RML SPECIALTY HOSPITAL
CHICAGO - HINSDALE

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December 6, 2021

Ms. Debra Savage, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

**SENT VIA ELECTRONIC MAIL TO Mike.Constantino@Illinois.gov**

**RE: Written Comment – Rush Specialty Hospital ("Rush/Select")**
**Certificate of Need Application – Project Number 21-026 (the "Project")**

Dear Chair Savage:

RML Specialty Hospital ("**RML**") is a long-term acute care hospital ("**LTACH**") with two campuses in the Chicago metropolitan area (including one near the *Illinois Medical District* on the west side of Chicago, "**RML Chicago**"). We appreciate the work done by the *Illinois Health Facilities and Services Review Board's* (the "**Board's**") staff to prepare the *State Board Report* (the "**Report**") for this Project and concur that the Project fails to meet at least 10 *Review Criteria*. Our concern and reason for submitting this response is that the Report includes certain quotations from the Project applicants that we believe to be factually incorrect and that could be misleading to Board members.

**Proposed LTAC-Component Represents Entirely New Service in Already Over-Bedded Planning Area**

Rush/Select proposes to establish a new 100-bed hospital at a cost of $110 million. Although most sections of the Report accurately report that Rush/Select have proposed 56 beds for rehabilitation and 44 beds for long-term acute care ("**LTAC**"), the Report includes several descriptions (on pages 1, 2, and 4) of the Project as "*the establishment of a 100-bed rehabilitation hospital*" (i.e., without reference to the proposed 44 new LTAC beds). We note this distinction because RML has no opposition to the proposed rehabilitation beds, but does strongly believe that approval of a new LTACH would go entirely against Board regulations (given there are already excess LTAC beds and low utilization of current LTACH facilities).

**Rush/Select's Statements Quoted in the Report are Mathematically Incorrect**

The Report includes several quotations by which Rush/Select asserts (without substantiation) that there is an "unmet" need for LTAC services. For example, page 18 of the Report includes a claim by Rush/Select that, "*As previously mentioned in the application RUMC data reflects that on an annual basis, there are an average of over 400 patient days where it was unable to find placement in an LTAC setting for patients whose conditions warranted the provision of LTAC services. Consider the following: 400 patient days, presuming an average length of stay of 33 days, would justify 12 fully utilized LTAC beds all on its own. That is 12 fully utilizable beds simply meeting the needs of indigent and underserved*

*individuals that no other healthcare facilities are caring for*." In addition to the Report confirming throughout that there are already a significant number of excess LTAC beds in the designated LTACH planning area ("**Planning Area**") and concluding (on page 19) that, "*No restrictive admission policies have been identified nor has there been access limitations due to payor status*," the above argument presented by Rush/Select to justify 12 of the proposed 44 new LTAC beds is mathematically flawed.

Even if one were to accept (which RML does not) Rush/Select's assertion that there were 400 patient days where Rush University Medical Center ("**RUMC**") was unable to find placement in an LTAC setting for patients whose conditions warranted the provision of LTAC services, the 400 patient days cited by Rush/Select with an assumed average length of stay of 33 days justifies only 1.1 (not 12) LTAC beds. Rush/Select's assertion equates to roughly 12 patients per year (i.e., one per month on average), not 12 "*fully utilized beds*." If Rush/Select relied upon this argument to support its projected utilization of 37.45 beds in Year 2 of operations (see *Table Four* on page 11 of the Report), a reduction in utilization of 10.9 beds (from 12 to 1.1) would reduce their own projected Year 2 utilization rate from 85.111% to 60.3% (notwithstanding the fact that this 60.3% utilization rate, if realized, would come at the expense of other area LTACHs).

**Projected Physician Referrals Are Not Verifiable and Fail to State to Where Current Referrals are Made**

The projected physician referrals submitted by Rush/Select (as summarized in *Table Seven* on page 17 of the Report) suggest that 443 (74%) of 599 historical referrals to LTACHs by the physicians noted will be referred in the future to Rush/Select's new proposed hospital. RML's analysis of discharge data reported by RUMC and the University of Illinois Hospital ("**UIH**") to the *Illinois Health and Hospital Association's COMPdata Informatics* affiliate ("**COMPdata**") for the four most-recently-available quarters (3rd Quarter 2020 through 2nd Quarter 2021) indicates that the total number of annual discharges to an LTACH by RUMC and UIH were only 333 and 80, respectively, for a total of only 413 historical discharges. This is far fewer than the historical referral number stated (599) and fewer than even the total projected referrals to Rush/Select's new proposed hospital (443). We suggest that this discrepancy be reviewed.

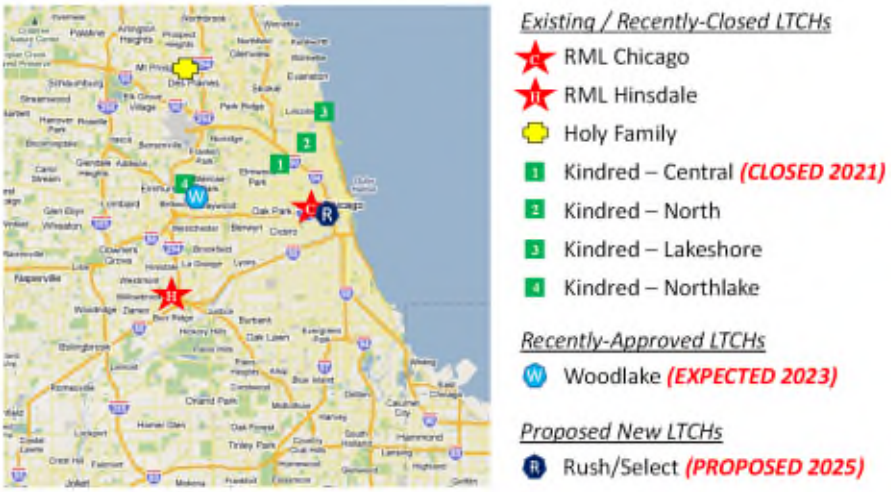
At the same time, Rush/Select asserts (page 24) that the Project "*should not adversely impact any other remaining safety net service providers*." In contrast to typical physician referral letters, none of those submitted by Rush/Select indicate to which other facilities anticipated future referrals to Rush/Select's new proposed hospital are currently being made (i.e., they omit the fact that most, if not all, of anticipated future referrals to the LTAC-component of Rush/Select's new hospital would otherwise be referred to other existing LTACHs in the Planning Area). Consistent with Board regulations and practice, these physician referral letters should not be accepted until the names of and number of referrals to all current receiving facilities are identified. This information would give the Board the information it needs to better assess the impact of the Project on other facilities, particularly with respect to existing safety net providers like RML Chicago (which is a *Medicaid High Volume Provider,* with almost half of its patients being Medicaid beneficiaries, that would most certainly be adversely impacted by the Project). We are grateful the Report reflects the fact that the proposed establishment of this new LTAC category of service by Rush/Select would indeed result in an unnecessary duplication of service (page 19) and impact the three existing hospitals (including RML Chicago) currently providing LTAC services within the 10-mile Geographical Service Area (page 20).

**Effective Excess LTAC Capacity in Planning Area is Even Higher Than Presented in Report**

The Report confirms that significant excess LTAC capacity already exists in the Planning Area, including on page 16 where it states, "*There is calculated excess of 171 LTAC beds in this planning area. The Applicants are proposing to add 44 LTAC beds to this planning area. Should the State Board approve this project there will be a calculated excess of 215 LTAC beds in this planning area.*" Since this stated number of excess LTAC beds does not include the 44 new LTAC beds recently approved by the Board for Woodlake Specialty Hospital (which are expected to become available for use in early 2023), it could be argued that, should the Board approve Rush/Select's proposed Project, there will actually be a calculated excess of **259** (215 plus 44) LTAC beds in the Planning Area.

Furthermore, this calculation excludes Kindred Chicago Lakeshore Hospital ("**Kindred Lakeshore**"), which operates as an LTACH in the Planning Area, but is licensed under the *Subacute Care Hospital Demonstration Program* category (see map below with Kindred Lakeshore's location identified[1]). Although Kindred Lakeshore is not included as an LTACH in the Board's *Inventory of Health Care Facilities and Services and Need Determinations*, RML's analysis of 2019[2] discharge data reported by Kindred Lakeshore to COMPdata indicates that it would contribute an additional 60 LTAC beds to calculated excess capacity in the Planning Area. Thus, should the Board approve Rush/Select's proposed Project, there will effectively be an excess of **319** (259 plus 60) LTAC beds in the Planning Area.

LTACH Planning Area




[1] Please note that this map includes a correction to the map included in RML's previous written comment dated November 24, 2021; in the previous map, the labels for Kindred's North and Lakeshore locations were inadvertently reversed.

[2] Data for 2019 was utilized for consistency with the Board's 2021 *Inventory of Health Care Facilities and Services and Need Determinations*; consistent with the Board's methodology, 2019 data was projected out to 2024 and a target occupancy rate of 85% was utilized.

**Conclusion**

We again appreciate the opportunity to respond to the Report and to provide information we believe is important to the Board's analysis of whether new LTAC beds should be approved, given the Board's methodology for calculating need shows that there is already considerable excess capacity. Thank you in advance for your consideration.

Sincerely,

James R Prister

James R. Prister
President and Chief Executive Officer