



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-08	BOARD MEETING: September 17, 2019	PROJECT NO: E-039-19	PROJECT COST:
FACILITY NAME: Silver Cross Hospital and Medical Centers		CITY: New Lenox	Original: \$12,830,625
TYPE OF PROJECT: Exemption			HSA: IX

PROJECT DESCRIPTION: The Applicants (Silver Cross Hospital and Medical Centers and Silver Cross Health System) propose to establish a 24-bed neonatal intensive care category of service at a cost of \$12,830,625. The expected completion date is June 30, 2021.

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 and discontinuation of a category of service. By rule, establishment of a neonatal intensive care category of service is also eligible for an exemption.*

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

- The Applicants (Silver Cross Hospital and Medical Centers and Silver Cross Health System) propose to establish a 24-bed neonatal intensive care category of service at a cost of \$12,830,625. The expected completion date is June 30, 2021.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because the project establishes a neonatal intensive care category of service.
- 77 ILAC 1130.410 - Projects or Transactions Exempt from Permit Requirement states:
The following proposed projects and transactions are not subject to the requirement to obtain a permit, provided that an application for exemption is submitted that meets the requirements of this Subpart D and Subpart E and an exemption is issued by HFSRB:
 - a) *the change of ownership of an existing health care facility. This is not applicable to a healthcare facility that is licensed under the Nursing Home Care Act (with the exceptions of facilities operated by a county or Illinois Veterans Home) [20 ILCS 3960/3].*
 - b) *the discontinuation of a category of service, other than a health care facility maintained by the State or any agency or department thereof or a nursing home maintained by a county [20 ILCS 3960/6].*
 - c) *a proposed project limited to the establishment or expansion of a neonatal intensive care service or beds as specified in Subpart E.*
- 77 ILAC 1100.400 states “Health care services should be appropriately located to best meet the needs of the population. Illinois residents needing services should not be forced to travel excessive distances. Where feasible, underutilized services should be consolidated to promote efficiency of operation and quality when such consolidation does not create access problems.”

PUBLIC HEARING/COMMENT:

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

SUMMARY:

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

THE STATE BOARD STAFF FINDS THE PROPOSED EXEMPTION IS IN CONFORMANCE WITH CRITERIA 77 ILAC 1130.500 AND 77 ILAC 1130.531-REQUIREMENTS FOR EXEMPTIONS FOR THE ESTABLISHMENT OR EXPANSION OF NEONATAL INTENSIVE CARE SERVICE AND BEDS

STATE BOARD STAFF REPORT
Project #E-039-19
Silver Cross Hospital and Medical Center

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Silver Cross Hospital and Medical Centers and Silver Cross Health System
Facility Name	Silver Cross Hospital and Medical Centers and Silver Cross Health System
Location	1900 Silver Cross Boulevard, New Lenox
Exemption Holder	Silver Cross Hospital and Medical Centers and Silver Cross Health System
Operating Entity/Licensee	Silver Cross Hospital and Medical Centers
Owner of Site	Silver Cross Hospital and Medical Centers
Application Received	August 13, 2019
Application Deemed Complete	August 15, 2019
Anticipated Completion Date	June 30, 2021

I. Project Description

The Applicants (Silver Cross Hospital and Medical Centers and Silver Cross Health System) propose to establish a 24-bed neonatal intensive care category of service at a cost of \$12,830,625. The expected completion date is June 30, 2021.

II. General Information

The Applicants are Silver Cross Hospital and Medical Centers and Silver Cross Health System. Silver Cross Hospital and Medical Centers is a 302bed acute care hospital located in New Lenox, Illinois. Silver Cross Health System is the sole corporate member of Silver Cross Hospital and Medical Centers.

Silver Cross Hospital and Medical Centers is in the HSA IX Health Service Area and the HSA VI, VII, VIII, & IX Neonatal Intensive Care Planning Area. HSA IX includes the Illinois Counties of Grundy, Kankakee, Kendall, and Will.

III. Neonatal Intensive Care¹

The HSA IX Neonatal Planning Area includes the City of Chicago and Suburban Cook County, DuPage, Kane, Lake, McHenry, Grundy, Kankakee, Kendall, and Will Counties. As can be seen in Table One below there are 20 hospitals in this NICU Planning Area with

¹ "Neonatal Intensive Care" means a level of care providing constant and close medical coordination, multi-disciplinary consultation and supervision to those neonates with serious and life threatening developmental or acquired medical and surgical problems that require highly specialized treatment and highly trained nursing personnel.

"Neonatal Intensive Care Service" means a category of service providing treatment of the infant for problems identified in the neonatal period that warrant intensive care. An intensive neonatal care service must include a related obstetric service for care of the high-risk mother (except when the facility is dedicated to the care of children).

"Neonatal Intensive Care Unit" means a distinct part of a facility that provides a program of intensive neonatal care and that is designed, equipped and operated to deliver medical and surgical care to high-risk infants.

727 NICU Beds. The State Board does not have a need methodology for the NICU Category of Service. It is the responsibility of the applicant to document the need for the number of neonatal intensive beds proposed by complying with the Review Criteria contained in 77 Ill. Adm. Code 1110. Target occupancy of a NICU Unit is 75%.

TABLE ONE
Hospitals with Neonatal Intensive Care Unit in the HSA VI, VII, VIII, IX Planning Area

Hospitals	City	Miles	Minutes	NICU Beds	ADC	Occupancy
Edward Hospital	Naperville	24.2	40	12	11.83	98.60%
Adventist Hinsdale Hospital	Hinsdale	25.5	40	14	15.85	113.20%
Advocate Christ Hospital & Medical Center	Oak Lawn	25.5	56	64	48.06	75.10%
Good Samaritan Hospital - Advocate	Downers Grove	26.8	40	11	9.09	82.60%
Central DuPage Hospital	Winfield	33.1	52	8	5.54	69.30%
Copley Memorial Hospital	Aurora	33.4	58	13	3.72	28.60%
Loyola University Medical Center	Maywood	33.5	64	50	21.00	42.00%
University of Chicago Medical Center	Chicago	34.2	48	53	40.70	76.80%
Mount Sinai Hospital Medical Center	Chicago	34.9	51	35	13.06	37.30%
Northwestern Memorial Hospital	Chicago	40.8	64	86	20.21	23.50%
Rush University Medical Center	Chicago	42.2	51	72	41.76	58.00%
John H. Stroger, Jr. Hospital of Cook County	Chicago	42.5	57	58	21.98	37.90%
Lutheran General Hospital - Advocate	Park Ridge	42.6	56	54	35.69	66.10%
University of Illinois Hospital at Chicago	Chicago	42.7	54	30	18.39	61.30%
Northwest Community Hospital	Arlington Hts.	43.2	56	8	6.34	79.30%
Ann & Robert H. Lurie Children's Hospital of Chicago	Chicago	43.7	66	64	54.85	85.70%
St. Alexius Medical Center	Hoffman Estates	44.1	61	16	9.52	59.50%
Presence Saint Joseph Hospital - Chicago	Chicago	44.7	61	15	5.75	38.30%
Advocate Illinois Masonic Medical Center	Chicago	46.1	71	20	9.96	49.80%
Evanston Hospital	Evanston	59	92	44	28.56	64.90%
Total Beds, ADC and Average Utilization				727	453.58	62.39%

1. Miles and Time taken from MapQuest
2. Beds and Utilization from 2017 Hospital Profiles

IV. Project Uses and Sources of Funds

The Applicants are funding this project with cash in the amount of \$12,830,625.

TABLE TWO
Project Uses and Sources of Funds

Uses of Funds	Reviewable	Non-Reviewable	Total	% of Total
Preplanning Costs	\$29,250	\$20,750	\$50,000	0.39%
New Construction Contracts	\$5,114,800	\$3,628,450	\$8,743,250	68.14%
Modernization Contracts	\$33,301	\$377,949	\$411,250	3.21%
Contingencies	\$403,650	\$286,350	\$690,000	5.38%
Architectural/Engineering Fees	\$393,778	\$279,347	\$673,125	5.25%
Movable or Other Equipment (not in construction)	\$1,810,400	\$452,600	\$2,263,000	17.64%
Total Uses of Funds	\$7,785,179	\$5,045,446	\$12,830,625	100.00%
Source of Funds	Reviewable	Non-Reviewable	Total	
Cash and Securities	\$7,785,179	\$5,045,446	\$12,830,625	100.00%

V. Background of the Applicants

A) Criterion 1110.110 (a)(1) & (3) – Background of the Applicants

An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. To demonstrate compliance with this criterion the Applicants must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;*
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;*
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.*
- D) An attestation that the Applicants have had no adverse action² taken against any facility they own or operate, or a certified listing of any adverse action taken.*

²Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations." (77 IAC 1130.140)

The Applicants attest that there has been no adverse action taken against any of the health care facilities owned or operated by the Applicants. The Applicants have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicants' certificate of exemption. The authorization includes but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Documentation of licensure and accreditation has been provided by the Applicants for the health care facilities owned and operated by the Applicants.

The Applicants have one outstanding project. On December 4, 2018, the State Board approved Permit # 18-020 for the establishment of an open-heart surgery program at Silver Cross Hospital. Permit #18-020 has a project completion date of June 30, 2020.

Silver Cross Hospital (through a joint venture with USPI and certain physicians) owns an interest in Silver Cross Ambulatory Surgery Center, a fully licensed, Medicare-certified, three operating room, nine recovery stations, ambulatory surgery center on the Silver Cross Hospital campus; Permit #16-021. Silver Cross Hospital (through a joint venture with US HealthVest) owns an interest in Silver Oaks Hospital, a fully licensed Medicare certified, 100-bed behavioral health hospital on the Silver Cross Hospital Campus.

VI. Neonatal Intensive Care

A) Criterion 77 ILAC 1130.531 (a)

A description of the project that identifies the location of the neonatal intensive care unit and the number of neonatal intensive care beds proposed.

The Applicants are seeking a COE to establish a Level III neonatal intensive care unit at Silver Cross Hospital to address the increasing demand for advanced perinatal care on the Silver Cross Hospital campus. The Applicants are proposing a neonatal intensive care unit at Silver Cross Hospital will contain 24 beds and will occupy 13,162 square feet. The unit will be housed on the third floor, as part of an expansion to the third floor at Silver Cross Hospital. In addition, Silver Cross Hospital is proposing to add 11,218 square feet of space immediately above the neonatal intensive care unit to house HVAC and mechanical units to support the 24-bed unit.

The Applicants state to date in 2019, Silver Cross Hospital has delivered 2,318 newborns, which is a three percent (3%) increase over the number of newborns delivered for the same time period in 2018. The 2017 Hospital Profile data reveals that Silver Cross Hospital had the tenth largest obstetrics program in the State of Illinois and that Silver Cross Hospital is the only hospital within the top 10 that did not have a neonatal intensive care unit. The lack of a NICU has forced Silver Cross Hospital's patients (expectant mothers and delivered babies) to travel or to be transferred to other hospitals, thereby putting those patients at risk and resulting in disjointed care. The nearest hospital to Silver Cross Hospital with a Level III neonatal intensive care unit is more than 20 miles (30+ minutes) away (See Table I

above). In 2018, 19 expectant mothers were transferred directly from Silver Cross Hospital to another hospital due to a high-risk pregnancy and 33 babies were transferred out after being delivered at Silver Cross Hospital. This type of disjointed care can lead to risks to the baby, not to mention the fact that a new mother is now separated from her child.

The Applicants stated that in CY 2018, 47.7% of babies whose mothers reside in the Silver Cross Hospital's service area left the service area to receive perinatal services. The Applicants firmly believe that this number will continue to grow if Silver Cross Hospital does not establish a NICU on its campus and meet the community need. In 2017, for the first time in a decade, the only age group with growing birth volumes were women over 40.

B) Criterion 77 ILAC 1130.531(b)

Verification that a final cost report will be submitted to the Agency no later than 90 days following the anticipated project completion date

C) Criterion 77 ILAC 1130.531(c)

Verification that failure to complete the project within the 24 months after the Board approved the exemption will invalidate the exemption.

Ruth Colby, President and CEO of Silver Cross Hospital and Medical Center provided the necessary verification that the final cost report will be submitted no later than 90-days following the anticipated project completion date and verification that the that the failure to complete the project within 24-months after Board approval of the exemption will invalidate the exemption (Exemption Application page 35).

VII. Safety Net Impact Statement

The Applicants stated the proposed neonatal intensive care unit will have no negative impact on essential safety net services. Indeed, the proposed NICU will improve essential safety net services in Silver Cross Hospital's service area by providing needed advanced perinatal on the Silver Cross Hospital campus and decreasing travel and transfer times for Silver Cross Hospital's patients.

TABLE THREE			
Silver Cross Hospital and Medical Center			
Charity Care and Medicaid Information			
	2016	2017	2018
Net Patient Revenue	\$351,053,000	\$367,152,041	\$378,810,000
Charity Care # of Patients			
Inpatients	971	1,113	1,779
Outpatients	3,584	3,658	4,938
Total	4,555	4,771	6,717
Charity Care Charges			
Inpatients	\$10,806,000	\$7,962,000	\$12,637,720
Outpatients	\$6,909,000	\$10,073,000	\$15,854,280

TABLE THREE
Silver Cross Hospital and Medical Center
Charity Care and Medicaid Information

	2016	2017	2018
Net Patient Revenue	\$351,053,000	\$367,152,041	\$378,810,000
Total	\$17,715,000	\$18,035,000	\$28,492,000
Charity Care Costs			
Inpatients	\$3,065,000	\$2,251,000	\$3,425,000
Outpatients	\$1,959,000	\$2,865,000	\$4,187,000
Total	\$5,024,000	\$5,116,000	\$7,612,000
Charity Care Expense/ Net Revenue	1.43%	1.39%	2.01%
Medicaid			
Inpatients	2,948	2,479	2,398
Outpatient	32,400	26,480	25,975
Total	35,348	28,959	28,373
Medicaid Revenue			
Inpatient	\$20,015,000	\$19,854,000	\$19,711,000
Outpatient	\$24,553,000	\$24,027,000	\$25,230,000
Total	\$44,568,000	\$43,881,000	\$44,941,000
Medicaid Revenue/ Net Revenue	12.70%	11.95%	11.86%

TABLE FOUR
Silver Cross Hospital and Medical Centers
Self-Pay Patients

	2016	2017	2018
Number			
Inpatient	358	220	507
Outpatient	6,789	6,013	7,390
Total	7,147	6,233	7,897
Revenue			
Inpatient	\$573,000	\$632,000	\$191,000
Outpatient	\$2,439,000	\$1,028,000	\$1,610,000
Total	\$3,012,000	\$1,660,000	\$1,801,000

TABLE FIVE
Silver Cross Hospitals and Medical Centers
Utilization Information
(CY 2013-CY 2017)

	Beds	2017	2016	2015	2014	2013
Medical Surgical	191	88.50%	92.30%	86.80%	84.00%	81.10%
Pediatric	8	27.80%	30.60%	28.10%	34.80%	29.80%
Intensive Care	28	77.50%	73.50%	65.80%	57.40%	55.10%
OB/GYN	30	67.50%	72.20%	67.90%	67.00%	64.20%
AMI	20	82.80%	83.70%	80.30%	88.70%	92.70%
Rehabilitation	25	86.20%	89.00%	82.80%	83.80%	74.70%
Total	302	83.20%	86.00%	80.56%	78.50%	75.50%
		Days				
Level I	30	5,397	5,941	5,621	5,457	5,260
Level II	8	1,487	1,023	744	579	658
Level II+	9	246	659	630	461	419
Total Days		7,130	7,623	6,995	6,497	6,337
Births		2,745	3,005	2,774	2,718	2,509
LDR Rooms	12					
C-Section Rooms	3					
C-Sections		841	856	852	816	772

Source: IDPH Hospital Profiles 2013-2017. The number of beds and rooms are as of December 31, 2017.

VIII. Standards for Perinatal Care

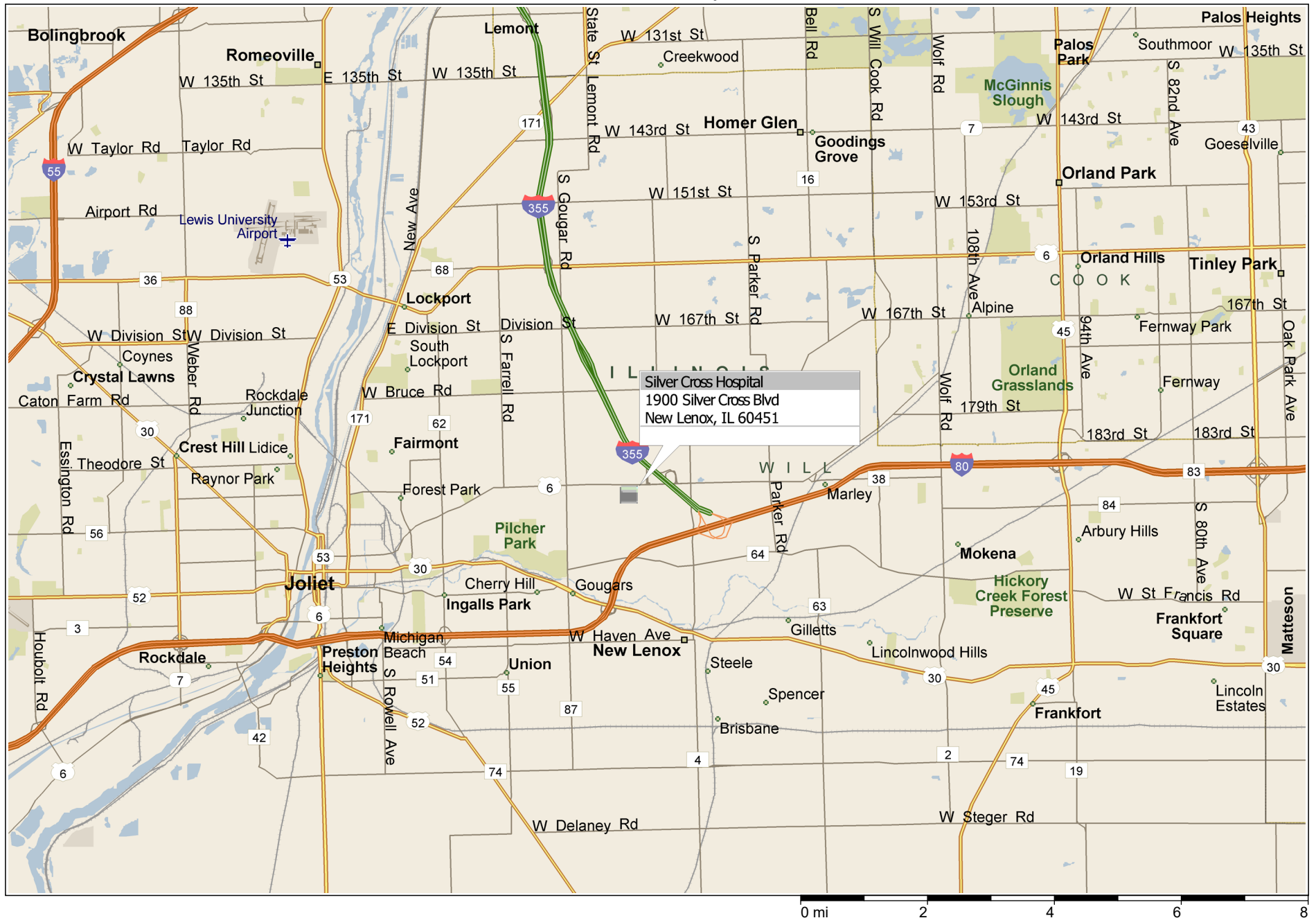
- a) **Levels of Perinatal Care**

Hospital licensing requirements for all levels of care are described in Subpart O of the Hospital Licensing Requirements. All hospitals shall be designated in accordance with this Part and have a letter of agreement with a designated APC. (Section 640.70 describes the minimum components for the letter of agreement.)

 - 1) Non-Birthing Center hospitals do not provide perinatal services but have a functioning emergency department. All licensed general hospitals that operate an emergency department shall have a letter of agreement with an APC for referral of perinatal patients, regardless of whether the hospital provides maternity or newborn services. The letter of agreement shall delineate, but is not limited to, guidelines for transfer/transport of perinatal patients to an appropriate perinatal care hospital; telephone numbers for consultation and transfer/transport of perinatal patients; educational needs assessment for emergency department staff, and provision of education programs to maintain necessary perinatal skills.
 - 2) Level I hospitals provide care to low-risk pregnant women and newborns, operate general care nurseries and do not operate an NICU or an SCN;
 - 3) Level II hospitals provide care to women and newborns at moderate risk, operate intermediate care nurseries and do not operate an NICU or an SCN.
 - 4) Level II with Extended Neonatal Capabilities hospitals provide care to women and newborns at moderate risk and do operate an SCN but do not operate an NICU.
 - 5) Level III hospitals care for patients requiring increasingly complex care and do operate an NICU.
- b) **Perinatal Network**

Non-Birthing Center, Level I, Level II, Level II with Extended Neonatal Capabilities and Level III hospitals shall function within the framework of a regionally integrated system of services, under the leadership of an APC, designed to maximize outcomes and to promote appropriate use of expertise and resources. Prenatal consultations, referrals, or transfers and recognition of high-risk conditions are important to improve outcomes. Regional consultant relationships in maternal-fetal medicine and neonatology referred to in this Part shall be detailed in the letter of agreement. The hospital shall ensure that staff physicians and consultants are familiar with the letter of agreement.
- c) All hospitals shall inform the Department of any change in or loss of essential resources required by this Part within 30 days after the change and/or loss. The hospital shall then replace the required resource within 90 days. Failure to comply shall result in a review by the Department, with a potential loss of designation.

E-039-19 Silver Cross Hospital - New Lenox



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