STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 •(217) 782-3516 FAX: (217) 785-4111

DOCKET ITEM:	BOARD MEETING:	EXEMPTION NUMBER:
C-10	August 6, 2019	#E-031-19
APPLICANTS: Warner Hospital and Health Services		
FACILITY NAME and LOCATION: Warner Hospital and Health Services, Clinton, Illinois		

STATE BOARD STAFF REPORT
DISCONTINUATION OF A CATEGORY SERVICE
EXEMPTION REQUEST

I. The Exemption Application

The Applicant (Warner Hospital and Health Services) proposes the discontinuation of the 2-bed intensive care[1] category of service at Warner Hospital and Health Services. Warner Hospital and Health Services is a Critical Access Hospital (CAH). Critical Access Hospital is a federal designation under the Rural Hospital Flexibility Program that is administered by the federal Office of Rural Health Policy. A CAH is a small hospital located in rural areas of the state. CAHs are often the central hub of health services in their communities, providing primary care, long-term care, physical and occupational therapy, cardiac rehabilitation and other services in addition to emergency and acute care. Hospital staff provides these services either directly or in partnership with other community providers. (source: U.S. Department of Health and Human Services)

II. Hospital – Intensive Care Category of Service

Warner Hospital and Health Services is a 25-bed critical access hospital located at 422 West White Street, Clinton, Illinois in DeWitt County in the HSA IV Health Service Area and the D-04 Hospital Planning Area. The Hospital is owned by the City of Clinton a municipal corporation.

The HSA IV Health Service Area includes the Illinois Counties of Champaign, Clark, Coles, Cumberland, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermilion. The D-04 Hospital Planning Area includes DeWitt, Macon, Moultrie and Shelby Counties. There is a calculated excess of 2 intensive care beds in the D-04 Hospital Planning Area as of June 2019. There are three additional acute care hospital in the D-04 Hospital Planning Area. The Decatur Hospitals are approximately 18 miles from Warner Hospital and Health Services.

TABLE ONE
Hospitals in the D-04 Hospital Planning Area

Hospital	City	Beds	ICU Beds
Decatur Memorial Hospital	Decatur	300	32
HSHS St. Mary's Hospital	Decatur	230	14
HSHS Good Shepherd Hospital	Shelbyville	30	0

Information as of December 31, 2017

[1] Intensive Care Service" means a category of service providing the coordinated delivery of treatment to the critically ill patient or to patients requiring continuous care due to special diagnostic considerations requiring extensive monitoring of vital signs through mechanical means and through direct nursing supervision. This service is given at the direction of a physician on behalf of patients by physicians, dentists, nurses, and other professional and technical personnel. The intensive care category of service includes the following subcategories: medical ICU, surgical ICU, coronary care, pediatric ICU, and combinations of such ICUs. This category of service does not include intermediate intensive or coronary care and special care units that are included in the medical-surgical category of service. "Intensive Care Unit" or "ICU" means a distinct part of a facility that provides a program of intensive care service; that is designed, equipped, organized and operated to deliver optimal medical care for the critically ill or for patients with special diagnostic conditions requiring specialized equipment, procedures and staff; and that is under the direct visual supervision of a nursing staff. Planning Areas for Intensive Category of Service is the same as medical surgical and the target utilization is 60%,

Table Two shows the utilization of the intensive care category of service for the past five years at the Hospital.

TABLE TWO
Warner Hospital and Health Services
Intensive Care Utilization
2017-2013

	2017	2016	2015	2014	2013
Beds	2	2	2	2	2
Admissions	4	6	3	7	20
Days	7	10	3	10	35
ADC	0	0	0	0	0.1
ALOS	1.8	1.7	1	1.4	1.8
Occupancy	1.00%	1.40%	0.40%	1.40%	4.80%

III. Discontinuation

As evidenced by Table Two above the Applicant is discontinuing this category of service because of low utilization. The Hospital ICU unit has had 3 patients in the last 24 months. The anticipated use of the physical space of the existing ICU unit will be for a new expanded pharmacy space. The existing pharmacy is in the lower level and there is not enough space to add the required compounding space required by USP 800 regulations.[2] Architects have determined that the ICU space equals the square footage necessary to comply with both the area needed and the ventilation requirements of USP 800. All medical records will be maintained by the Hospital for a period of 10 years in accordance with all Federal and State laws. The Hospital has transferred 99% of the patients seen at the emergency department to the either of the two Decatur Hospitals or OSF St. Joseph Hospital in Bloomington.

IV. Safety Net Impact

The Applicants stated: The Applicant believes given the volume of ICU patients over the past two years at the hospital, the closure of the ICU unit could not possibly have a negative impact on the safety net services provided at the hospital. All patients seen at the emergency department were never denied service due to payor type.

[2] USP <800> was published on February 1, 2016 with an implementation date of December 2019. The purpose of the chapter is to describe practice and quality standards for handling hazardous drugs in health care settings and help promote patient safety, worker safety, and environmental protection. The *United States Pharmacopeia* (*USP*) is a pharmacopeia (compendium of drug information) for the United States published annually by the United States Pharmacopeial Convention (usually also called the USP)

TABLE THREE
Warner Hospital and Health Services
Safety Net Information

Charity	2017	2018	2019
Inpatient	5	4	5
Outpatient	140	147	236
Total	145	151	241
Inpatient	$29,730	$9,476	$17,021
Outpatient	$103,358	$166,610	$197,359
Total	$133,088	$176,086	$214,380
Medicaid			
Inpatient	14	10	9
Outpatient	3,945	3,552	3,499
Total	3,959	3,562	3,508
Inpatient	$116,750	$107,949	$102,023
Outpatient	$2,590,967	$2,614,027	$2,708,532
Total	$2,707,717	$2,721,976	$2,810,555

No opposition or support letters were received and there was no request for a public hearing. The Applicants have provided the required information for this exemption application.

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 (20 ILCS 3960/6b).

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN IN CONFORMANCE WITH DISCONTINUATION OF A CATEGORY OF SERVICE OR HEALTH CARE FACILITY (77 ILAC 1130.500, 77 ILAC 1130.520 AND 77 ILAC 1110.290)

IV. Applicable Rules

A) Section 1100.540 Intensive Care Category of Service

a) Planning Areas
Planning areas are the same as those for medical-surgical and pediatrics care.

b) Age Groups
For intensive care, all ages.

c) Facility Utilization Rates
Facilities that provide intensive care services should operate those beds at or above an annual minimum occupancy rate of 60%.

d) Bed Capacity
Intensive care bed capacity is the total number of intensive care beds for a facility as determined by HFSRB pursuant to this Part.

B) Section 1130.500 - General Requirements for Exemptions

Only those projects specified in Section 1130.410 are eligible for exemption from permit requirements. Persons that have initiated or completed such projects without obtaining an exemption are in violation of the provisions of the Act and are subject to the penalties and sanctions of the Act and Section 1130.790.

a) Application for Exemption
Any persons proposing a project for an exemption to permit requirements shall submit to HFSRB an application for exemption containing the information required by this Subpart, submit an application fee (if a fee is required), and receive approval from HFSRB.

b) General Information Requirements
The application for exemption shall include the following information and any additional information specified in this Subpart:

1) the name and address of the applicant or applicants (see Section 1130.220);

2) the name and address of the health care facility;

3) a description of the project, e.g., change of ownership, discontinuation, increase in dialysis stations;

4) documentation from the Illinois Secretary of State that the applicant is registered to conduct business in Illinois and is in good standing or, if the applicant is not required to be registered to conduct business in Illinois, evidence of authorization to conduct business in other states;

5) a description of the applicant's organization structure, including a listing of controlling or subsidiary persons;

6) the estimated project cost, including the fair market value of any component and the sources and uses of funds;

7) the anticipated project completion date;

8) verification that the applicant has fulfilled all compliance requirements with all existing permits that have been approved by HFSRB; and

9) the application-processing fee.

HFSRB NOTE: If a person or project cannot meet the requirements of exemption, then an application for permit may be filed.

C) Section 1130.525 - Requirements for Exemptions Involving the Discontinuation of a Health Care Facility or Category of Service

a) Submission of Application for Exemption
Prior to any person discontinuing a health care facility or category of service, the person shall submit an application for exemption to the HFSRB, submit the required application-processing fee (see Section 1130.230), and receive approval from HFSRB.

b) Application for Exemption
The application for exemption is subject to approval under Section 1130.560 and shall include a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.130. The application shall be available for review on the premises of the health care facility.

c) Opportunity for Public Hearing
Upon a finding that an application to close a health care facility is complete, the State Board shall publish a legal notice on 3 consecutive days in a newspaper of general circulation in the area or community to be affected and afford the public an opportunity to request a hearing. If the application is for a facility located in a Metropolitan Statistical Area, an additional legal notice shall be published in a newspaper of limited circulation, if one exists, in the area in which the facility is located. If the newspaper of limited circulation is published on a daily basis, the additional legal notice shall be published on 3 consecutive days. The legal notice shall also be posted on the Health Facilities and Services Review Board's web site and sent to the State Representative and State Senator of the district in which the health care facility is located. [20 ILCS 3960/8.5(a-3)]

D) 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 at 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

E-031-19 Warner Hospital and Health Services - Clinton