



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-05	BOARD MEETING: September 17, 2019	PROJECT NO: E-035-19	PROJECT COST:
FACILITY NAME: HSHS St. John's Hospital		CITY: Springfield	Original: \$0
TYPE OF PROJECT: Exemption			HSA: III

PROJECT DESCRIPTION: The Applicants (St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc.) propose to discontinue a 32-bed acute mental illness category of service at St. John's Hospital in Springfield. There is no cost to this project and the expected completion date is September 18, 2019.

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 Applicants (St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc.) propose to discontinue a 32-bed acute mental illness category of service at St. John's Hospital in Springfield. There is no cost to this project and the expected completion date is September 18, 2019.

BACKGROUND

- In June of 2018 the Applicants notified the State Board of the temporary suspension¹ of the Acute mental illness category of service at the hospital. The Applicants stated at that time *“the reason for the reduction of service is that the AMI unit needs significant modernization and, given its relatively low historical utilization, the hospital's parent entity, Hospital Sisters Health System (HSHS), is in the process of evaluating the future need and status of the AMI unit. If HSHS determines to modernize the unit, the reduction will be temporary and HSHS anticipates that the unit would be fully operational within the next 12-18 months, subject to appropriate notices to or approvals by the Review Board. Otherwise, St. John's will apply to the Review Board to discontinue the AMI service. St. John's anticipates that the decision to modernize or discontinue AMI services will be made within the next 12 months.”* The Applicants complied with all the 30-day notices and informed the Illinois Department of Public Health of the suspension as required.
- On April 2, 2019 the State Board received a request from the Hospital to extend the temporary discontinuation of the 40-bed Acute Mental Illness Category of Service beyond the 1-year timeframe. The Hospital stated: *“Due to the volume and complexity of facility and planning projects currently in progress, we are requesting an extension of the temporary suspension of services until March 25, 2020, so that we may continue to evaluate the optimal use for the AMI Unit, consistent with Section 1130.240(d).*
- On June 4, 2019 the State Board issued a Declaratory Ruling declining to extend the time of the suspension of the 32-bed AMI Unit beyond the 12-months.
- The table below illustrates the utilization of the AMI Unit for the years 2013-2017. As seen from the table over these five years the unit's ADC declined approximately 43%.

¹ Temporary Suspension of Facility or Category of Service" means a facility that has ceased operation or that has ceased to provide a category of service (see 77 Ill. Adm. Code 1100.220 for category of service definition) for a period not to exceed one year, due to unanticipated or unforeseen circumstances (such as the loss of appropriate staff or a natural or unnatural disaster). The time period may be extended upon finding that the resumption of facility operation or category of service has proceeded with due diligence and HFSRB approval of the requested extension. The facility administrator shall file notice to HFSRB of a temporary suspension of service, in compliance with the requirements described in Section 1130.240(d).

Temporary Suspension of Facility or Category of Service

A facility that ceased operation or that ceased to provide a category of service due to unanticipated or unforeseen circumstances (such as the loss of appropriate staff or a natural or unnatural disaster) shall file notice to HFSRB of a temporary suspension of service that is anticipated to exceed 30 days. The notice shall be filed no later than 30 days after the suspension of the service, and shall include a detailed explanation of the reasons for the suspension, as well as the efforts being made to correct the circumstance and a timetable to reopen the service. Reports documenting the progress of corrections must be filed every 30 days thereafter until services resume. Temporary suspensions shall not exceed one year unless otherwise approved by HFSRB. [Source: 77 ILAC 1130.140 & 77 ILAC 1130.240]

St. John's Hospital AMI Unit Utilization					
	2017	2016	2015	2014	2013
Beds	40	40	40	40	40
Admissions	225	276	324	566	893
Patient Days	4,584	4,522	4,420	6,200	8,021
ALOS	20.4	16.4	13.6	11	9
ADC	12.6	12.4	12.1	17	22
Occupancy	31.40%	30.90%	30.30%	42.50%	54.90%

Source: Information from Hospital Profiles.
Note the Hospital discontinued 8 AMI beds in 2018, now has 32 AMI beds.

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 - DISCONTINUATION

STATE BOARD STAFF REPORT
Project #E-035-19
St. John's Hospital

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc.
Facility Name	St. John's Hospital
Location	800 E. Carpenter Street, Springfield
Exemption Holder	St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc.
Operating Entity/Licensee	St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis
Owner of Site	St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis
Application Received	July 30, 2019
Anticipated Completion Date	September 18, 2019

I. Project Description

The Applicants (St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc.) propose to discontinue a 32-bed acute mental illness category of service² at St. John's Hospital in Springfield. There is no cost to this project and the expected completion date is September 18, 2019.

II. Applicants

The Applicants are St. John's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System and Hospital Sisters Services, Inc. Hospital Sisters Health System is an Illinois not-for-profit corporation and is the parent of Hospital Sisters Services, Inc. and exerts control through various reserved powers. Hospital Sisters Services, Inc. is the sole corporate member of the following hospitals in Illinois:

² "Acute Mental Illness" means a crisis state or an acute phase of one or more specific psychiatric disorders in which a person displays one or more specific psychiatric symptoms of such severity as to prohibit effective functioning in any community setting. Persons who are acutely mentally ill may be admitted to an acute mental illness facility or unit under the provisions of the Mental Health and Developmental Disabilities Code [405 ILCS 5], which determines the specific requirements for admission by age and type of admission.

"Acute Mental Illness Facility" or "Acute Mental Illness Unit" means a facility or a distinct unit in a facility that provides a program of acute mental illness treatment service (as defined in this Section); that is designed, equipped, organized and operated to deliver inpatient and supportive acute mental illness treatment services; and that is licensed by the Department of Public Health under the Hospital Licensing Act [210 ILCS 85] or is a facility operated or maintained by the State or a State agency.

"Acute Mental Illness Treatment Service" means a category of service that provides a program of care for those persons suffering from acute mental illness. These services are provided in a highly structured setting in a distinct psychiatric unit of a general hospital, in a private psychiatric hospital, or in a State-operated facility to individuals who are severely mentally ill and in a state of acute crisis, in an effort to stabilize the individual and either effect his or her quick placement in a less restrictive setting or reach a determination that extended treatment is needed. Acute mental illness is typified by an average length of stay of 45 days or less for adults and 60 days or less for children and adolescents. [Source 77 ILAC 1100.220]

- St. Elizabeth’s Hospital, O’Fallon
- St. Joseph’s Hospital, Breese
- St. Mary’s Hospital, Decatur
- St. Anthony’s Memorial Hospital, Effingham
- Holy Family Hospital, Greenville
- St. Joseph’s Hospital, Highland
- St. Francis Hospital, Litchfield
- St. John’s Hospital, Springfield
- Good Shepherd Hospital, Shelbyville

III. Health Service Area

St. John’s Hospital is in the HSA III Health Service Area and the HSA III Acute Mental Illness Planning Area. As of August 2019, there is a calculated excess of 74 AMI beds in this AMI Planning Area.³

Hospital Name	City	AMI Beds	Percentage
Blessing Hospital	Quincy	41	80.90%
Illini Community Hospital	Pittsfield	10	41.40%
Lincoln Prairie Behavioral Health Center ⁽¹⁾	Springfield	97	76.40%
Memorial Medical Center	Springfield	44	74.00%
Passavant Area Hospital ⁽²⁾	Jacksonville	10	75.10%
St. John's Hospital ⁽³⁾	Springfield	32	31.40%
Total		234	

1. Adolescents AMI Beds Only.
 2. Passavant Area Hospital has suspended their AMI service 02/2019.
 3. St. John’s Hospital discontinued 8 AMI beds April 25, 2018. This is permissible without Board approval by letter to the State Board and to IDPH Health Care Regulation.

IV. Discontinuation

As noted above the Acute Mental Illness category of service was suspended on June 25, 2018. The permanent discontinuation of the service will occur upon Review Board approval of which is anticipated to be no later than September 17, 2019. The Hospital anticipates potential use of the space for Medical Surgical beds in the future subject to applicable notice and permit requirements of the Review Board. All medical records will be held in the electronic medical record system for time required by federal and state law.

According to the Applicants the reason for the discontinuation is accrediting bodies are introducing and enforcing many additional safety requirements relative to behavioral health services. To keep up with these additional safety requirements in the Acute Mental

³ The calculated number of AMI beds needed in an AMI planning area is the greater of the minimum number of beds calculated at .11 per thousand projected population or the experienced usage rate times the projected population. The experienced usage rate is calculated by dividing the base year actual number of AMI days by the base year population per thousand.

Illness Unit, St. John's would need to undertake costly modernization of the Unit. Effective June 25, 2018, St. John's Hospital suspended services in its Acute Mental Illness (AMI) Unit for purposes of conducting a review of the services along with an assessment of modernizing the facilities. St. John's Hospital Leadership is discontinuing the AMI services due to the significant modernization that would be needed, coupled with relatively low historical utilization of the AMI Unit. As a system, Hospital Sisters Health System has also faced major modernization investments with other hospital AMI units, including within the central Illinois region. St. John's Hospital continues to support and provide care for these patients but plan to do that with a behavioral health center of excellence at St. Mary's Hospital in Decatur on a permanent basis.

The Applicants do not believe the discontinuation will not have an adverse effect upon access to care for residents of the facility's market area. According to the Inventory of Health Care Facilities and Services Need Determinations updated in August 2019, Planning Area III which included St. John's hospital has an excess of 74 AMI beds. The closure of St. John's 32 beds will keep the planning area at an excess bed count to the calculated bed need.

Notification letters were sent to the two hospitals (Memorial Hospital and Lincoln Prairie Behavioral Center within the 17-mile geographical service area notifying the hospitals of the discontinuation and asking what if any impact the discontinuation will have on their facility.

V. **Safety Net**

The Applicants stated the following:

There is an abundant supply of acute mental illness beds in the planning area. The Review Board's Update to Inventory dated August 2019, shows AMI Planning Area III has an excess of 74 AMI beds, and the adjacent AMI Planning Area IV has an excess of 57 beds. AMI Planning Area III will continue to have an excess of 42 beds after the discontinuation of the St. John's Hospital 32-bed AMI unit. Consequently, this project will not have a material impact on essential safety net services in the community. This project will not materially impact the ability of other providers or health care systems to subsidize safety net services. The AMI service at St. John's Hospital has been suspended since June 25, 2018 with no noticeable adverse impact on safety net providers. St. John's Hospital remains committed to serving this patient population by keeping close ties with other providers in the market as well as developing resources within the rest of our hospital system to give patients options to find care. As noted above, the AMI service at St. John's Hospital has been suspended since June 25, 2018 with no noticeable adverse impact on safety net providers.

TABLE TWO
St John's Hospital
Charity Care and Medicaid Information

	2016	2017	2018
Net Revenue	\$461,468,000	\$475,001,000	\$504,568,621
Charity #			
Inpatients	1,267	945	1,253
Outpatients	5,299	4,227	4,108
Total	6,566	5,172	5,361
Charity \$			
Inpatient	\$3,230,336	\$1,775,743	\$1,753,779
Outpatients	\$1,880,147	\$2,099,014	\$1,981,285
Total	\$5,110,483	\$3,874,757	\$3,735,064
Charity Care Expense/Net Revenue	1.11%	0.82%	0.74%
Medicaid #			
Inpatient	5,833	5,879	5,847
Outpatients	55,576	51,185	50,457
Total	61,409	57,064	56,304
Medicaid \$			
Inpatient	\$53,329,213	\$68,973,573	\$70,667,912
Outpatient	\$39,169,056	\$29,311,881	\$25,906,123
Total	\$92,498,269	\$98,285,454	\$96,574,035
Medicaid Revenue/Net Revenue	20.04%	20.69%	19.14%

*Years ending in 2016 and 2017 have been revised to match data previously reported to the State of Illinois on Schedule H (Form 990).

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:

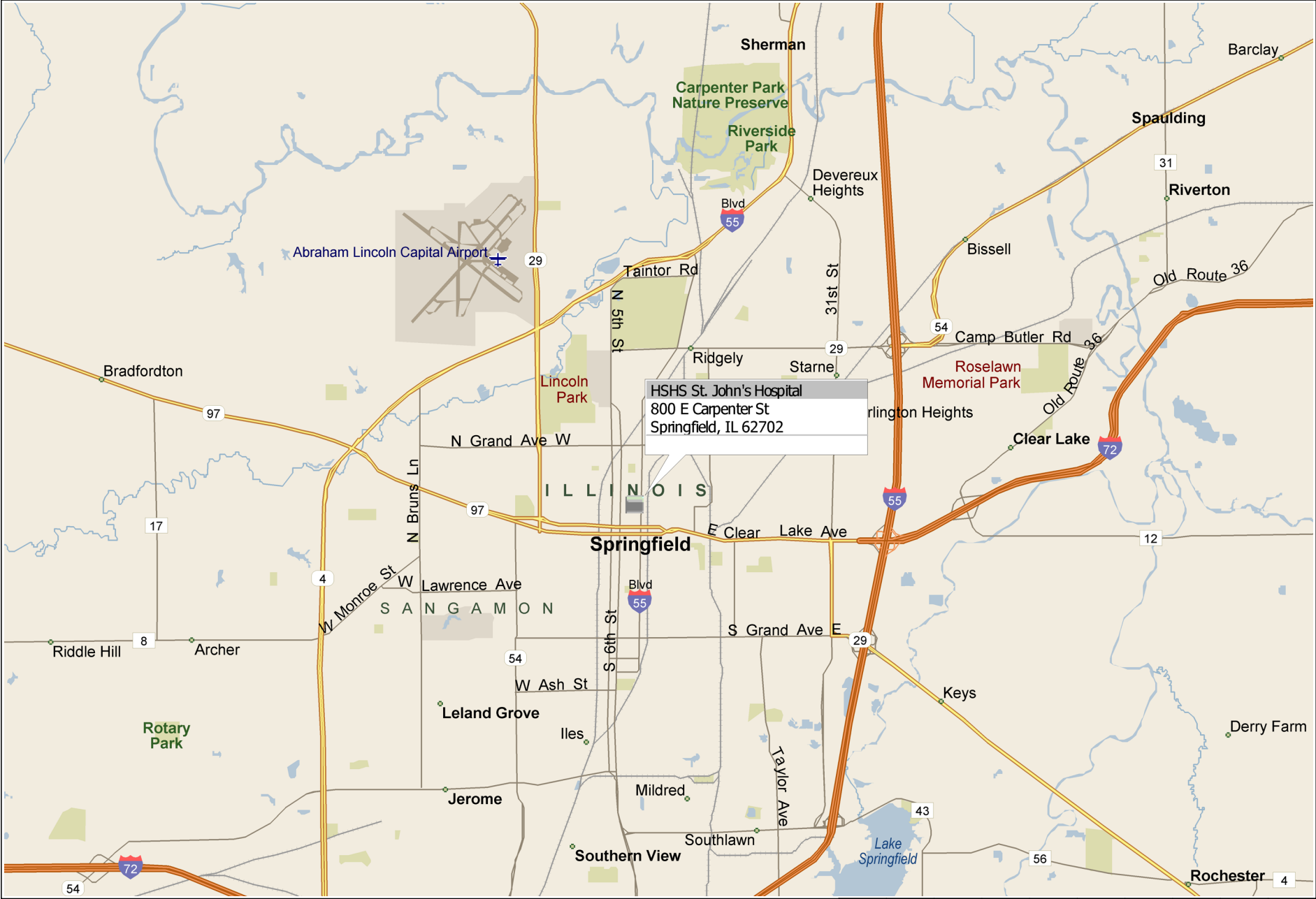
- 1) Insufficient volume or demand for the service;
- 2) Lack of sufficient staff to adequately provide the service;
- 3) The facility or the service is not economically feasible, and continuation impairs the facility's financial viability;
- 4) The facility or the service is not in compliance with licensing 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-035-19 HSHS St. John's Hospital - Springfield



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