



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: H-10	BOARD MEETING: February 25, 2020	PROJECT NO: 20-003	PROJECT COST: Original: \$1,923,875
FACILITY NAME: Burr Ridge Birth Center		CITY: Burr Ridge	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Burr Ridge Birth Center, LLC and Birth Partners, Inc.) are proposing to establish a free-standing birthing center in Burr Ridge, Illinois. The anticipated cost of the project is \$1,923,875. The anticipated completion date is December 31, 2021.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Burr Ridge Birth Center, LLC and Birth Partners, Inc.) are proposing to establish a free-standing birthing center¹ in Burr Ridge, Illinois. The anticipated cost of the project is \$1,923,875. The anticipated completion date is December 31, 2021.
- **The State Board Staff Notes:** The birth center model category of service is a demonstration program that is authorized by the Alternative Health Care Delivery Act [210 ILCS 3]. The purpose of the demonstration project is to evaluate the birth center model for quality factors, access and the impact on health care costs. Each applicant approved for the category of service will be required to periodically submit data necessary for evaluating the model's effectiveness. The General Assembly authorized the establishment of 10 birth center alternative health care models in the demonstration program including:
 - 4 located in the combined Cook, DuPage, Kane, Lake, McHenry and Will counties;
 - 3 located in municipalities with a population of 50,000 or more not located in an area described above; and
 - 3 located in rural areas.
- In each of the geographic groups identified above, one birth center shall be owned or operated by a hospital and one birth center shall be owned and operated by a federally qualified health center. The proposed project will be the second birth center to be proposed in the Cook, DuPage, Kane, Lake, McHenry and Will counties.
- Should the proposed Birth Center be approved by the State Board the Birth Center must obtain a license from the Illinois Department of Public Health. (See 77 ILAC 265.1250).
- **The State Board Staff notes** the proposed facility is the third birth center to be proposed in the State under the Alternative Health Care Model.
 - The first Application (Permit #12-084), PCC South Family Health Center, Berwyn, was approved on February 5, 2013, and was completed on December 31, 2014.
 - The second Application (Project #15-006) Bloomington-Normal Birthing Center was approved April 21, 2015 and was completed on September 23, 2017.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project proposes to establish a health care facility as defined by Illinois Health Facilities Planning Act.

PUBLIC HEARING/COMMENTS

- A public hearing was offered on this project; however, no hearing was requested. Letters of support were included in the Application for Permit (pages 129-133) and were from
 - Morgan Michalowski
 - Jaci Noto
 - Rita Wiermanski
 - Karishma Darji
 - Robin Ross

No letters of opposition were received by the State Board.

¹ "Birth Center" or "Center" means an alternative health care delivery model that is *exclusively dedicated to serving the childbirth-related needs of women and their newborns and has no more than 10 beds. A birth center is a designated site that is away from the mother's usual place of residence and in which births are planned to occur following a normal, uncomplicated, and low-risk pregnancy.* [210 ILCS 3/35]

SUMMARY:

- A birthing center under this program must be Medicare and Medicaid certified and be in a Health Professional Shortage Area or if not, the proposed birth center will “predominantly” serve residents of a Health Professional Shortage Area. The proposed location is not in a Health Professional Shortage Area and the term “predominantly” is not defined in the Act or Rule. The location of the proposed facility is in the A-05 Hospital Planning Area which is the County of DuPage.
- The Applicants stated that “*while DuPage County does not qualify for either status (medically underserved population or a health professional shortage area), parts of the surrounding market area of the Birth Center do*” (market area is defined as 25-30 miles radius of the birthing center by the Applicants). “*According to the Health Resources & Services Administration (HRSA) the following communities within the Center's market area do have underserved and shortage status: Aurora (33-miles) in the western suburbs, and several south suburban communities along the I-294 corridor, such as Alsip (14.2 miles), Blue Island (20.6 miles), and Harvey (21.6 miles).*” Should the State Board approve this project the Applicants will need to obtain licensure from the Illinois Department of Public Health.
- Funding for this project is being provided by investors in the amount of approximately \$1.5 million and a tenant allowance for approximately \$479,000.
- All the requirements of Part 1110 and Part 1120 have been addressed by the Applicants as required.

STATE BOARD STAFF REPORT

Burr Ridge Birth Center

Project #20-003

APPLICATION/CHRONOLOGY	
Applicant	Burr Ridge Birth Center, LLC, Birth Partners, Inc.
Facility Name	Burr Ridge Birth Center
Location	7000 County Line Road, Burr Ridge, Illinois
Permit Holder	Burr Ridge Birth Center, LLC, Birth Partners, Inc.
Owner of the Site	Midland Equities, LLC
Operating Entity/Licensee	Burr Ridge Birth Center, LLC
Application Received	January 8, 2020
Application Deemed Complete	January 16, 2020
Review Period Ends	May 19, 2020
Financial Commitment	February 25, 2020
Project Completion Date	December 31, 2021
Expedited Review Requested?	Yes
Can Applicants Request a Deferral?	Yes

I. The Proposed Project

The Applicants (Burr Ridge Birth Center, LLC and Birth Partners, Inc.) are proposing to establish a free-standing birthing center in Burr Ridge, Illinois. The anticipated cost of the project is \$1,923,875. The anticipated completion date is December 31, 2021.

II. Summary of Findings

A) The State Board Staff finds the proposed project in conformance with Part 1110.

B) The State Board Staff finds the proposed project in conformance with Part 1120.

III. General Information

The Applicants are Burr Ridge Birth Center, LLC and Birth Partners, Inc. Burr Ridge Birth Centers, LLC is an Illinois Limited Liability Company. Birth Partners, Inc. owns 50% of Burr Ridge Birth Center, LLC. There is no land acquisition cost for this project. This is a substantive project subject to both a Part 1110 and Part 1120 review. The Applicants identified initial start-up costs of \$1.2 million, and financial commitment will occur at permit issuance.

IV. The Proposed Project - Details

The Applicants are proposing to establish a Free-Standing Birthing Center, in 6,300 GSF of leased space, located at 7000 County Line, Burr Ridge, Illinois. The leased space will be transformed into a birth center in accordance with the IDPH licensing requirements, including three birthing rooms, designated space for prenatal visits and antepartum testing, a nurses station, separate clean and soiled linen rooms, conference/training space for community education services, private office space, on-call sleeping quarters, elevator and stair access for gurney traffic, and a waiting and kitchen area that is personal and home-like for family to gather during the labor experience. The proposed facility will consist of three birthing rooms, and the anticipated cost of the project is \$1,923,875. The anticipated completion date is December 31, 2021.

V. Project Costs and Sources of Funds

The total estimated project cost is \$1,923,875. The project is to be funded with pledges in the amount of \$1,445,225 and tenant improvement allowances in the amount of \$478,650.

TABLE ONE
Project Costs and Sources of Funds

Preplanning Costs	\$42,040	2.19%
Modernization Contracts	\$1,017,897	52.91%
Contingencies	\$91,703	4.77%
Architectural Engineering Fees	\$62,000	3.22%
Consulting and Other Fees	\$50,000	2.60%
Movable or Other Equipment (not in construction	\$331,000	17.20%
Fair Market Value of Leased Space or Equipment	\$129,235	6.72%
Other Costs to Be Capitalized	\$200,000	10.40%
TOTAL USES OF FUNDS	\$1,923,875	100.00%
Pledges (Capital Contributions from Investors)	\$1,445,225	75.12%
Other Funds and Source (Tenant Improvement Allowance)	\$478,650	24.88%
TOTAL SOURCES OF FUNDS	\$1,923,875	100.00%

VI. Background, Project Purpose, Safety Net Impact, and Alternatives -

Informational

A. Criterion 1110.110 (a) - Background of Applicants

The Applicants provided certificates of good standing for both Burr Ridge Birth Center, LLC and Birth Center, Inc. Burr Ridge Birth Center, LLC members are:

- Birth Center, Inc. – 50%
- Mr. Mike Bisbe – 10%
- Dr. Olufemi (Femi) Abiodun – 5%
- Dr. Dapo Afolabi – 5%
- Dr. Fortune Alabi - 5%
- Dr. Jason and Mrs. Audrey Davis – 5%
- Drs. Brian and Lisa Emm -5%
- Dr. Nasir Khokher – 5%
- Dr. Dehl Ogunleye – 5%
- Dr. Avodele Olowookere – 5%

Additional information on the background of these members can be found at pages 44-45 of the Application for Permit. Birth Center, Inc. is owned 50% by Dr. Dele Ogunleye, and 50% by Laura Wiegand. Birth Center, Inc. controls or owns Birth Center of Bloomington-Normal, LLC.

B. Safety Net Impact Statement/Charity Care

The Applicants have stated approximately ½ of 1% of net patient revenue will be charity care. The Applicants are required by the Act to be Medicare and Medicaid certified.

C. Criterion 1110.110 (b) - Purpose of the Project

The Applicants propose to establish a 3-room free-standing birth center.

According to the Applicants the purpose of the project is to offer an out of hospital birthing service to residents of Cook, DuPage, Kane and Will County. The Applicants consider their market area as a 25-30 miles radius of the Burr Ridge location. There is one birthing center within that 25-30 miles radius. PCC Wellness in Berwyn, Illinois (approximately 18 miles from the proposed Burr Ridge facility). According to the *Applicant the Burr Ridge Birth Center will be an available resource to potential patients in medically underserved and health professional shortage areas. While DuPage County does not qualify for either status, parts of the surrounding market area of the Center do. the following communities within the Center's market area do have underserved and shortage status: Aurora in the western suburbs, and several south suburban communities along the I-294 corridor, such as Alsip, Blue Island, and Harvey.*

D. Criterion 1110.110(c) - Alternatives to the Proposed Project

The applicants considered three alternatives for to the proposed project:

1. Do Nothing
2. Build a Birth Center of a Smaller Scope
3. Joint Venture with a Hospital or Heath System

The Applicants rejected all three alternatives because the proposed project offered a lower C-section rate, a lower cost of care, and comparable quality outcomes to non-birth center settings.

VII. Project Scope and Size, Utilization and Unfinished/Shell Space – Review Criteria

A) Size of Project

The State Board does not have gross square footage standards for free-standing birthing centers. The Applicants are proposing 1,203 square feet for the 3-birthing centers.

B. Criterion 1110.234 (b) - Project Services Utilization

The State Board does not have a utilization standard for birthing centers. The Applicants are projecting 292 births per room or a total of 876 births per year.

VIII. Birth Centers – Alternative Health Care Delivery Model

b) Review Criteria

1. Location Requirements – Review Criteria

The proposed birthing center will be located at 7000 County Line Road, Burr Ridge, Illinois. The proposed facility is the third in this Alternative Health Care Model, and the second to qualify under Section 1110.275 (b)(1)(A)(i): located in a municipality with a population of 50,000 located in Cook, DuPage, Kane, Lake, McHenry and Will Counties.

2. Service Provision to a Health Professional Shortage Area

The proposed project will be in HSA-VII Health Service Area and the A-05 OB Hospital Planning Area-DuPage County.

The location of the proposed facility is not in a Health Professional Shortage Area (“HPSA”). A Health Professional Shortage Area is defined as Health Professional Shortage Areas (HPSAs) are designations that indicate health care provider shortages in primary care, dental health; or mental health. These shortages may be geographic-, population-, or facility-based.

The Applicants consider their market area as a 25-30 miles radius of the Burr Ridge location. There is one birthing center within that 25-30 miles radius. PCC Wellness in Berwyn, Illinois (approximately 18-miles from the proposed Burr Ridge facility). According to the *Applicant the Burr Ridge Birth Center will be an available resource to potential patients in medically underserved and health professional shortage areas. While DuPage County does not qualify for either status, parts of the surrounding market area of the Center do. the following communities within the Center's market area do have underserved and shortage status: Aurora in the western suburbs, and several south suburban communities along the I-294 corridor, such as Alsip, Blue Island, and Harvey.*

There is a calculated excess of 90-obstetric beds in the A-05 Hospital Planning Area as of January 2020.

3) Admission Policies

A birth center may not discriminate against any patient requiring treatment because of the source of payment for services, including Medicare and Medicaid recipients. [210 ILCS 3/35]

The Applicants provided a copy of its admissions policy (Application page 102-105), which is accompanied by a signed attestation that there will be no restrictions on admittance to the birth center because of payor source.

4) Bed Capacity

The Applicants propose three birthing rooms on the first floor of the facility. A birthing center may have no more than 10 birthing rooms.

5) Staffing Availability

The Applicants provided a narrative description of staffing for the proposed birthing center at page 63 of the Application. The Applicants’ stated the pool of candidates for the Burr Ridge Birth Center is expected to come primarily from DuPage County-based healthcare professionals, in order to keep commute time at a minimum particularly for on-call duties. Candidates from area hospitals and medical offices will be the primary source for applicants.

The owners of Burr Ridge Birth Center plan to hold an outreach even in late spring of 2020. Currently, planners for this event have a list of over 100 interested attendees representing midwives, nurses, doulas, lactation consultants as well as support professionals such as counselors, chiropractors, prenatal massage therapist, birth photographers, and birth related resources. In addition, many health providers for women and children, such as pediatricians, family practice providers, and OB/GYNs have expressed interest in attending this event.

6) Emergency Surgical Backup

A birth center that is not operated under a hospital license shall be located within a ground travel time distance from the general acute care hospital with which the birth center maintains a contractual relationship, including a transfer agreement, as required under this paragraph, that allows for an emergency caesarian delivery to be started within 30 minutes of the decision a caesarian delivery is necessary. A birth center operating under a hospital license shall be located within a ground travel time distance from the licensed hospital that allows for an emergency caesarian delivery to be started within 30 minutes of the decision a caesarian delivery is necessary.

The Applicants have signed a transfer agreement with AMITA Hinsdale Hospital which is located approximately 10 minutes from the proposed birth center. AMITA Hinsdale Hospital currently operates LEVEL III NICU Unit (Application for Permit pages 134-142).

7) Education

A birth center shall offer prenatal care and community education services and shall coordinate these services with other health care services available in the community. [210 ILCS 3/35]

The Applicants will use a group care model, sometimes referred to as Centering Pregnancy, for its prenatal and education initiatives. This consists of a group of women in similar gestational phases, participating in discussions, receive care skills, and peer support, all under the supervision of a birthing center practitioner.

8) Inclusion in Perinatal System

- A)** *At a minimum, the birth center's participation shall require a birth center to establish a letter of agreement with a hospital designated under the Perinatal System.*
- B)** *A hospital that operated or has a letter of agreement with a birth center shall include the birth center under its maternity service plan under the Hospital Licensing Act and shall include the birth center in the hospital's letter of agreement with its perinatal center. [210 ILCS 3/30]*

The Applicants have an agreement with AMITA Hinsdale Hospital, that currently operates a Level III NICU unit. (Application for Permit pages 134-142).

9) Medicare/Medicaid Certification

The applicant shall document that the proposed birth center will be certified to participate in the Medicare and Medicaid programs under titles XVIII and XIX, respectively, of the federal Social Security Act (42 USC 1395 and 1396).

The Applicants state that the proposed Birth Center intends to seek certification for Medicare/Medicaid services, upon project completion (Application for Permit page 149).

10) Criterion 1110.3130(j) – Charity Care

All birth centers shall provide charitable care consistent with that provided by comparable health care providers in the geographic area. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the charity care policy that will be adopted by the proposed birth center.

The Applicants supplied a copy of its Charity Care/Sliding Fee Discount Program (Application for Permit page 150-155).

I) Criterion 1110.3130(k) – Quality Assurance – Review Criterion

Each birth center shall implement a quality assurance program with measurable benefits. [210 ILCS 3/30] The applicant shall provide to HFSRB a copy of the quality assurance program to be adopted by the birth center.

The Applicants provided a copy of the Quality Assurance plan for the proposed Birthing Center (Application for Permit 152-155). The program outlines protocols for center staff to periodically review to monitor quality of care, rectify deficiencies, and increase overall outcomes for a positive patient experience. It appears the applicant has met the requirement of this criterion.

X. 1120.120 - Availability of Funds

XI. 1120.130 - Financial Feasibility

The Applicants are funding this project with capital of \$1.5 million from nine members of the Burr Ridge Birthing Center, LLC. Eight of the nine members will contribute \$150,000 for 5% interest with the ninth member contributing \$300,000 for a 10% interest. The remaining amount will be funded from the tenant improvement allowance of approximately \$479,000. Documentation was provided at pages 157-165 of the investors' attestation.

XII. Section 1120.140 - Economic Feasibility

A. Criterion 1120.140(a) - Reasonableness of Financing Arrangements

B. Criterion 1120.140(b) - Terms of Debt Financing

No debt is being used to fund this project. The facility will be in leased space of 6,300 GSF. The term of the lease is for 15-years at a cost of \$35 per GSF. Letter of Intent to lease the property can be found at pages 28-31 of the Application for Permit.

C. Criterion 1120.140(c) - Reasonableness of Project Cost

The State Board does not have project cost standards for birthing centers.

Preplanning Costs – These costs total \$42,040 and comprise 2.2% of the overall cost of the project. These costs include

Recruiting	\$ 5,000
Outreach Coordinator Salary	\$19,040
Marketing/Community Relations	\$10,000
Office Supplies	\$5,000
Postage	\$1,000
Printing/Copying	<u>\$2,000</u>

Modernization and Contingency Costs – These costs are \$1,109,600 or \$176.13 per GSF.

Contingency Costs – These costs are \$91,703 or 4.77% of modernization costs.

Architectural & Engineering Fees – These costs total \$62,000 is 3.22% of the total costs.

Consulting & Other Fees - These costs total \$50,000 or 2.6% of total costs.

CON Consultant	\$10,000
Legal & Services	\$10,000
Payroll Acc. Services	\$5,000
Insurance General	\$5,000
Membership & Sub.	\$2,000
Licensing Fees	\$8,000
Accreditation	<u>\$10,000</u>

Equipment not in Construction Contracts – These costs are \$331,000. These costs include:

Furnishings	\$250,000
Minor Equipment/Supplies	\$35,000
IT	\$40,000

Telephone	\$3,000
Maintenance Repairs	\$1,000
Housekeeping/Supplies	<u>\$2,000</u>
Total	\$331,000

FMV of Leased Space is \$129,235 or 6.72% of the total cost.

Other Costs to be Capitalized are \$200,000 and include minor equipment.

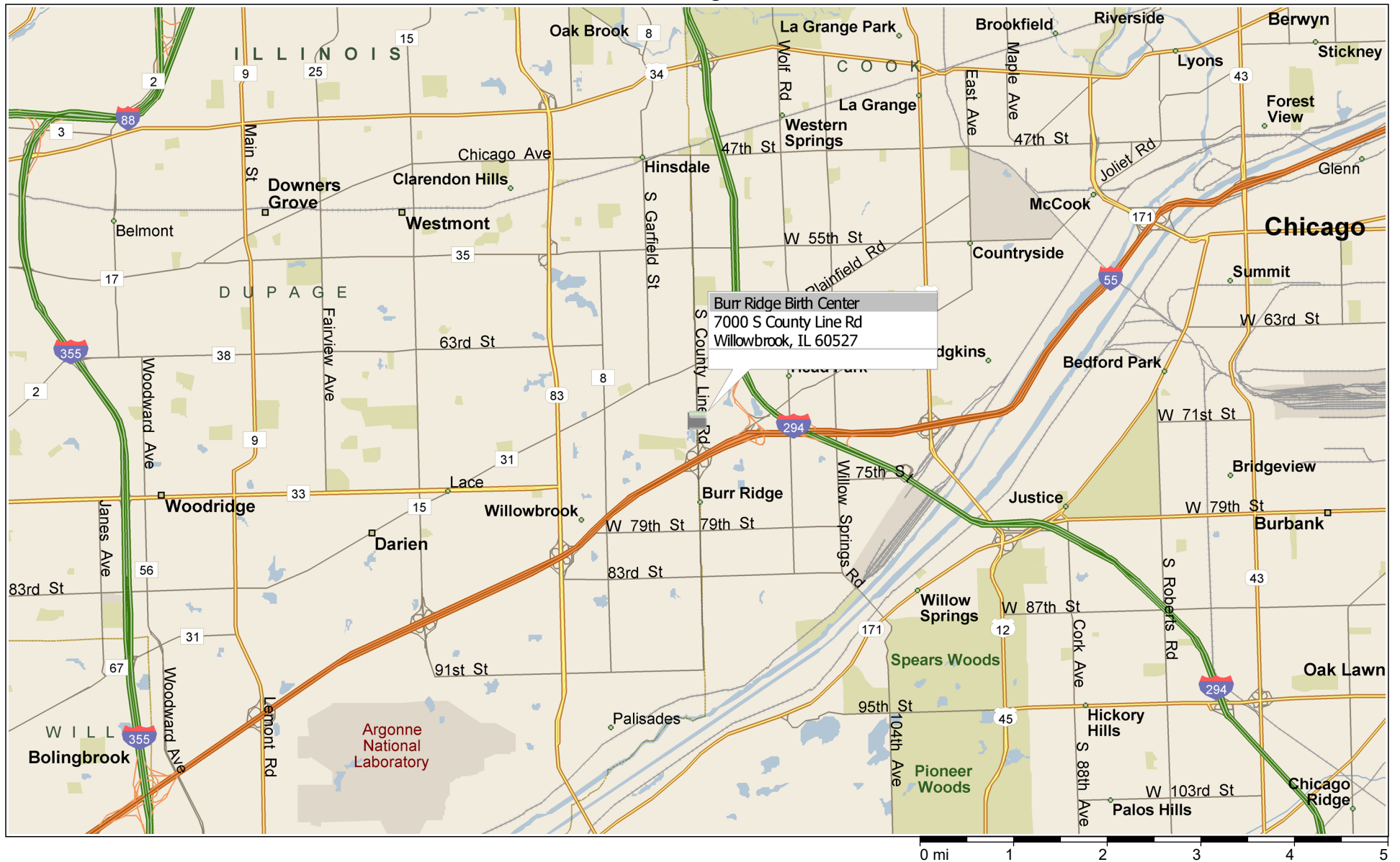
D) Criterion 1120.140 (d) - Projected Operating Costs

The applicant did not identify projected operating costs for this project. The State Board does not have a standard for these costs.

E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

The applicant did not identify the total effect of the project on capital costs. The State Board does not have a standard for these costs.

#20-003 Burr Ridge Birth Center





Bloomington Normal Birth Center Summary

Family-centered and patient-directed, the midwifery model of care is a safe and proven, centuries old, alternative to hospital care for low-risk pregnancies and is still the main model of care in most of the world. The opening of the Bloomington Normal Birth Center (BNBC) makes that safe, lower-cost model of care available to families in our community and complements existing hospital-based care.

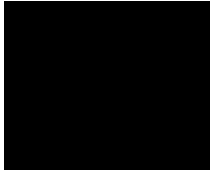
Bloomington Normal Birth Center was licensed on 9/23/2016 by the Illinois Department of Public Health. The Birth Center is also accredited on 11/16/2016 by the Commission for the AABC (Accreditation of Birth Centers), which means it meets or exceeds the care and administration standards set by the AABC. Midwives at Bloomington Normal Birth Center abide by all the state and accreditation standards and practice guidelines.

Laboring and giving birth under the guidance of a midwife in a birth center does not mean sacrificing appropriate care or safety. Low intervention does not mean no care or oversight. The Birth Center is equipped with the necessary medications, supplies, instruments, equipment, and safety protocols for labor, birth, post-partum and newborn care.

The Bloomington Normal Birth Center is In-Network with most insurance companies for both professional and facility fees, including Illinois State programs. Unfortunately, it took almost 3 years to secure facility contracts with some of the insurance companies, due to no precedent. There is currently one facility contracts that we are unable acquire.

The first baby was born on 10/26/2016, with our 100th baby born on 12/21/2017, to date we have delivered 284 babies, experiencing a 21% growth rate for 2019 and on target for the same or better growth rate projections for 2020. The Birth Center has a 5.19% Cesarean Rate, compared to the national C-Section Rate of 32.7%.

Birth and Transfer Statistics Presentation for OSF St Joseph Medical Center & Perinatal Review: 4/8/2019

Birth Stats	CABC	BNBC
Attrition	19.00%	18.93%
Pre-Admit Transfer	18.00%	12.85%
Intrapartum Transfer	12.00%	10.50%
Newborn Transfer	1.90%	0.42%
Postpartum Transfer	2.50%	1.68%
C-Section Rate	6.00%	4.62%
Vaginal Birth	93.00%	95.38%
Total Admitted		208
Registered		354
Patients Created		585
	as of	4/2/19

CABC = Commission for the Accreditation of Birth Centers

BNBC = Bloomington Normal Birth Center

23 Hospital Transfers since October 27, 2016

- 20 Intrapartum
- 2 Postpartum
- 1 Neonatal
- 70.3% transfer to OSF St Joseph are outside of the Bloomington-Normal Area (Champaign, Danville, Heyworth, Lena, Lexington, Lincoln, Metamora, Peoria, Pontiac, Princeton, Secor, Springfield, Tremont, Urbana, Warrensburg, Washington & West Peoria); this is bringing new patients into your hospital that would not normally get their health care services in Bloomington/Normal
- We have patients traveling from as far North as Rockford, as well as South past St. Louis, along with West from La Crosse and just recently a patient is coming East, across state lines from Avon, Indiana for her prenatal care and the delivery. (See map)

2019 Patient are Traveling from Where?

