



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-03	BOARD MEETING: October 22, 2019	PROJECT NO: E-040-19	PROJECT COST:
FACILITY NAME: Saint Francis Hospital Evanston		CITY: Evanston	Original: \$0
TYPE OF PROJECT: Exemption			HSA: VII

PROJECT DESCRIPTION: The Applicants (Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Ascension Health) propose to discontinue an 18-bed obstetric category of service. There is no cost to this project and the expected completion date is November 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 and discontinuation of a category of service.*

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

- The Applicants (Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Ascension Health) propose to discontinue an 18-bed obstetric category of service. There is no cost to this project and the expected completion date is November 30, 2019.

BACKGROUND

- In 1997 the State Board approved Saint Francis Hospital of Evanston's affiliation with Resurrection Health Care Corporation (#E-081-97).
- In 2011 Resurrection Health Care Corporation and Provena Health merged to form Presence Health (#11-049). Resurrection Health Care Corporation owned seven hospitals at the time of the merger:
 - Saint Mary of Nazareth Hospital, Chicago
 - Saint Elizabeth Hospital, Chicago
 - Resurrection Medical Center, Chicago
 - Saint Joseph Hospital, Chicago
 - Holy Family Medical Center, Des Plaines
 - St. Francis Hospital of Evanston, Evanston
 - Our Lady of Resurrection Medical Center, Chicago

Provena Health owned six hospitals prior to the merger:

- Covenant Medical Center, Urbana
- United Samaritan Medical Center, Danville
- Saint Joseph Medical Center, Joliet
- Saint Joseph Hospital, Elgin
- Provena Mercy Center, Aurora
- Saint Mary's Hospital, Kankakee
- In October 2015 the State Board approved the internal transfer of assets of Presence Saint Francis Hospital of Evanston to Presence Chicago Hospital Network (#E-013-15)
- In 2017 the State Board approved the affiliation of Presence Chicago Hospital Network with Ascension Health through a subsidiary: AMITA Health (#E-057-17).

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:

- A public hearing was conducted by the State Board on October 1, 2019 at the Evanston City Hall by the State Board from 11:00am to 6:00 pm.

SUMMARY:

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

BOARD STAFF FINDS THE PROPOSED DISCONTINUATION OF A CATEGORY OF SERVICE IN CONFORMANCE WITH CRITERIA 77 ILAC 1130.500 AND 77 ILAC 1130.525

STATE BOARD STAFF REPORT
Project #E-040-19
Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-
Evanston

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Ascension Health
Facility Name	Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston
Location	355 Ridge Avenue, Evanston, Illinois
Exemption Holder	Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Ascension Health
Operating Entity/Licensee	Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston
Owner of Site	Presence Chicago Hospitals Network
Application Received	August 13, 2019
Anticipated Completion Date	November 30, 2019

I. Project Description

The Applicants (Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, Ascension Health) propose to discontinue an 18-bed obstetric category of service. There is no cost to this project and the expected completion date is November 30, 2019.

II. Applicants

The Applicants are Presence Chicago Hospitals Network d/b/a AMITA Health Saint Francis Hospital-Evanston a 215-bed acute care hospital, Alexian Brothers-AHS Midwest Region Health Co. d/b/a AMITA Health, and Ascension Health.

III. Health Service Area

There are 11 Health Service Areas in the State of Illinois. There are 40 obstetric planning areas¹ that have been delineated by HFSRB contained within the 11 Health Service Areas.

¹ 77 ILAC 1100.530 - Obstetric Service

Age Groups

- 1) For maternity care, female ages 15-44.
- 2) For gynecological care within obstetrics units, female ages 15 and over.
- c) Facility Utilization Rates

Facilities that provide an obstetrics service should operate those beds at or above an annual minimum occupancy rate of:

- 1) 60% for facilities with a bed capacity of 1-10 beds;
- 2) 75% for facilities with a bed capacity of 11-25 beds;
- 3) 78% for facilities with a bed capacity of 26 or more beds.

AMITA Health Saint Francis Hospital-Evanston is in the HSA VII Health Service Area and the A-08 Hospital Planning Area. HSA VII includes Suburban Cook and DuPage County. The A-08 Hospital Planning Area includes the City of Chicago Community Areas of Rogers Park and West Ridge; Cook County Townships of Northfield, New Trier, Niles and Evanston. There are currently two hospitals in this Hospital Planning Area that provide obstetric services. As of September 2019, there is a calculated excess of 34 obstetric beds in this planning area.

TABLE ONE Obstetric Beds in the A-08 Hospital Planning Area			
Hospital	City	Beds ⁽¹⁾	Occupancy
AMITA Health Saint Francis Hospital-Evanston	Evanston	18	31.60%
Evanston Hospital	Evanston	52	65.00%
1. Beds and occupancy data from 2017 Hospital Profile.			

TABLE TWO A-08 Hospital Planning Area Calculated Obstetric Bed Need		
Approved Obstetric Beds	Calculated Obstetric Bed Need	Excess Beds
70	36	34
Source: State Board September 2019 Inventory Monthly Update		

IV. Discontinuation

Saint Francis Hospital has the following categories of service:

TABLE THREE Saint Francis Hospital		
Categories of Service	# Beds	# of Beds after discontinuation
Medical Surgical	162	177
Intensive Care	35	35
Obstetric	18	0
Total Beds	215	212

The Applicants are discontinuing the inpatient obstetrics category of service (18-beds) at the Hospital because of low utilization. During calendar 2018, the hospital's obstetrics average daily census was 4.05 patients, down from 4.88 patients the previous year. Except for emergency situations, deliveries will no longer be performed at the hospital. The Applicants believe patient care will be enhanced because clinical studies have shown that

hospitals that perform higher volumes of deliveries have better results and lower complication rates.

Clinical services to be discontinued at the Hospital are:

- 12 labor-delivery-recovery-postpartum rooms (“LDRPs”)
- 2 traditional semi-private postpartum rooms
- 2 C-Section rooms
- a Level I/II/II+ nursery

The Applicants intend to convert the twelve LDRPs and six traditional postpartum rooms as fifteen private Medical/Surgical rooms. The eighteen obstetrics beds are currently located in fifteen rooms. The use of the 2 C-Section rooms and nursery have not been determined. Medical records and other pertinent information relating to obstetric inpatient services will be retained at the hospital, consistent with its record retention and maintenance policies.

TABLE FOUR
Saint Francis Hospital of Evanston
Obstetric Utilization
(2017-2013) ⁽¹⁾

Year	2017	2016	2015	2014	2013
Beds	18	18	18	18	18
Days	2,076	2,061	2,148	2,205	2,214
ALOS	2.7	2.7	2.7	2.7	2.6
ADC	5.7	5.6	5.9	6	6.1
Occupancy	31.60%	31.30%	32.70%	33.60%	33.70%
Births	586	682	675	730	743
Nursery	2,039	2,316	2,647	2,742	2,544
C-Section	62	189	187	225	190
1. Information from Annual Hospital Profiles 2017-2013.					

V. Impact on Access

The proposed discontinuation of obstetrical services at AMITA Health Saint Francis Hospital Evanston will have minimal impact on access to that service for residents in the communities and neighborhoods surrounding the hospital, because of the volume of obstetrical programs in the area.

There are eight hospitals within 10-miles of Saint Francis Hospital that provide obstetric inpatient services. They are:

- Highland Park Hospital, Highland Park
- Evanston Hospital, Evanston
- Lutheran General Hospital, Park Ridge

- Advocate Illinois Masonic Medical Center, Chicago
- Northwestern Memorial Hospital, Chicago
- AMITA Health Resurrection Medical Center, Chicago
- AMITA Health Saints Mary and Elizabeth Medical Center, Chicago
- Swedish Covenant Hospital, Chicago

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

VI. **Safety Net**

The Applicants stated the following:

“AMITA Health Saint Francis Hospital Evanston is and will continue to be a safety net provider, serving primarily Evanston and the northeastern neighborhoods of Chicago. Because of the nature of obstetrical services, the discontinuation of the service will have no substantial impact on the hospital's commitment to or provision of safety net services.”

TABLE FIVE			
AMITA Health Saint Francis Hospital Evanston			
Charity Care and Medicaid Information			
Year	2016	2017	2018
Net Patient Revenue	\$167,195,901	\$174,967,222	\$162,236,422
CHARITY CARE			
Inpatient	628	71	184
Outpatient	6,885	1,212	1,633
Total	7,513	1,283	1,817
CHARITY CARE EXPENSE			
Inpatient	\$1,652,766	\$540,876	\$912,745
Outpatient	\$2,390,180	\$901,814	\$1,069,994
Total	\$4,042,946	\$1,442,690	\$1,982,739
% of Charity Care to Net Patient Revenue	2.42%	0.82%	1.22%
MEDICAID			
Inpatient	621	630	960
Outpatient	7,080	19,965	7,814
Total	7,701	20,595	8,774
Medicaid Revenue			
Inpatient	\$12,338,025	\$31,418,703	\$16,870,955
Outpatient	\$7,584,914	\$25,782,125	\$3,290,891
Total	\$19,922,939	\$57,200,828	\$20,161,846
% Medicaid Revenue to Net Patient Revenue	11.92%	32.69%	12.43%

VII. 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 or discontinue a category of service 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 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 the number of treatments provided (as applicable) during the latest 24 month period.