



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: C-08	BOARD MEETING: October 22, 2019	PROJECT NO: E-046-19	PROJECT COST:
FACILITY NAME: HSHS St. Elizabeth's Hospital		CITY: O'Fallon	Original: \$0
TYPE OF PROJECT: Exemption			HSA: XI

PROJECT DESCRIPTION: The Applicants (St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System, Hospital Sisters Services, Inc.) propose to discontinue a 16-bed comprehensive physical rehabilitation category of service. There is no cost to this project and the expected completion date is January 1, 2020.

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 (St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System, Hospital Sisters Services, Inc.) propose to discontinue a 16-bed comprehensive physical rehabilitation category of service. There is no cost to this project and the expected completion date is January 1, 2020.

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.

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-046-19

St. Elizabeth's Hospital

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System, Hospital Sisters Services, Inc
Facility Name	St. Elizabeth's Hospital
Location	1 St. Elizabeth Boulevard, O'Fallon, Illinois
Exemption Holder	St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System, Hospital Sisters Services, Inc
Operating Entity/Licensee	St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis
Owner of Site	St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis
Application Received	September 20, 2019
Anticipated Completion Date	January 1, 2020

I. Project Description

The Applicants (St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, Hospital Sisters Health System, Hospital Sisters Services, Inc.) propose to discontinue a 16-bed comprehensive physical rehabilitation category of service. There is no cost to this project and the expected completion date is January 1, 2020.

II. Applicants

The Applicants are St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis, a 144-bed acute care hospital in O'Fallon, Illinois, 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:

- 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

There are 11 Health Service Areas in the State of Illinois. The Comprehensive Physical Rehabilitation¹ planning areas are the 11 Health Service Areas. St. Elizabeth's Hospital is in the HSA XI Comprehensive Physical Rehabilitation Service Area. HSA XI is comprised of the Illinois Counties of Clinton, Madison, Monroe, and St. Clair. There are two hospitals with comprehensive physical rehabilitation services in this planning area.

TABLE ONE					
Comprehensive Physical Rehabilitation in HSA XI Planning Area ⁽¹⁾					
Facility		Beds	Admissions	Days	Occ %
St Elizabeth's Hospital	O'Fallon	16	396	4,485	76.8%
Anderson Rehabilitation Hospital ⁽²⁾	Edwardsville	34	0	0	0
Total		50			
1. Beds as of September 2019					
2. Anderson Rehabilitation Hospital approved at September 2019 State Board Meeting					

TABLE TWO		
HSA XI Comprehensive Physical Rehabilitation Planning Area Bed Need or Excess		
Approved Rehab Beds	Calculated Rehab Beds Needed	Excess Beds
50	35	15
Source: State Board September 2019 Inventory Monthly Update		

¹ "Comprehensive Physical Rehabilitation" means a category of service provided in a comprehensive physical rehabilitation facility providing the coordinated interdisciplinary team approach to physical disability under a physician licensed to practice medicine in all its branches who directs a plan of management of one or more of the classes of chronic or acute disabling disease or injury. Comprehensive physical rehabilitation services can be provided only by a comprehensive physical rehabilitation facility.

"Comprehensive Physical Rehabilitation Facility" means a distinct bed unit of a hospital or a special referral hospital that provides a program of comprehensive physical rehabilitation; that is designed, equipped, organized and operated to deliver inpatient rehabilitation services; and that is licensed by the Department of Public Health under the Hospital Licensing Act or is a facility operated or maintained by the State or a State agency. Types of comprehensive physical rehabilitation facilities include:

"Freestanding comprehensive physical rehabilitation facility" means a specialty hospital dedicated to the provision of comprehensive rehabilitation; and

"Hospital-based comprehensive physical rehabilitation facility" means a distinct unit, located in a hospital, dedicated to the provision of comprehensive physical rehabilitation. (Source 77 ILAC 1100.220 – Definitions)

IV. **Discontinuation**

TABLE THREE		
HSHS St. Elizabeth's Hospital		
Categories of Service	# Beds	# of Beds after discontinuation
Medical Surgical	100	112
Intensive Care	16	20
Obstetric	12	12
Rehabilitation	16	0
Total Beds	144	144

The Applicants' reasons for the discontinuation of this service is the need to redistribute existing bed capacity to allow for additional beds in the intensive care and medical/surgical units. With the recent approval of the 34-bed inpatient rehab facility of Anderson Hospital (approved by the State Board on September 17, 2019), combined with St. Elizabeth 's expectation of declining admissions to its own inpatient rehab unit, the circumstances presented an opportunity for St. Elizabeth's to address its medical/surgical and ICU capacity issues by discontinuing the 16-bed rehab unit and designating those beds as medical/surgical and ICU without cost and without the time lag of construction. The Applicants plan on designating the 16 existing beds as 12 medical surgical beds and 4 intensive care beds in existing space. This presented a better and more cost-efficient alternative than adding new construction to the Hospital.

The Applicants stated both intensive care and medical/surgical beds have experienced high admission rates and continued levels of peak census since moving to O'Fallon in November 2017. There is a need for additional inpatient beds in these services to improve patient throughput, maximize capacity for inpatients, and increase patient and provider satisfaction. Currently, the hospitals ICU and Medical/Surgical units are consistently operating at capacity. In addition, there is no available space in the hospital to expand medical/surgical and ICU capacity.

The Hospital in O'Fallon was licensed in November 2017. The Table below outlines the utilization of the hospital for 2018 and thru August 2019.

TABLE FOUR
St. Elizabeth's Hospital
Utilization ⁽¹⁾

Services	Beds	State Standard	2018	2019
			Utilization ⁽²⁾	
Medical Surgical	100	85%	93.00%	91.00%
Obstetric	12	75%	58.00%	59.00%
Intensive Care	16	60%	93.00%	106.00%
Rehabilitation	16	85%	78.75%	83.00%
Total	144		64.00%	85.00%
1. Utilization information provided by Applicants				
2. Includes observation days as per Board rules.				

The medical records of past patients will be retained by the hospital, consistent with licensure and accreditation requirements, as well as contemporary medical records retention practices.

V. Impact on Access

The Applicants do not believe the proposed discontinuation have an impact on access to acute rehabilitation care primarily due to the approval of Anderson's 34-bed Rehabilitation Hospital in the HSHS market area that will increase the number of acute rehabilitation beds in the market. The Applicants have contacted all hospitals by certified mail in market area including the rehabilitation hospital in St. Louis notifying these hospitals that the category of service is to be discontinued and 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:

"St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis believes that this project will not materially impact the safety net services in the community. St. Elizabeth's Hospital of the Hospital Sisters of the Third Order of St. Francis believes that this project will not impact the remaining safety net providers in the community."

TABLE FIVE			
HSHS St. Elizabeth's Hospital Charity and Medicaid Information			
Year	2016	2017	2018
Net Patient Revenue	\$152,401,065	\$150,960,228	\$160,971,146
CHARITY CARE			
Inpatient	182	279	268
Outpatient	2,526	3,920	1,709
Total	2,708	4,199	1,977
Charity Care Expense			
Inpatient	\$1,337,048	\$1,160,821	\$1,673,637
Outpatient	\$2,561,684	\$2,304,117	\$2,295,102
Total	\$3,898,732	\$3,464,938	\$3,968,739
% Charity Care Expense/Net Patient Revenue	2.56%	2.30%	2.47%
MEDICAID			
Inpatient	1,623	1,277	1,208
Outpatient	44,961	32,396	14,936
Total	46,584	33,673	16,144
Medicaid Revenue			
Inpatient	\$10,664,834	\$13,245,152	\$12,833,834
Outpatient	\$4,177,467	\$3,909,278	\$4,175,069
Total	\$14,842,301	\$17,154,430	\$17,008,903
Medicaid Revenue/Net Patient Revenue	9.74%	11.36%	10.57%

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.

E-046-19 HSHS St Elizabeths Hospital - O'Fallon

