PURPOSE OF PROJECT

The purpose of the proposed project is to ensure that patients are placed in the most appropriate treatment setting. Specifically, the establishment of a subacute care unit will allow the transfer of certain patients from Mercyhealth acute care (typically Medical/Surgical) beds, to a short-term level of care appropriate to their needs. The proposed subacute care unit is one element of Mercyhealth's nationally-recognized vertically-integrated system of care, and is modeled on its long-standing Transitional Care Center in Janesville, Wisconsin, a CMS 5-star rated facility. Caring for patients in this setting will reduce expenses for government payors, reduce post-discharge Emergency Department visits and re-admissions, and result in better care coordination and patient satisfaction for at-risk patients. As such, the health care and well-being of the service area population will be improved.

It continues to be the expressed intention of Mercyhealth to admit only those patients into the Subacute Unit for whom the hospital could not find appropriate placement in a skilled Nursing Facility ("SNF") after making efforts to do so. Further, once the condition or circumstance which precluded the placement into a SNF has been resolved, Mercyhealth shall be obligated to immediately transfer any such resident to a SNF that is willing to accept such patient.

Examples of the types of patients that will benefit from this level of care are medical patients with complications who may not need the skill level of a long term acute care hospital ("LTACH"), but require patients requiring multiple ambulance transports per week to be seen by specialists, patients with infusion needs such as frequent albumin/blood products, daily physician visits and evaluations, and patients requiring complex post-operative or patients who are too fragile to be moved out of the greater hospital setting. The hospital's discharge planning department

routinely has difficulties in the placement of these types of short-stay patients in skilled care facilities, and they are in essence "falling through the cracks" clinically speaking. Additionally, the hospital routinely needs to "hold" patients in a Medical/Surgical bed for non-clinical reasons, such as delays in securing third party approval for skilled care, a patient's lack of a payment source for skilled care, or a variety of social issues (i.e. sex offenders, patients with criminal backgrounds, etc.) making placement in a skilled care facility difficult. Patients who resided in a skilled nursing facility ("SNF") immediately prior to admission to the hospital for acute care, or patients typically admitted to a long term care hospital, will not be admitted to the proposed subacute care unit unless 1) requested by the SNF, 2) admission is medically necessary for the patient, or 3) it is the expressed preference of the patient. The anticipated average length of stay for the proposed unit is 14 days, and lengths of stay exceeding three weeks will be rare.

As health systems and hospitals are required to assume greater responsibility for the management of a patient's hospitalization and the total cost of care (including that mandated by the Affordable Care Act and other federal programs), and as reimbursement for traditional skilled care facilities is changing, hospitals are experiencing a greater need to match patients' treatment setting to their clinical needs. In the case of Javon Bea Hospital, which experiences high occupancy rates, particularly mid-week, the ability to "free-up" Medical/Surgical beds sooner, is an additional benefit.

The applicants anticipate that the origin of patients to be transferred to the proposed subacute care unit will be very similar to the origin of patients transferred from Javon Bea Hospital to a skilled care facility for a short-term stay. An analysis of that patient origin, for the twelve-month period ending June 30, 2019, is provided in the table on the following page.

ZIP Code	City	%
61103	Rockford	12.8%
61101	Rockford	11.4%
61115	Machesney Park	6.6%
61102	Rockford	5.0%
61107	Rockford	4.4%
61114	Rockford	4.1%
61032	Freeport	3.8%
61088	Winnebago	3.8%
61111	Rockford	3.6%
61072	Rockton	3.5%
61109	Rockford	3.5%
61073	Roscoe	3.1%
61104	Rockford.	3.1%
61108	Rockford	3.1%
61063	Pecatonia	2.5%
60033	Harvard	2.2%
61071	Rock Falls	1.6%
61054	Mount Morris	1.3%
61080	South Beloit	1.3%
61065	Poplar Grove	1.2%
	other, under 1.0%	18.1%
		100.0%

UTILIZATION

The proposed project has a very limited prospective patient population, that being Javon Bea Hospital ("JBH") patients no longer requiring inpatient acute care, but needing care that is often not accessible through local skilled care facilities/nursing homes. (Note: Patients residing in skilled care facilities at the time of admission to JBH will generally not be admitted to the proposed subacute care unit nor will patients be admitted who can be discharged to skilled care facilities.)

The utilization projection presented in this ATTACHMENT is the result of 1) JBH's experience and difficulties in attempting to transfer patients having certain needs to area skilled care facilities, and 2) the experience of JBH's parent, Mercy Health Corporation ("Mercyhealth") in the successful operation of its CMS ranked 5-star transitional care facility, Mercyhealth Transitional Care Center in Janesville, Wisconsin.

The proposed subacute facility will be utilized by patients who have complex medical needs that may require immediate access to a physician and/or other specialized care providers on a 24-hour basis. Mercyhealth's goal is to provide a place for patients who are ready to be discharged from the hospital, but are not yet stable enough to receive care in a rehabilitation hospital, skilled nursing facility, or at home. The applicants aim to provide an integrated care center for complex patients until they are able to be safely discharged to one of these environments. Listed below are some of the key services Mercyhealth can provide to patients via its subacute unit that are not available in the other settings:

- On-site access to clinical specialists, including Cardiology, Neurology, Pulmonary Medicine, etc.

- On-site access to 24-hour physician oversight for patients unable to meet the required skill level for admission to a Long Term Acute Care Hospital
- Access to a wide variety of ancillary diagnostics, such as imaging and laboratory services, without having to leave the facility

The clinical and non-clinical difficulties experienced by JBH discharge planners in transferring patients to clinically-appropriate facilities in the community result from issues such as:

- patients requiring frequent diagnostic modalities, such as imaging
- patients needing to be closely monitored by certain medical specialists
- patients not yet able to tolerate three hours of daily therapy, therein delaying admission to a rehabilitation unit
- patients with a variety of social issues, such as sex offenders or patients with a criminal background
- patients without payor sources
- patients without Determination of Need scores

Based on JBH's experience, as well as the experience of Mercyhealth's Janesville facility, the greatest difficulties associated with the transfer of patients from the hospital to a skilled care facility arise with patients no longer needing acute care, but having multiple and complex diagnoses and clinical conditions. This is not meant to suggest that local skilled care facilities do not accept patients of the groupings noted above, but rather, difficulties are experienced in the transfer of patients, particularly for the most medically-complex patients, or for patients having non-medical complicating issues. Janesville data suggests that approximately 82% of SCU admissions will be such patients, with the remaining admissions being for some other clinical or non-clinical reason resulting in difficulties in placement.

Over the past two years, an average of 454 of the types of patients described above have been transferred from JBH to area skilled care facilities, when a clinically-appropriate facility is available.

Based on the information provided above, JBH's FY2018 and FY2019 discharges, and a projected average length of stay of 14 days, consistent with that experienced at the Janesville SCU, the applicants project the following utilization and bed need:

total patients from 11 patient groupings above	454
75% to proposed SCU	341
patients, other than 11 groupings	76
projected admissions	417
average length of stay (days)	14
projected patient days	5,838
average daily census	15.99
bed need at 95% occupancy	17