



## STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

|                                                   |                                      |                              |                                              |
|---------------------------------------------------|--------------------------------------|------------------------------|----------------------------------------------|
| <b>DOCKET NO:</b><br>H-02                         | <b>BOARD MEETING:</b><br>May 9, 2023 | <b>PROJECT NO:</b><br>23-006 | <b>PROJECT COST:</b><br><br>Original: \$0.00 |
| <b>FACILITY NAME:</b><br>HSHS St. Mary's Hospital |                                      | <b>CITY:</b><br>Decatur      |                                              |
| <b>TYPE OF PROJECT:</b> Substantive               |                                      |                              | <b>HSA:</b> IV                               |

**PROJECT DESCRIPTION:** The Applicants (HSHS St. Mary's Hospital, Hospital Sisters Health System, St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis) are proposing to discontinue clinical services and reduce beds at their acute care hospital in Decatur. There is no cost to this project.

## EXECUTIVE SUMMARY

### **PROJECT DESCRIPTION:**

- The Applicants (HSHS St. Mary's Hospital, Hospital Sisters Health System, St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis) are proposing to discontinue four clinical service lines and reduce the Medical/Surgical bed count at the existing acute care hospital in Decatur. There is no cost to this project and the completion date is upon project approval.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- When a health care facility discontinues a clinical category of service in its entirety, it is required to file a Certificate of Need application for discontinuation, per the rules established for Discontinuations (77IL Adm Code 1110.290). When a hospital reduces its beds complement by 50% or more, it is required to file a Certificate of Need application to reduce by this number (IL Adm. Code 1130.240(c)). The Applicants are proposing both initiatives and were required to file for the appropriate permit. The Applicants propose to discontinue or reduce their bed and/or services in accordance with the data in Table One.

| <b>TABLE ONE</b>                                                 |                   |              |                    |
|------------------------------------------------------------------|-------------------|--------------|--------------------|
| <b>Beds/Services to be Discontinued HSHS St. Mary's Hospital</b> |                   |              |                    |
| Category of Service                                              | Current # of Beds | Beds Reduced | Proposed # of Beds |
| Medical/Surgical                                                 | 108               | (20)         | 88                 |
| Obstetrics/Gynecology                                            | 18                | (18)         | 0                  |
| Pediatrics                                                       | 14                | (14)         | 0                  |
| Intensive Care                                                   | 14                | 0            | 14                 |
| Comprehensive Physical Rehab                                     | 20                | (20)         | 0                  |
| Acute Mental Illness                                             | 56                | (56)         | 0                  |
| TOTALS:                                                          | 230               | (128)        | 102                |

### **PUBLIC HEARING/COMMENT:**

- No public hearing was requested, and letters of support/opposition were received from the following:
  - Tonya Andricks RN, BSN, MHA, CEO Crossing Healthcare Support
  - Mirinda Rothrock, President, Decatur Regional Chamber of Commerce Support
  - Mary Garrison, LCSW, ACSW, Heritage Behavioral Health Support
  - Edgar Curtis, President/CEO, Memorial Health System Support
  - Robert Sehring, CEO OSF Healthcare System Support
  - Dr. Rohidas Patil M.D. Diplomat, American Board of Psychology/Neurology Support
  - Stephen Rathnow Opposition

### **SUMMARY:**

- The Applicants stated the reason the discontinuation stems from the steady population decline in utilization of services provided through HSHS St. Mary's, resulting in excess bed capacity, and the resulting economic infeasibility of maintaining a facility of this size. Table Two illustrates the historical decline in revenue experienced by this facility

| <b>TABLE TWO</b>                                                                 |         |          |          |         |          |
|----------------------------------------------------------------------------------|---------|----------|----------|---------|----------|
| <b>Revenue Decline in the Last % Years for HSHS St. Mary's Hospital, Decatur</b> |         |          |          |         |          |
|                                                                                  | FY 18   | FY 19    | FY 20    | FY 21   | FY 22    |
| <b>Net Operating Income (millions)</b>                                           | (\$4.5) | (\$13.6) | (\$15.8) | (\$8.1) | (\$19.8) |
| <b>% Net Operating Income</b>                                                    | -3.2%   | -9.1%    | -9.9%    | -4.7%   | -11.2%   |

- The State Board Staff reviewed the Application for Permit and additional information provided by the Applicants and report no negative findings.



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**STATE BOARD STAFF REPORT**

**#23-006**

**HSHS St. Mary's Hospital, Decatur**

| <b>APPLICATION SUMMARY/CHRONOLOGY</b>                    |                                                                                                                              |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Applicants                                               | Hospital Sisters Health System<br>St. Mary's Hospital, Decatur, of the Hospital<br>Sisters of the Third Order of St. Francis |
| Facility Name                                            | HSHS St. Mary's Hospital                                                                                                     |
| Location                                                 | 1800 East Lake Shore Drive, Decatur, Illinois                                                                                |
| Application Received                                     | February 1, 2023                                                                                                             |
| Application Deemed Complete                              | February 7, 2023                                                                                                             |
| Review Period Ends                                       | June 7, 2023                                                                                                                 |
| Permit Holder                                            | Hospital Sisters Health System                                                                                               |
| Operating Entity                                         | St. Mary's Hospital, Decatur, of the Third Order<br>of St. Francis                                                           |
| Owner of the Site                                        | St. Mary's Hospital, Decatur, of the Third Order<br>of St. Francis                                                           |
| Project Financial Commitment Date                        | N/A                                                                                                                          |
| Project Completion Date                                  | May 15, 2023                                                                                                                 |
| Can Applicants Request a Deferral?                       | Yes                                                                                                                          |
| Has the Application been extended by the State<br>Board? | No                                                                                                                           |

**I. The Proposed Project**

The Applicants (Hospital Sisters Health System, St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis) are proposing to discontinue 4 clinical categories of service (OB/Gyn, Pediatrics, Acute Mental Illness, and Comprehensive Physical Rehabilitation), and reduce the Medical/Surgical bed complement from 108 to 88 beds (20-bed reduction). There is no cost to this project and the completion date is May 15, 2023.

**II. Summary of Findings**

- A. The State Board Staff finds the proposed project is in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project is inapplicable with the provisions of Part 1120.

**III. General Information**

The Applicants are Hospital Sisters Health System and St. Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis. Hospital Sisters Health System is an Illinois not for profit corporation incorporated in 1978. St Mary's Hospital, Decatur, of the Hospital Sisters of the Third Order of St. Francis, is an Illinois not for profit corporation founded in 1955. St. Mary's Hospital, Decatur is a general acute care hospital with a total bed complement of 230 beds. Hospital Sisters Health System (HSHS) is a non-profit entity with facilities/ownership interests in Wisconsin and Illinois. The following is a list of Illinois health care facilities under HSHS ownership:

- HSHS St. John's Hospital, Springfield 442 Beds
- HSHS St. John's Children's Hospital, Springfield\*
- HSHS St. Mary's Hospital, Decatur 230 Beds
- HSHS St. Elizabeth's Hospital, O'Fallon 144 Beds
- HSHS St. Anthony's Hospital, Effingham 133 Beds
- HSHS St. Joseph's Hospital, Breese 52 Beds
- HSHS Holy Family Hospital, Greenville 28 Beds
- HSHS St. Francis Hospital, Litchfield 25 Beds
- HSHS St. Joseph's Hospital, Highland 25 Beds
- HSHS Good Shepherd Hospital, Shelbyville 30 Beds

\*Bed Count included in HSHS St. John's bed complement

HSHS St. Mary's Hospital is in the HSA IV and the D-04 Hospital Planning Area. The D-04 Hospital Planning Area includes DeWitt, Macon, Moultrie, and Shelby counties.

This project is subject to a Part 1110 review and is not subject to a Part 1120 review because there are no project costs. Financial commitment will occur at the time of project completion. The table below outlines utilization at St. Mary's Hospital for the last 5 calendar years.

| TABLE THREE<br>HSHS St. Mary's Hospital |       |       |       |       |       |                |               |
|-----------------------------------------|-------|-------|-------|-------|-------|----------------|---------------|
| Beds                                    | 2021  | 2020  | 2019  | 2018  | 2017  | State Standard | Standard Met? |
| Medical/Surgical                        | 48.8% | 45.9% | 50.3% | 44.1% | 46.4% | 85%*           | No            |
| Obstetrics                              | 22.9% | 26.5% | 30.1% | 28.8% | 36.1% | 75%            | No            |
| Pediatrics                              | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 8.8%  | 65%            | No            |
| Intensive Care                          | 74.8% | 66.7% | 66.5% | 54.2% | 43.8% | 60%            | No            |
| Comprehensive Physical Rehabilitation   | 35.6% | 32.7% | 42.3% | 44.5% | 47.4% | 85%            | No            |
| Acute Mental Illness                    | 57.1% | 47.1% | 49.6% | 49.4% | 57.9% | 85%            | No            |

Shaded areas indicate compliance with State standard

## II. Background of the Applicants, Purpose of the Project, Alternatives

### A) Criterion 1110.110 (a) - Background of the Applicants

The Applicants attest that in the last three years prior to filing of this Application for Permit, there has been no "adverse action" against any Illinois health care facility owned and operated by Hospital Sisters Health System and subject to State Board jurisdiction. HFSRB and IDPH are hereby authorized by HSHS to access any documents necessary to verify the information submitted with this application relating to HSHS St. Mary's Hospital, including, but not limited to official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

**B) Criterion 1110.110 (a) Purpose of the Project**

The Applicants state the purpose of this project stems from insufficient patient volume and the projected economic infeasibility from continued operation. The population of Macon County has been in a steady decline in the last four decades (20% from 1980 to 2020), resulting in decreased utilization which can be verified by the data in Table Three. In addition, HSHS St. Mary's Hospital has sustained financial operational losses totaling \$24 million dollars in the last 5 years. Table Two reports steady operational losses, with the greatest loss (\$19.8 Million dollars/11.2%) occurring in FY 2022. This project will ensure St. Mary's continued commitment to serve the patient base in the region, while stabilizing the Applicants from further losses, and a return to economic feasibility. This discontinuation/downsizing is precursory with plans to modernize the hospital campus with a \$90 million dollar investment to remove antiquated portions of the facility, replacing it with modernized infrastructure and updates. Although this project will result in some discontinued services, the Applicants are committed to offer any impacted employees job opportunities within the health system, and modernization/preservation of all existing service lines. The remaining services lines will continue to be the high-quality, reliable services expected by residents of the service area. They are:

- Emergency (ED)
- ICU/Intermediate Care 14 beds
- Cardiovascular Services with Prairie Heart Institute
  - Cath/Vascular Lab
  - Cardiac Rehabilitation
  - Diagnostic Cardiology
  - Echo, Stress, Etc.
- Radiology
  - CT/MRI
  - Nuclear Medicine
  - General Radiology
  - Ultrasound
  - Women's Center for Mammography
- Medical/Surgical Care 88 beds
- OR/Post Anesthesia Care Unit, Pre/Post-Op 8 Suites
- Nursing
- Gastroenterology
- Cancer Center
- Lab Services/Sleep Studies
- IV Infusion
- Respiratory Services/Studies
- Hospitalists Services
- Vascular Ultrasound
- Therapy Services (PT/OT/Speech)
- Pharmacy
- HSHS Medical Group and Independent Specialty Clinics

### III. Discontinuation

The Applicants propose to reduce the bed complement at HSHS St. Mary's Hospital, Decatur by discontinuing services and reducing bed counts, and reducing the overall bed complement at the facility from 230 to 102 beds (See Table One). The four services to be discontinued (Obstetrics, Acute Mental Illness, Comprehensive Physical Rehabilitation), currently report having excess beds in the planning area (See Table Four). This project will help alleviate excess services in the planning area. The reduced/discontinued services should not negatively impact access due to the excess beds and underperforming providers within the service areas. The following tables illustrate the excess beds and underperforming facilities in health service area (HSA) 04 and hospital planning area (HPA)D-04. (Source: 2020 Hospital Profile Data).

| <b>TABLE FOUR</b><br><b>Bed Need in HSA-04/HPA D-04</b> |                      |                            |                          |                                  |
|---------------------------------------------------------|----------------------|----------------------------|--------------------------|----------------------------------|
| <b>Service</b>                                          | <b>Planning Area</b> | <b>Existing Bed Excess</b> | <b>Discontinued Beds</b> | <b>Resulting Bed Need/Excess</b> |
| Obstetrics                                              | D-04                 | 25                         | 18                       | 7                                |
| AMI                                                     | HSA-04               | 67                         | 56                       | 11                               |
| Rehabilitation                                          | HSA-04               | 28                         | 20                       | 8                                |
| Med/Surg/Pediatrics                                     | D-04                 | 210                        | 34                       | 176                              |

| <b>TABLE FIVE</b><br><b>Obstetrics Services within HPA D-04</b> |                |                          |                         |                       |
|-----------------------------------------------------------------|----------------|--------------------------|-------------------------|-----------------------|
| <b>Facility</b>                                                 | <b>OB beds</b> | <b>2020 Daily Census</b> | <b>2020 Utilization</b> | <b>State Standard</b> |
| Decatur Memorial Hospital                                       | 26             | 4.3                      | 41.4%                   | 78%                   |

| <b>TABLE SIX</b><br><b>AMI Services in HSA-04</b> |                 |                               |                         |                       |
|---------------------------------------------------|-----------------|-------------------------------|-------------------------|-----------------------|
| <b>Facility</b>                                   | <b>AMI Beds</b> | <b>2020 Avg. Daily Census</b> | <b>2020 Utilization</b> | <b>State Standard</b> |
| Decatur Memorial Hospital                         | 20              | 6.7                           | 33.3%                   | 85%                   |
| Carle BroMenn Medical Center, Normal              | 19              | 9.8                           | 51.7%                   | 85%                   |
| OSF Heart of Mary Med. Center, Urbana             | 30              | 11                            | 36.6%                   | 85%                   |
| Sarah Bush Lincoln Medical Center, Mattoon        | 18              | 11.8                          | 65.6%                   | 85%                   |
| The Pavilion Foundation, Champaign                | 72              | 57.8                          | 80.3%                   | 85%                   |

| <b>TABLE SEVEN</b><br><b>Pediatric Services in HPA D-04</b> |                       |                               |                         |                       |
|-------------------------------------------------------------|-----------------------|-------------------------------|-------------------------|-----------------------|
| <b>Facility</b>                                             | <b>Pediatric Beds</b> | <b>2020 Avg. Daily Census</b> | <b>2020 Utilization</b> | <b>State Standard</b> |
| Decatur Memorial Hospital                                   | 18                    | 5.4                           | 29.8%                   | 65%                   |
| Warner Hospital, Clinton                                    | 2                     | 0.0                           | 0.0%                    | 85%                   |

| <b>TABLE EIGHT</b><br><b>Rehabilitation Services in HSA-04</b> |                                |                                   |                             |                           |
|----------------------------------------------------------------|--------------------------------|-----------------------------------|-----------------------------|---------------------------|
| <b>Facility</b>                                                | <b>Rehabilitation<br/>Beds</b> | <b>2020 Avg. Daily<br/>Census</b> | <b>2020<br/>Utilization</b> | <b>State<br/>Standard</b> |
| Carle BroMenn Medical Center,<br>Normal                        | 15                             | 8.0                               | 51.7%                       | 85%                       |
| Carle Foundation Hospital, Urbana                              | 20                             | 15.2                              | 76.2%                       | 85%                       |
| OSF Heart of Mary Med. Center,<br>Urbana                       | 25                             | 11.5                              | 46%                         | 85%                       |