



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-01	BOARD MEETING: September 17, 2019	PROJECT NO: E-024-19	PROJECT COST:
FACILITY NAME: MetroSouth Medical Center		CITY: Blue Island	Original: \$0
TYPE OF PROJECT: Exemption			HSA: VII

PROJECT DESCRIPTION: The Applicants propose to discontinue a 314-bed acute care hospital (MetroSouth Medical Center, Blue Island, Illinois). There is no cost to this project. The expected completion date is September 30, 2019.

Heath Facilities Planning Act (20 ILCS 3960/6)

(b) *The State Board shall establish by regulation the procedures and requirements regarding issuance of exemptions. An exemption shall be approved when information required by the Board by rule is submitted. Projects eligible for an exemption, rather than a permit, include, but are not limited to, change of ownership of a health care facility, discontinuation of a category of service, and discontinuation of a health care facility.*

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

- The Applicants propose to discontinue a 314-bed acute care hospital (MetroSouth Medical Center, Blue Island, Illinois). There is no cost to this project. The expected completion date is September 30, 2019.

BACKGROUND

- MetroSouth Medical Center was originally opened as Saint Francis Hospital in 1905 by the Sisters of St. Mary (“SSM”).
- In 1999 the State Board approved an internal corporate restructuring of SSM Health Care. The assets of the hospital were transferred to St. Francis Hospital & Health Services, a Maryville, Missouri not-for profit corporation, through an asset transfer agreement. There was no cost to this transfer.
- In 2008 the State Board approved the sale of St. Francis Hospital & Health Services to MSMC Investors LLC, Harrison Hospital Holdings LLC and Reis Capital Management LLC for approximately \$51.6 million. At that time the name of the hospital was changed to MetroSouth Medical Center.
- In February of 2012 the State Board approved the sale of MetroSouth Medical Center to Community Health Systems, Inc. and Blue Island Illinois Holdings Company, LLC. The value of the transaction was \$50.5 million.
- In November of 2015 the State Board approved the change of ownership of MetroSouth Medical Center. At that time Community Health Systems, Inc. spun-off MetroSouth Medical Center along with 37 other hospitals to a newly created publicly-traded company, Quorum Health Corporation. There was no cost to this transaction.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because the project discontinues a health care facility (20 ILCS 3960).

PUBLIC HEARING/COMMENT:

- A public hearing was conducted by the State Board Staff on July 24, 2019 beginning at 10:00am and concluding at 6:00pm. The Hearing was held at the Saint Benedict Roman Catholic Church in Blue Island. Three individuals from Quorum Health Corporation spoke in support of the closure. Several individuals spoke in opposition to the closure including a representative from Congressman Rush’s Office, State Senators and Representatives, the Mayor of Blue Island and the Mayors from surrounding communities, physicians at the Hospital, employees of the Hospital, and residents of Blue Island and the surrounding communities. Additionally the State Board received a large number of petitions as well as letters signed by residents of the community opposing the closure of the Hospital.

SUMMARY

- The Hospital has averaged approximately 31% utilization for the years 2013-2017 and has seen the number of inpatients decline approximately 17% over this period. The number of emergency department visits has decreased approximately 4%, surgeries 12% and gastro procedures 30% over this same period. The number of births has decreased 12%. Outpatient visits have averaged 82,000 per year and this number has remained constant. The payor mix (by patient number) for this period has averaged 25.06% Medicare, 37.58% Medicaid, Private Insurance 21.03%, 11.85% Private Pay, and other public 3.33%. Approximately 1.2% were charity care patients. (See Table Six at the end of this report)
- The discontinuation of MetroSouth Medical Center will reduce the number of excess beds in the A-04 Planning Area as seen in the Table below.

Category of Service	Beds	Calculated Bed Need	Excess	MetroSouth Medical Center	Excess Beds upon Discontinuation
Medical Surgical	2,040	1,557	483	-242	241
Intensive Care	366	322	44	-28	16
Obstetric	180	128	52	-30	22
Acute Mental Illness	195	130	65	-14	51

The Applicants have provided all the information required by the State Board.

STATE BOARD STAFF FINDS THE PROPOSED DISCONTINUATION IN CONFORMANCE WITH CRITERIA 77 ILAC 1130.500 GENERAL REQUIREMENTS FOR EXEMPTIONS, 77 ILAC 1130.525 REQUIREMENTS FOR EXEMPTIONS INVOLVING THE DISCONTINUATION OF A HEALTH CARE FACILITY AND 77 ILAC 1110.290 DISCONTINUATION.

STATE BOARD STAFF REPORT
Project #E-024-19
MetroSouth Medical Center

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Blue Island Hospital Company, LLC dba MetroSouth Medical Center and Quorum Health Corporation
Facility Name	MetroSouth Medical Center
Location	12935 South Gregory Street, Blue Island
Exemption Holder	Blue Island Hospital Company, LLC dba MetroSouth Medical Center and Quorum Health Corporation
Operating Entity/Licensee	Blue Island Hospital Company, LLC
Owner of Site	Blue Island Hospital Company, LLC
Application Received	June 11, 2019
Anticipated Completion Date	September 30, 2019

I. Project Description

The Applicants (Blue Island Hospital Company, LLC dba MetroSouth Medical Center and Quorum Health Corporation) propose to discontinue a 314-bed acute care hospital (MetroSouth Medical Center)¹. There is no cost to this project. The expected completion date is September 30, 2019.

II. Applicants

On April 29, 2016, Community Health Systems, Inc. ("CHS") completed the spin-off of 38 hospitals, including their affiliated facilities, to form Quorum Health Corporation. Quorum Health Corporation, a Delaware corporation, and its subsidiaries is to provide hospital and outpatient healthcare services in its markets across the United States. As of June 30, 2019, the Company owned or leased 26 hospitals in rural and mid-sized markets, which are in 14 states and have a total of 2,458 licensed beds. (Source SEC 10-Q June 30, 2019) In Illinois Quorum owns seven hospitals besides MetroSouth Medical Center. These Hospitals are:

¹ "Hospital" means any institution, place, building, buildings on a campus, or agency, public or private, whether organized for profit or not, devoted primarily to the maintenance and operation of facilities for the diagnosis and treatment or care of 2 or more unrelated persons admitted for overnight stay or longer in order to obtain medical, including obstetric, psychiatric and nursing, care of illness, disease, injury, infirmity, or deformity (Hospital Licensing Act)

TABLE ONE
Hospitals owned by Quorum Health Corporation in Illinois

Hospitals	City	Beds ⁽¹⁾
Crossroads Community Hospital	Mt. Vernon	47
Galesburg Cottage Hospital	Galesburg	143
Gateway Regional Medical Center	Granite City	338
Heartland Regional Hospital	Marion	106
Red Bud Regional Hospital	Red Bud	25
Union County Hospital	Anna	25
Vista Medical Center	Waukegan	228

1. Beds as of December 31, 2017

Quorum Health Corporation owns 100% of Blue Island Illinois Holdings Company, LLC and Blue Island Illinois Holdings Company owns 100% of BlueIsland Hospital Company, LLC dba MetroSouth Medical Center. Blue Island Hospital Company, LLC is the licensee and the owner of the site.

III. Health Service Area

MetroSouth Medical Center is in the HSA VII Health Service Area and the A-04 Hospital Planning Area. HSA VII includes Suburban Cook and DuPage County. The A-04 Hospital Planning Area includes the City of Chicago Community Areas of West Pullman, Riverdale, Hegewisch, Ashburn, Auburn Gresham, Beverly, Washington Heights, Mount Greenwood, and Morgan Park; Cook County Townships of Lemont, Stickney, Worth, Lyons, Palos, Calumet, Thornton, Bremen, Orland, Rich and Bloom. There are currently eight hospitals in this Hospital Planning Area.

In the A-04 Hospital Planning Area as of August 2019 there is a calculated excess of 483 medical surgical/pediatric beds, 44 ICU beds, and 52 Obstetric beds. In the Planning Area 6-7 A-04 Acute Mental Illness Planning Area there is a calculated excess of 65 AMI beds.

TABLE TWO
Hospitals in the A-04 Hospital Planning Area

Hospital	City	Beds ⁽¹⁾	Mile
MetroSouth Medical Center	Blue Island	314	0
Ingalls Memorial Hospital	Harvey	485	4.5
Little Company of Mary Hospital	Evergreen Park	298	5.1
Advocate Christ Hospital & Medical Center	Oak Lawn	788	7.1
Palos Community Hospital	Palos Heights	410	8.0
Advocate South Suburban Hospital	Hazel Crest	233	9.9
Franciscan St. James Health-Olympia Fields	Olympia Fields	214	14.4
Adventist LaGrange Memorial Hospital	LaGrange	196	30.1

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1. Beds as of December 31, 2017
 2. Sorted by Miles
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IV. **Discontinuation**

MetroSouth Medical Center has the following categories of service that will be discontinued:

Categories of Service	Beds
Medical Surgical	242
Intensive Care	28
Obstetric	30
Acute Mental Illness	14
Total Beds	314
Cardiac Catheterization	3
Open Heart Surgery	

The Hospital has 10 operating rooms, 12 Phase I recovery stations², 28 Phase II recovery stations³, 5 procedure rooms, and 27 emergency stations. The following equipment will be discontinued: General Radiography/Fluoroscopy; Nuclear Medicine; Mammography; Ultrasound; Angiography; Computerized Axial Tomography (CAT); and Magnetic Resonance Imaging (MRI).

At the time of this report the Applicants are pursuing discussions for possible reuse of the facility for an outpatient health care services center and possibly a freestanding emergency department. To the extent necessary, physical assets and equipment will be liquidated.

The medical records of MetroSouth Medical Center are maintained in an electronic health records information system that Quorum Health Corporation utilizes for all eight of its Illinois facilities, and that system will continue to be maintained by Quorum following the discontinuation of MetroSouth. The medical records of MetroSouth's patients will be maintained in compliance with all State and Federal laws pertaining to medical record storage, including Section 6.17 of the Illinois Hospital Licensing Act which generally requires every hospital to preserve its medical records for not less than 10 years.

² "Post-Anesthesia Recovery Phase I" means the phase in surgical recovery that focuses on providing a transition from a totally anesthetized state to one requiring less acute interventions. Recovery occurs in the post-anesthesia care unit (PACU). The purpose of this phase is for patients to regain physiological homeostasis and receive appropriate nursing intervention as needed.

³ "Post-Anesthesia Recovery Phase II" means the phase in surgical recovery that focuses on preparing the patient for self-care, care by family members, or care in an extended care environment. The patient is discharged to phase II recovery when intensive nursing care no longer is needed. In the phase II area, sometimes referred to as the step-down or discharge area, the patient becomes more alert and functional.

The Applicants state the reason for the discontinuation is insufficient volume and demand for the services at the hospital. The hospital has experienced declining patient volumes, increasing market saturation, reduced reimbursement from government and commercial payors, and on-going operational losses. The utilization of the hospital's Medical/Surgical, ICU and OB/GYN departments all been below 30% for each year beginning in 2016. MetroSouth's utilization declined further in 2018. The Acute Mental Illness (AMI) service has been historically underutilized as well.

According to the Applicants the Hospital's loss of Medicaid supplemental funding following redesign of the state's Hospital Assessment program, made it financially impossible to continue operating the hospital. In 2018 the hospital experienced a reduction of more than \$4.6 million in supplemental Medicaid funding. The hospital's pre-tax losses in 2018 totaled \$8.4 million and are projected to exceed \$10 million this year.

The Applicants have contacted all the hospitals by certified mail within the geographical service area that provide the categories of service proposed to be discontinued asking these hospitals what impact the proposed discontinuation will have on their hospital. No responses have been received to date.

V. **Impact on Access**

MetroSouth is located in Cook County which has a 10-mile market area under 77 ILAC 1100.510 (d). There are eight other hospitals within this 10-mile area that will continue to provide the services being discontinued at MetroSouth.

TABLE THREE				
Hospitals in within 10-miles of MetroSouth				
Hospital	City	Beds	Miles	Minutes
Ingalls Memorial Hospital	Harvey	485	4.5	12
Roseland Community Hospital	Chicago	134	4.9	14
Little Company of Mary Hospital	Evergreen Pk.	298	5.1	17
Advocate Christ Medical Center	Oak Lawn	788	7.1	20
South Shore Hospital	Chicago	137	7.6	17
Palos Community Hospital	Palos Heights	410	8	23
Advocate South Suburban Hospital	Chicago	233	9.9	18
Advocate Trinity Hospital	Chicago	205	10	16

VI. Safety Net

The Applicants do not believe that the discontinuation of MetroSouth will have a material impact on safety net services. There are eight full service hospitals within 10 miles of MetroSouth that are generally underutilized (see Table above). The Applicants believe the discontinuation of MetroSouth would be expected to result in higher utilization of the surrounding facilities and to reduce their costs per unit of service, which would improve those hospitals' ability to cross-subsidize safety net services. Also, the Applicants note there are 14 Federally Qualified Health Care Centers (FQHCs)⁴ within five miles of Blue Island according to the Health Resources & Services Administration's website.

TABLE FOUR		
Federally Qualified Health Care Centers within 5 miles of MetroSouth Medical Center		
Federally Qualified Health Care Centers	City	Miles
Access Blue Island Family Health Center	Blue Island	0.25
Beloved Community Family Wellness Center Robbins	Robbins	1.83
Clinic on Monterey	Chicago	2.4
South Suburban Homeless Outreach Center	Harvey	3.7
Family Christian Health Center	Harvey	3.68
Chicago Family Health Center - Roseland	Chicago	3.67
Aunt Martha's Roseland Community Health Center	Chicago	3.73
TCA Health, Inc	Chicago	4
Mobile Student Health Clinic, Parking Lot B	Chicago	4
Chicago Family Health Center- Pullman	Chicago	4.17
Family Christian Health Center	Dolton	4.26
Mobile Health Van	Chicago	4.55
Christian Community Health Center	Chicago	4.55
Carver Military Academy	Chicago	4.63

⁴ An FQHC is a community-based organization that provides comprehensive primary care and preventive care, including health, oral, and mental health/substance abuse services to persons of all ages, regardless of their ability to pay or health insurance status. Thus, they are a critical component of the health care safety net. FQHCs are called Community/Migrant Health Centers (C/MHC), Community Health Centers (CHC), and 330 Funded Clinics. FQHCs are automatically designated as health professional shortage facilities. [<https://www.hrsa.gov/opa/eligibility-and-registration/health-centers/fqhc/index.html>]

TABLE FIVE
Charity Care and Medicaid Information

	2015	2016	2017
Net Revenue	\$137,534,708	\$130,520,068	\$145,108,962
Charity #			
Inpatient	35	43	63
Outpatient	106	472	2220
Total	141	515	2283
Charity Expense			
Inpatient	\$3,126,762	\$147,424	\$246,136
Outpatient	\$1,903,600	\$217,414	\$319,655
Total	\$5,030,362	\$364,838	\$565,791
% of Charity Care to Net Revenue	3.66%	0.28%	0.39%
Medicaid			
Inpatient	2,764	3,103	3,314
Outpatient	34,047	35,031	14,045
Total	36,811	38,134	17,359
Medicaid			
Inpatient	\$31,013,796	\$34,323,681	\$28,116,250
Outpatient	\$3,815,200	\$4,279,057	\$11,371,194
Total	\$34,828,996	\$38,602,738	\$39,487,444
% of Medicaid to Net Revenue	25.32%	29.58%	27.21%

TABLE SIX
MetroSouth Medical Center
Information
2017-2013

		2017	2016	2015	2014	2013	Ave
	Beds	ADC	ADC	ADC	ADC	ADC	ADC
Medical Surgical	242	72	72.3	74	68.9	68.9	71.22
Intensive Care	28	7.6	7.8	8.5	9.4	9.7	8.6
Obstetric	30	8.9	8.6	9.4	15.2	18.1	12.04
Acute Mental Illness	14	10.2	7.9	4.7	4.9	4.7	6.48
Total	314	98.7	96.6	96.6	98.4	101.4	98.34
Hospital Occupancy		31.43%	30.76%	30.76%	31.34%	32.29%	31%
		2017	2016	2015	2014	2013	Ave
Payor Source	%	2017	2016	2015	2014	2013	Ave
Medicare	25.06%	39,833	13,915	16,995	18,216	23,853	22,562
Medicaid	37.58%	17,359	38,134	36,811	40,947	35,919	33,834
Other Public	3.33%	1,608	1,350	1,186	4,631	6,205	2,996
Private Insurance	21.03%	14,504	20,723	21,579	15,894	21,960	18,932
Private Pay	11.85%	3,946	17,545	20,297	5,518	6,051	10,671
Charity Care	1.15%	2,283	515	141	551	1,675	1,033
Total	100.00%	79,533	92,182	97,009	85,757	95,663	90,029
		2017	2016	2015	2014	2013	Ave
Births		1,399	1,312	1,299	1,459	1,557	1,405
C-Sections		467	400	406	410	467	430
ED Visits		45,523	44,529	47,051	45,622	47,203	45,986
Outpatient Visits		80,406	83,998	88,963	76,922	80,406	82,139
Cardiac Caths.		2,098	1,745	1,923	2,047	2,098	1,982
Cardiac Surgery		36	25	14	42	31	30
Surgeries		3,713	3,522	3,089	3,597	4,165	3,617
Gastro Procedures		3,090	3,039	3,014	3,997	3,997	3,427

VII. Section 1110.290 – Discontinuation

These criteria pertain to the discontinuation of categories of service and health care facilities.

a) Information Requirements – Review Criterion

The applicant shall provide at least the following information:

- 1) Identification of the categories of service and the number of beds, if any, that are to be discontinued;
- 2) Identification of all other clinical services that are to be discontinued;
- 3) The anticipated date of discontinuation for each identified service or for the entire facility;
- 4) The anticipated use of the physical plant and equipment after discontinuation occurs;
- 5) The anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be retained;
- 6) For applications involving discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or the Illinois Department of Public Health (IDPH) (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation and that the required information will be submitted no later than 60 days following the date of discontinuation.

b) Reasons for Discontinuation – Review Criterion

The applicant shall document that the discontinuation is justified by providing data that verifies that one or more of the following factors (and other factors, as applicable) exist with respect to each service being discontinued:

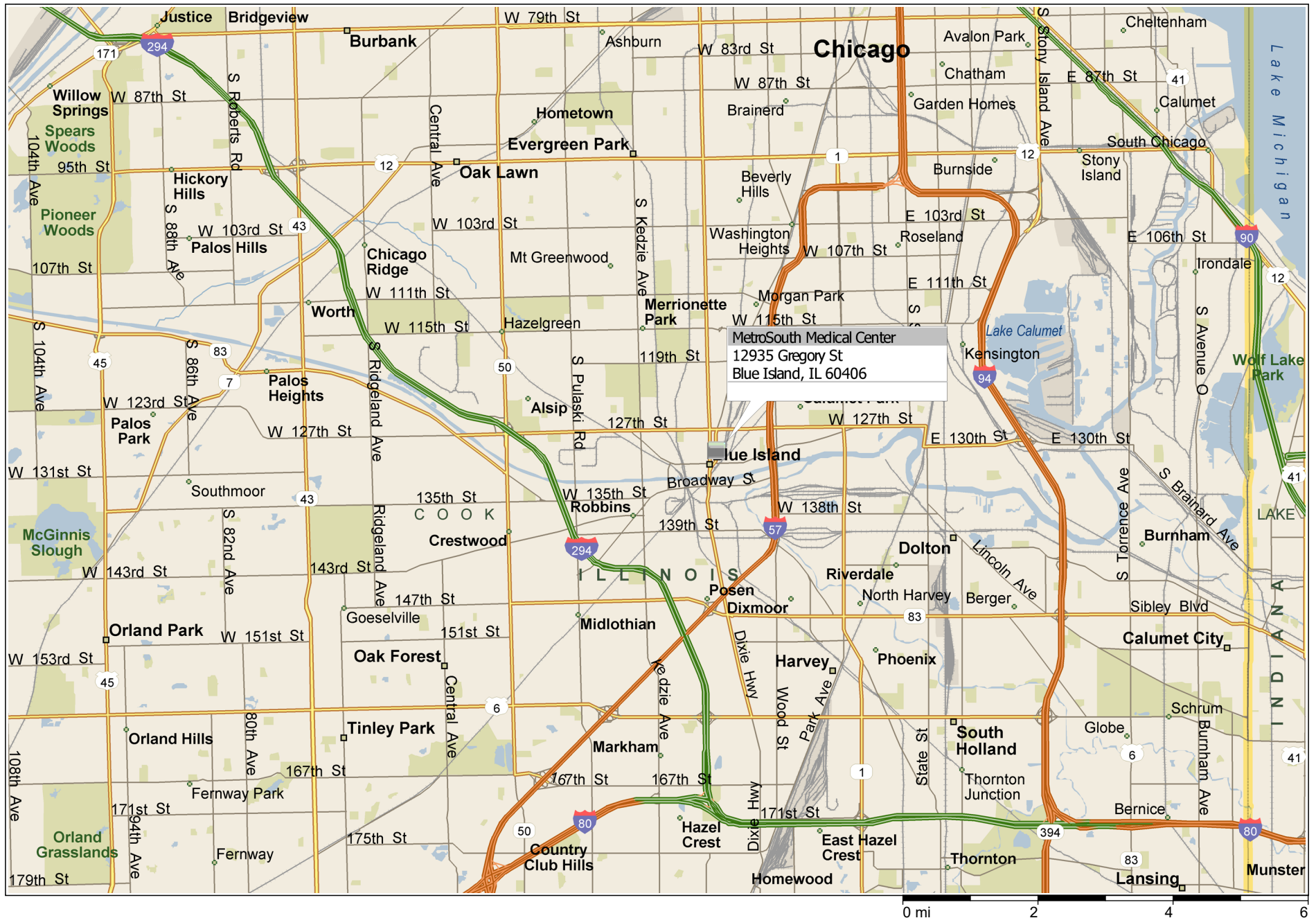
- 1) Insufficient volume or demand for the service;
- 2) Lack of sufficient staff to adequately provide the service;
- 3) The facility or the service is not economically feasible, and continuation impairs the facility's financial viability;
- 4) The facility or the service is not in compliance with licensing or certification standards.

c) Impact on Access – Review Criterion

The applicant shall document whether the discontinuation of each service or of the entire facility will have an adverse impact upon access to care for residents of the facility's market area. The facility's market area, for purposes of this Section, is the established radii outlined in 77 Ill. Adm. Code 1100.510(d). Factors that indicate an adverse impact upon access to service for the population of the facility's market area include, but are not limited to, the following:

- 1) The service will no longer exist within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the applicant facility;
 - 2) Discontinuation of the service will result in creating or increasing a shortage of beds or services, as calculated in the Inventory of Health Care Facilities, which is described in 77 Ill. Adm. Code 1100.70 and found on HFSRB's website;
 - 3) Facilities or a shortage of other categories of service as determined by the provisions of 77 Ill. Adm. Code 1100 or other Sections of this Part.
- d) The applicant shall provide copies of notification letters sent to other resources or health care facilities that provide the same services as those proposed for discontinuation and that are located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d). The notification letter must include at least the anticipated date of discontinuation of the service and the total number of patients that received care or the number of treatments provided (as applicable) during the latest 24 month period.

E-024-19 MetroSouth Medical Center - Blue Island



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