



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-03	BOARD MEETING: September 17, 2019	PROJECT NO: E-033-19	PROJECT COST:
FACILITY NAME: Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital	CITY: Maryville	Original: \$0	
TYPE OF PROJECT: Exemption			HSA: XI

PROJECT DESCRIPTION: The Applicant (Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital) proposes to discontinue a 20-bed comprehensive physical rehabilitation category of service at Anderson Hospital in Maryville, Illinois. There is no cost to this project. The expected completion date is November 1, 2021.

Health 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 and discontinuation of a category of service.*

STATE BOARD STAFF REPORT
DISCONTINUATION OF A CATEGORY SERVICE
EXEMPTION REQUEST

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

- The Applicant (Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital) proposes to discontinue a 20-bed comprehensive physical rehabilitation category of service at Anderson Hospital in Maryville, Illinois. There is no cost to this project. The expected completion date is November 1, 2021.
- This exemption application is being submitted in conjunction with the proposed establishment of a 34-bed comprehensive physical rehabilitation hospital (Anderson Rehabilitation Hospital) in Edwardsville, Illinois (Project #19-026). Should the State Board approve Project #19-026, the Applicant will discontinue this service upon the licensing of the 34-bed rehabilitation hospital.

BACKGROUND

- Anderson Hospital is a 154-bed hospital in Maryville, Illinois. The Hospital began operations in January of 1977.
- Over the period 2017-2013 the comprehensive physical rehabilitation category of service averaged 376 admissions, an average length of stay of 12 days and an average daily census of 12 patients a day with an occupancy percentage of approximately 62%.

Anderson Hospital						
Comprehensive Physical Rehabilitation Category of Service						
2017-2013						
Year	2017	2016	2015	2014	2013	Ave
Beds	20	20	20	20	20	20
Admissions	343	365	376	395	399	375.6
Patient Days	4,431	4,322	4,428	4,499	4,721	4,480
ALOS	12.9	11.8	11.8	11.4	11.8	11.94
ADC	12.1	11.8	12.1	12.3	12.9	12.24
Occupancy	60.70%	59.00%	60.70%	61.60%	64.70%	61.34%

Source: Hospital Profiles 2013-2017

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because the project discontinues a category of service (20 ILCS 3960).

PUBLIC HEARING/COMMENT:

- No public hearing was requested, and no letters of support or opposition were received by the State Board.

SUMMARY:

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

STATE BOARD STAFF FINDS THE PROPOSED DISCONTINUATION OF A CATEGORY OF SERVICE IS IN CONFORMANCE WITH CRITERIA 77 ILAC 1130.500, 77 ILAC 1130.525, and 77 ILAC 1110.290.

STATE BOARD STAFF REPORT
Project #E-033-19
Anderson Hospital

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital
Facility Name	Anderson Hospital
Location	6800 State Route 162, Maryville, Illinois
Exemption Holder	Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital
Operating Entity/Licensee	Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital
Owner of Site	Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital
Application Received	July 26, 2019
Anticipated Completion Date	November 1, 2021

I. Project Description

The Applicant (Southwestern Illinois Health Facilities Inc d/b/a Anderson Hospital) proposes to discontinue a 20-bed comprehensive physical rehabilitation category of service at Anderson Hospital in Maryville, Illinois. There is no cost to this project. The expected completion date is November 1, 2021.

II. Applicant

Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital is an Illinois not-for-profit corporation that primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Maryville, Illinois and surrounding areas. The Hospital is the sole member of Community Memorial Hospital Association d/b/a Community Hospital of Staunton, an Illinois not-for-profit corporation that primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Staunton, Illinois and the immediate surrounding area.

In December 2018 the Hospital was approved to establish Anderson Surgery Center, LLC a multi-specialty ASTC in Edwardsville, Illinois (Permit #18-031) at cost of approximately \$7.7 million. The expected completion date is December 31, 2021.

III. Health Service Area

Anderson Hospital is located in the HSA XI Health Service Area and the F-01 Hospital Planning Area. HSA XI includes the Illinois Counties of Clinton, Madison, Monroe, and St. Clair and the F-01 Hospital Planning Area includes Madison and St. Clair Counties; Monroe County Precincts 2, 3, 4, 5, 7, 10, 11, 14, 16, 17, 18, 19, 21, and 22; Clinton County

Townships of Sugar Creek, Looking Glass, Germantown, Breese, St. Rose, Wheatfield, Wade, Sante Fe, Lake, Irishtown, Carlyle and Clement. There are ten acute care hospitals¹ in the F-01 Hospital Planning Area.

TABLE ONE Hospitals in the F-01 Hospital Planning Area			
Hospital	City	Total Beds	Rehab Beds
Alton Memorial Hospital	Alton	209	
Anderson Hospital	Maryville	154	20
Gateway Regional Medical Center	Granite City	338	
Memorial Hospital	Belleville	222	
Memorial Hospital -East	Shiloh	94	
OSF Saint Anthony's Hospital	Alton	140	
St. Elizabeth Hospital	O'Fallon	144	16
St. Joseph's Hospital	Highland	25	
St. Joseph's Hospital	Breese	70	
Touchette Regional Hospital	Centreville	137	
Total			36

Source: Inventory of Health Facilities and Services and Need Determination.

Anderson Hospital is located in the HSA XI Comprehensive Physical Rehabilitation Planning Area.² There 36 comprehensive physical rehabilitation beds in this planning area with a calculated need of 7 rehab beds.

IV. **Discontinuation**

The Applicant is proposing to discontinue a 20-bed comprehensive physical rehabilitation category of service at Anderson Hospital upon the approval of Project #19-026 – Anderson Rehabilitation Hospital. If approved the 20-bed Comprehensive Physical Rehabilitation space located on the 2nd floor of Anderson Hospital in Maryville will remain unused at this time. It is possible that the space will be converted to single-occupancy medical/surgical beds, to allow the adjacent medical/surgical bed unit to be converted to all private rooms.

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. [210 ILCS 85/3 (A) – Hospital Licensing Act]

² 77 ILAC 1100.550 - Comprehensive Physical Rehabilitation Category of Service

a) Planning Areas

Planning areas for comprehensive physical rehabilitation are Health Service Areas.

b) Age Groups

For comprehensive physical rehabilitation, all ages.

c) Utilization Target

Facilities that provide a comprehensive physical rehabilitation service should operate those beds at or above an annual minimum occupancy rate of 85%.

If that conversion is pursued, the medical/surgical authorized bed count will not be increased from the current count. Or, the space may be converted to other clinical or support functions. Medical records for the discontinued service at Anderson Hospital will be retained as part of the ongoing Comprehensive Physical Rehabilitation service at the proposed Anderson Rehabilitation Hospital. Past and future records are maintained within the Anderson Electronic Medical Record system.

V. Safety Net

The Applicants stated the following:

Health safety net services have been defined as services provided to patients who are low-income and otherwise vulnerable, including those uninsured and covered by Medicaid. (Agency for Healthcare Research and Quality, Public Health Services, U.S. Department of Health and Human Services, "The Safety Net Monitoring Initiative," (AHRG Pub. No 03-PO11, August 2003)

Comprehensive Physical Rehabilitation is a category of service currently provided at Anderson Hospital in Maryville. The plan is to relocate the Comprehensive Physical Rehabilitation service to a proposed new facility, Anderson Rehabilitation Hospital, and expand the service to 34 beds. The site of the proposed facility is on the hospital's property in Edwardsville, approximately 5 miles from the hospital in Maryville. This Certificate of Exemption is required to discontinue the rehabilitation service at Anderson Hospital in Maryville. A separate CON permit application (Project 19-026) addresses the establishment of Anderson Rehabilitation Hospital in Edwardsville.

Both the current and the new site are in Madison County and HSA 11. This relocation and expansion of Comprehensive Physical Rehabilitation provides for continued access for Anderson Hospital's current rehabilitation patients, and enhanced access for those residents of HSA 11 previously served at OSF St Anthony Hospital in Alton and Gateway Regional Medical Center in Granite City. Both hospitals discontinued their Comprehensive Physical Rehabilitation services in the past two years. Anderson Hospital provides several services that are considered safety net services. These especially include emergency medical care and obstetrics. These services do not cover their costs, and are subsidized by inpatient care, including medical, surgical and Comprehensive Physical Rehabilitation, as well as diagnostic services. Revenues generated by the hospital's medical, surgical, rehabilitation, and diagnostic services are used to subsidize emergency and obstetrics care in the communities served by Anderson Hospital. The proposed relocation and expansion of Comprehensive Physical Rehabilitation will enhance Anderson Hospital's ability to subsidize and strengthen its safety net services. Anderson Rehabilitation Hospital will be an important asset to the communities served and will have a similar payor mix to Anderson Hospital. In addition, the rehabilitation hospital will provide a similar amount of charity care as the current rehabilitation unit at Anderson Hospital provides.

TABLE TWO
Anderson Hospital
Charity Care and Medicaid Information

Year	2016	2017	2018
Net Revenue	\$131,792,713	\$145,275,015	\$152,525,154
Inpatients	173	152	132
Outpatients	4,404	3,976	2,724
Total Patients	4,577	4,128	2,856
Cost of Charity Care			
Inpatients	\$349,124	\$460,036	\$421,064
Outpatients	\$901,536	\$1,353,923	\$133,742
Total Patients	\$1,250,660	\$1,813,959	\$554,806
Charity care expense/Net Revenue	0.95%	1.25%	0.36%
Medicaid (# of Patients)			
Inpatients	1,720	1,584	951
Outpatients	29,930	30,241	30,270
Total Patients	31,650	31,825	31,221
Medicaid (Revenue)			
Inpatients	\$10,137,631	\$8,190,571	\$6,715,144
Outpatients	\$8,485,891	\$10,887,987	\$13,951,709
Total Patients	\$18,623,522	\$19,078,558	\$20,666,853
Medicaid Revenue/ Net Patient Revenue	14.13%	13.13%	13.55%

VI. Applicable Rules

A) 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.

B) 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)]

C) Section 1110.290 - Discontinuation – Review Criteria

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-033-19 Anderson Hospital - Maryville

