy of QMG's letter is included on the following page. To date, QMG has not received Blessing Hospital's response to the letter. QMG will forward Blessing Hospital's response letter to HFSRB upon receipt. Pursuant to the analysis outlined above, QMG's proposed ASTC will not adversely impact surgical patient volumes at Blessing Hospital and its ASTC.