



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: C-07	BOARD MEETING: December 10, 2019	PROJECT NO: E-052-19	PROJECT COST:
FACILITY NAME: Schwab Rehabilitation Hospital and Care Network		CITY: Chicago	Original: \$0
TYPE OF PROJECT: Exemption			HSA: VI

PROJECT DESCRIPTION: The Applicants (Schwab Rehabilitation Hospital and Care Network, Sinai Health System) proposed the discontinuation of a 21-bed general long-term nursing care unit at Schwab Rehabilitation Hospital, 1401 S. California, Chicago, Illinois. There is no cost to this project

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.*

All the information required by the State Board has been submitted.

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

EXECUTIVE SUMMARY

PROJECT DESCRIPTION

- The Applicants (Schwab Rehabilitation Hospital and Care Network, Sinai Health System) proposed the discontinuation of a 21-bed general long-term nursing care unit at Schwab Rehabilitation Hospital, 1401 S. California, Chicago, Illinois. There is no cost to this project

Schwab Rehabilitation Hospital General Long-Term Care Category of Service Utilization (2018-2014)					
Beds	2018	2017	2016	2015	2014
21	54.8%	71.6%	68.6%	59.3%	51.6%

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 REPORT
Project #E-052-19
Schwab Rehabilitation Hospital and Care Network

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Schwab Rehabilitation Hospital and Care Network, Sinai Health System
Facility Name	Schwab Rehabilitation Hospital and Care Network
Location	1401 S. California Avenue, Chicago, Illinois
Exemption Holder	Schwab Rehabilitation Hospital and Care Network, Sinai Health System
Operating Entity/Licensee	Schwab Rehabilitation Hospital and Care Network, Sinai Health System
Owner of Site	Sinai Health System
Application Received	October 31, 2019
Anticipated Completion Date	30-Days After Board Approval

I. Project Description

The Applicants (Schwab Rehabilitation Hospital and Care Network, Sinai Health System) propose the discontinuation of a 21-bed general long-term nursing care unit at Schwab Rehabilitation Hospital, 1401 S. California, Chicago, Illinois. There is no cost to this project.

II. Health Service Area

Schwab Rehabilitation Hospital is located in the HSA VI Health Service Area (City of Chicago) and the 6-B General Long-Term Care Planning Area. The 6-B General Long-Term Care Planning Area consists of the following communities: City of Chicago Community Areas North Center, Lakeview, Lincoln Park, Near North Side, Loop, Logan Square, West Town, Near West Side, Lower West Side, West Garfield Park, East Garfield Park, North Lawndale, South Lawndale, O'Hare, Dunning, Montclare, Belmont Cragin, Hermosa, Humboldt Park and Austin. There are 20 facilities with 3,011 LTC Beds in the 6-B Planning Area. There is a calculated need for 186 General Long-Term Beds in this Planning Area.

TABLE TWO		
Calculated Bed Need		
6-B LTC Planning Area		
Approved LTC Beds	Calculated Beds Needed	Additional Beds Needed
3,011	3,197	186
Source: State Board October 2019 Inventory Monthly Update		

III. Discontinuation

TABLE THREE Schwab Rehabilitation Hospital			
Categories of Service	# Beds	# of Beds Converted to Rehab Beds	# of Beds After Discontinuation And Conversion
Long Term Care	21	0	0
Rehabilitation Beds	81	11	92
Total Beds	102	11	92

The reason for the discontinuation is the low census at the unit over the past year. Due to payment changes by Medicare ("CMS"), the therapy provided as part of "subacute care"¹ is no longer being paid for by CMS; therefore, patients will either be placed in an inpatient rehabilitation facility (such as Schwab) or will receive outpatient therapy while residing at home. Schwab also provides extensive outpatient rehabilitation services. During calendar 2018, the hospital's average daily census was 4.05 patients, down from 4.88 patients the previous year. The proposed discontinuation will not result in an unreasonable diminishment of accessibility to the services because Schwab will be able to provide the inpatient or outpatient therapy services needed. The medical records will be maintained by the hospital in compliance with licensure and accreditation requirements and contemporary medical records retention practices.

IV. Impact on Access

The Applicants believe the proposed discontinuation of the general long-term care beds at Schwab Rehabilitation Hospital and Care Network will have minimal impact on access to subacute care for residents in the communities and neighborhoods surrounding the hospital because of the availability of inpatient and outpatient rehabilitation services at Schwab and similar programs in the area. Subacute care is a service that is not being prescribed by doctors or paid for by Medicare because patients either are appropriate to go home or to inpatient rehabilitation. The Applicants notified the facilities below of the proposed closure of the 21-bed unit asking for an impact statement. No impact letters have been received as of the date of this report.

¹ "Subacute Care" means the provision of *medical specialty care for patients who need a greater intensity or complexity of care than generally provided in a skilled nursing facility but who no longer require acute hospital care. Subacute care includes physician supervision, registered nursing and physiological monitoring on a continual basis.* (77 ILAC 1100.220)

TABLE FOUR
Facilities Contacted

Sinai Health Service
University of Chicago Medical Center
University of Illinois Health
Advocate Christ Medical Center
RUSH University Medical Center
Kindred Hospital-Chicago North Campus
Kindred Chicago Central Hospital
Northwestern Memorial Health Care
John H. Stroger Jr. Hospital of Cook County
Holy Cross Hospital
AMITA Health Saints Mary and Elizabeth Hospital
Mercy Hospital and Medical Center
Loretto Hospital
St. Anthony Hospital
Provident Hospital of Cook County
Norwegian American
Jessie Brown VA
Weiss Memorial Hospital

V. Safety Net

The Applicants stated the following:

“Schwab Rehabilitation Hospital, an affiliate of Sinai Health System, is and will continue to be a safety net provider, serving primarily Chicago's West and Southwest Side. Because of the nature of hospital-based sub-acute care 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
Schwab Rehabilitation Hospital
Charity Care and Medicaid Information

Year	2016	2017	2018
Revenue	\$37,880,000	\$36,060,000	\$35,446,000
CHARITY			
Charity #			
Inpatient	19	19	16
Outpatient	110	256	321
Total	129	275	337
Charity Care Expense			
Inpatient	\$481,022	\$424,567	\$471,446
Outpatient	\$195,908	\$368,825	\$334,417
Total	\$676,930	\$793,392	\$805,863
% of Charity Care Expense to Net Patient Revenue	1.88%	2.24%	2.27%
MEDICAID			
Medicaid Patients			
Inpatient	741	680	634
Outpatient	3,679	5,694	5,606
Total	4,420	6,374	6,240
Medicaid Revenue			
Inpatient	\$12,813,155	\$12,755,232	\$14,342,838
Outpatient	\$3,156,022	\$2,151,026	\$2,635,437
Total	\$15,969,177	\$14,906,258	\$16,978,275
% of Medicaid Revenue to Net Patient Revenue	44.29%	42.05%	47.89%

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 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.

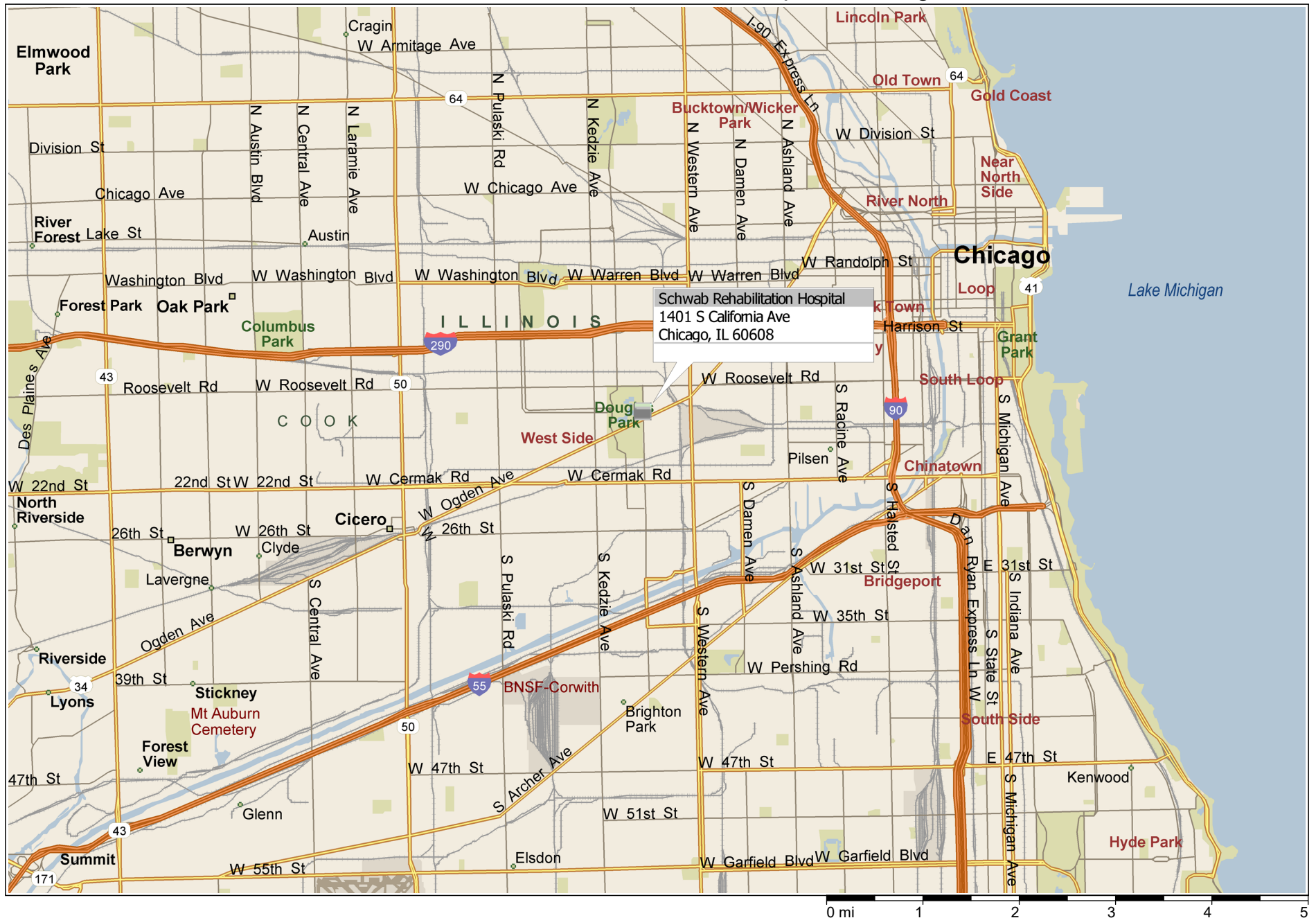
c) Impact on Access – Review Criterion

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-052-19 Schwab Rehabilitation Hospital - Chicago



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