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September 1, 2020

VIA EMAIL

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: The Rehabilitation Institute of Southern Illinois, Project #19-021, Response to Request for Information and Modification

Dear Ms. Avery:

We represent the applicants as co-counsel with Polsinelli, in regard to the pending Certificate of Need application for The Rehabilitation Institute of Southern Illinois, Project #19-021. The purpose of this letter is to provide a response to Board Staff's request for additional information related to Board Criterion regarding Performance Requirements-Bed Capacity Minimum ("100-bed rule"). Please accept this letter as our response to this request for information. Furthmore, the applicants are seeking a modification of the pending project pursuant to 77 Ill. Admin Code. Section 1130.650. The applicants are seeking to modify the date of project completion to July 1, 2022.

Performance Requirements-Bed Capacity Minimum for Inpatient Rehabilitation Services

According to Part 1110.205(a)(1)(f) of the Board's rules, the minimum size for an inpatient rehabilitatio beds.[1] These minimum size requirements for rehabilitation services have been a State standard for a long time, but do not reflect the current industry standard for this model of care as a freestanding building. Establishing a 40 bed hospital as a collaboration between an acute care hospital provider and a service line specialty management company, like Encompass, a national leader in rehabilitation care, will best address the needs of the communities that this program will serve. Further to our client's position we provide the following information for your consideration. .

[1] Of some interest is the fact that no minimum bed requirement exists for freestanding AMI hospitals other than the 20 bed unit requirements within an MSA and 10 bed unit requirement for programs outside of an MSA. As the Board evaluate updates to the 100-bed rule, we believe it is important to consider a similar minimum bed scheme that is better aligned with current national practices. This 100 bed requirement for freestanding rehabilitation hospitals has likely discouraged the development of needed rehabilitation services in many parts of the State.

Presumably, the 100-bed minimum size was driven in part by the need for a hospital to be large enough to serve sufficient numbers of patients to cover fixed costs. However, in today's healthcare environment, an inpatient rehabilitation facility ("IRF") is typically part of a health system, so individual hospitals benefit from the economies of scale of the system. Thus, support functions such as administration, billing, human resources, and information technology and development are centralized for the system, allowing individual hospitals to benefit from a system's operation costs and thus be smaller than 100 beds to be financially viable.

A 100-bed minimum size does not reflect the shorter length of stay of inpatient rehabilitation facility ("IRF") patients today, which allows for a greater number of patients to be cared for in a smaller facility today than in the past. Given the current 12 to 14 day average length of stay for the majority of today's IRF patients, a 100-bed hospital would require a large urban population to be financially viable. Thus, adherence to this standard would mean that inpatient rehabilitative care would not be available locally to residents in communities outside of large urban areas (such as Chicago).

The ability of providers to develop hospitals less than 100 beds means that Illinois patients outside dense urban cities can access this needed post-acute service locally, benefitting from the rehabilitation care directly as well as the support of their home medical community (*e.g.*, primary care physicians, cardiologist, etc.) and participation of family and friends in their recovery. This point in particular is indicative of the Encompass approach to establishing this type of care in areas of the state that desperately need access to rehab services but are outside of the aforementioned large urban areas.

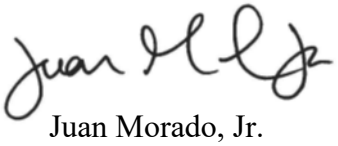
The previous two projects approved by this Board involving Encompass were for facilities outside of large urban areas (Project #19-036, Encompass Rehabilitation Hospital of Libertyville- 60 beds, and Project #19-059, Quad Cities Rehabilitations Institute, Moline-40 beds) and under 100 beds. The size of these facilities and the one proposed for this project are consistent with other hospitals developed (and under development) by Encompass. The Moline and Libertyville projects like this one in Shiloh involved a careful analysis of patient migration patterns, population demographics, and existing services. The applicants experience operating a joint venture hospital together across the river in St. Louis has informed this application and the projected referrals provided justify a 40 bed facility.

Finally, with the capital investment and service line expertise offered by a partner like Encompass, the model selected for this service will allow BJC to free up resources to focus on its core acute care services and population health management while ensuring that necessary rehabilitation services are available in the immediate community without having to leave the County and the State for care. Not having the resources or space to provide this care directly at St. Elizabeth, the next closest acute care hospital, is precisely why that hospital recently closed its rehabilitation unit as documented in its request to this Board for closure.

If you have any questions or need any additional information regarding the project, please feel free to contact me via phone at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



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