

October 8, 2024

VIA EMAIL

John P. Kniery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Letter of Opposition- NorthPointe Neighborhood Hospital, Project #24-018

Dear Mr. Kniery:

We represent Javon Bea Hospital in Rockford, Illinois, a hospital that provides the same, and many more additional, services in the health planning area as the proposed NorthPointe project. We write to express our opposition and raise concerns about the alarming negative effect that the NorthPointe Neighborhood Hospital will have in not only duplicating services already available in the community but also threatening the viability of the safety net that exists in this geographic service area.

Beloit Health System ("BHS" or "Applicant") is a Wisconsin-based health system that currently provides self-selected services within an affluent Illinois neighborhood on the border of Wisconsin. The proposed application is designed to serve as catchment area for Illinois residents to be syphoned to Wisconsin and does not seem designed to care for those in the geographic service area that need it most. The Certificate of Need process is designed to "promote the orderly and economic development of health care facilities...to avoid unnecessary duplication of such facilities" and that promotes planning and development of facilities in areas with "unmet needs".¹ Furthermore, "cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process."² The proposed projects fails to meet these most basic requirements of the Certificate of Need program and we urge the Health Facilities Services Review Board ("Board") to oppose the project.

Duplication of Services

While not yet completed, it is unquestionable that the State Board Staff Report will inevitably describe what is clearly apparent. There is **no need** for the proposed facility based upon the Board's standards. The rationale presented in the application submitted for consideration contains projections that are simply not based in reality. The proposed facility cannot be justified with existing patient volumes and BHS argues in its application that it is seeking to improve access to patients in a

¹ Illinois Health Facilities Planning Act (20 ILCS 3960/1)

² Id.

geographic service where the healthcare options are already abundant (both in Illinois and in Wisconsin!). Between Wisconsin and Illinois there are already seven hospitals within the proposed geographic service area, including two Level 1 Trauma Centers, one Level 2 Trauma Centers, and two Level 3 Trauma Centers. Those hospitals include:

1. Mercyhealth Javon Bea Hospital- Rockford (Level 1 Trauma Center)
2. OSF Saint Anthony Hospital- Rockford (Level 1 Trauma Center)
3. UW Health Swedish -Belvidere
4. UW Health Swedish American- Rockford (Level 2 Trauma Center)
5. Beloit Memorial Hospital- Beloit, Wisconsin (Level 3 Trauma Center)
6. Mercyhealth Hospital and Trauma Center- Janesville (Level 3 Trauma Center)
7. SSM Health Saint Mary's Hospital- Janesville

Map of Hospitals and Healthcare Services near Proposed Facility



These existing facilities offer a wide variety of services and, unlike the proposed facility, these hospitals can handle patients of varying acuity levels – including the low acuity patients this hospital proposes to serve.

The Applicant has not proposed one service line that is not already available in the geographic service area. The proposed facility seeks to establish:

- 10 medical surgical beds;
- 1 Operating Room;
- 13 emergency bays (housed in the renovated immediate care center turned emergency department);
- A laboratory;
- A pharmacy; and
- An imaging department.

Each one of these services is already available in the area, in multiple locations in fact, and the Board's own need assessment demonstrates that the geographic service area is over-bedded. This is because of the numerous Illinois hospitals with existing capacity. In total, there is an excess of 94 medical surgical beds which demonstrates that ***no additional beds are needed***. The Applicant seems to both acknowledge this fact in their application, and then either completely ignore that reality or provide patient projections which are simply inaccurate.

For example, on page 54 of their application, Applicant “project” that two of the three hospitals in Rockford will experience notable increases in their average daily census but that – at the same time – MercyHealth Javon Bea Hospital in Rockford will inexplicably experience an over 50% decrease in their average daily census. The Applicant provide no context for this projection and use this statistical anomaly to justify the “need” for additional beds while claiming it will not adversely impact existing providers. The State Board Staff Report will undoubtedly reveal those claims to be folly.

One of the actual reasons for the proposed project is because BHS is converting its existing rooms in its Wisconsin hospital from multiple occupancy to private rooms³. The Applicant utilize average daily census data from 2018 through 2022 to make what can only be described as wildly speculative self-serving projections that depend on the absolute negative impact to Javon Bea Hospital.⁴ The Applicant provide no context for the reduction in Javon Bea Hospital's average daily census from 2018 to 2022 that it cites in the application. In reality, as the Board knows, Mercyhealth discontinued its medical surgical beds at its Rockton campus which led to a corresponding decline in average daily census. Essentially the argument that the Applicant is making is that because of this purported loss of patients at Javon Bea Hospital that the BHS proposed hospital is needed to provide access to inpatient care and justifies the patient volume at the proposed facility. This is false.

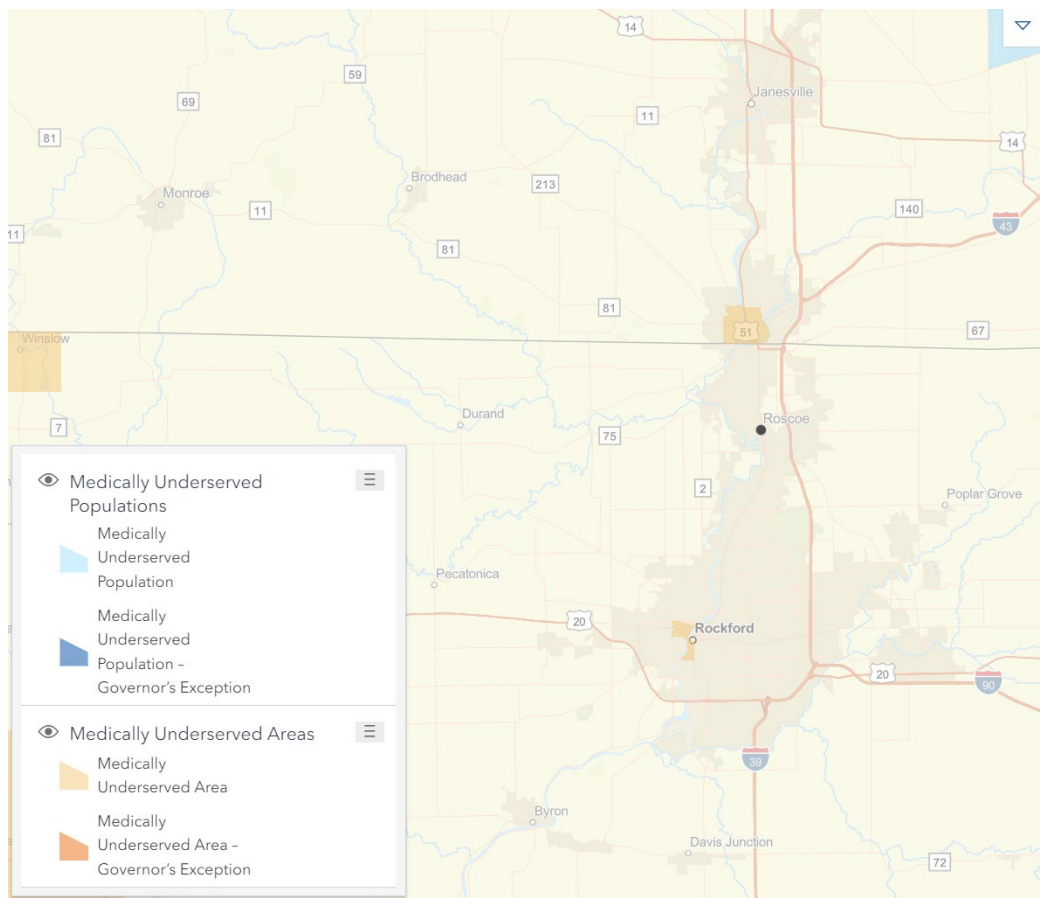
Further, the Applicant seeks to have it both ways when on page 83 of the same application, BHS states that no patients are expected to be referred to the proposed facility from other area hospitals.

³ See Page 54 of NorthPointe Neighborhood Hospital CON application

⁴ Id. at Page 74

It's clear that the plan to boost utilization at this facility is to simply poach patients from an affluent part of the region to the detriment of the payer mixes of the region's other providers. This plan can be seen in the performance of the NorthPointe ASTC which, more fully addressed in other correspondence, sold the HFSRB on its payer mix being 12% Medicaid when, in reality, it barely eclipsed 2% Medicaid.

In their application, Applicant also attempts to address the Service Accessibility criteria, which requires Applicants to show that the proposed project will improve access for planning area residents. The Applicant included a map from Health Resources & Services Administration ("HRSA") that purports to show that the service area is a Health Professional Shortage Area. They argue that this designation is sufficient to show that the project will improve access and therefore there will be no duplication of services. However, upon further review and analysis of that available data from HRSA it is clear that the proposed area to be served by the Applicants ***is not a medically underserved area or medically underserved population*** as reflected in the map below. We do agree there is a shortage of Healthcare Professionals, but the establishment of another hospital will only exacerbate that issue – not improve it.



On page 58 of the application, Applicant indicates that their proposed patients will come from Machesney Park, Rockton, Roscoe, and South Beloit. BHS stresses that there are access issues in these communities. However, as depicted above, the only areas they have small medically underserved

populations reside in Rockford and Beloit. The Applicants do not purport to serve residents of Rockford, and this Board is not charged with assessing the needs of patients in the state of Wisconsin.

Negative Impact on Area Facilities

The proposed facility will undoubtedly have a negative impact on existing area facilities. Throughout its Application, Applicant makes several different arguments while downplaying or ignoring the obvious: **there is existing capacity at area facilities**. The Applicant is *more interested in their own need* and not the needs of their patients or the disruption this facility could cause to the fragile healthcare eco-system in the region. Javon Bea Hospital and area Rockford providers serve the critical low-margin high-need services provided in the community. Their average rates are necessary to maintain financial health and maintain their ability to provide safety net services⁵ to the community. This project – seeking to syphon affluent well reimbursed patients to Wisconsin - poses an immediate threat to their ability to continue to do so. It threatens, rather than bolsters, the access to care for Illinois residents.

BHS describes on page 53 of the application that the proposed project's goal and benefit is to stem the outmigration of Illinois patients to Wisconsin. They continue to stress the point on page 57 of the application when they claim that patients in their Wisconsin hospital are often boarded in their emergency department while they wait for an available bed. However, this project is not designed to stem outmigration but instead encourage and increase it. By developing a facility that is ill-equipped to handle an emergency and that has limited services it will lead to an increase in the number of patients transferred out of Illinois and into Wisconsin. Consider that BHS's solution to any proposed emergency at its Birth Center was to transfer the mother or child to its Wisconsin hospital for care – fully ignoring the Level 1 Trauma Center and two Level 2 Trauma Centers available in Rockford.

The actual solution to the fictional problem created by the Applicant is simple. Instead of transferring patients across state lines, BHS can utilize the existing facilities in Illinois that are less than a 20-minute drive from Roscoe, IL. These Illinois facilities are well equipped to manage a wide variety of patients with varying levels of acuity without the need to transfer patients across state lines. This project is not about what is best for patients – it is about what is best for BHS.

BHS clearly outlines the benefits this project will have for their Wisconsin-based hospital in its application. BHS describes on page 57 that they need to relieve stress on their emergency department in Wisconsin and as previously discussed they have a need to convert the rooms⁶ at their Wisconsin hospital to private rooms. All of these reasons may be justifiable for BHS to want to obtain a hospital designation in Roscoe, IL, but none of them are good reasons that would demonstrate an actual need in Illinois for the facility. The more appropriate solution would be to invest in their existing facility and modernize it so that it can actually meet the needs of their patients without relying on Illinois residents to subsidize their operations.

⁵ 20 ILCS 3960/5.4(b) - For the purposes of this Section, "safety net services" are services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. Safety net service providers include, but are not limited to, hospitals and private practice physicians that provide charity care, school-based health centers, migrant health clinics, rural health clinics, federally qualified health centers, community health centers, public health departments, and community mental health centers.

⁶ See Page 53 of NorthPointe Neighborhood Hospital CON application

To be fair, Applicant admits that there is capacity in existing facilities while at the same time still trying to muster an argument that there is a need for another hospital in the geographic service area. Their rationales presented are weak. Improved access for locations to test blood for a DUI is a rationale presented at the public hearing. While reducing the burden on law enforcement is certainly a laudable goal, building a hospital that could not meet the needs of the patients if the DUI caused an accident that required two people to have surgery cannot be the solution. Adding additional hospital beds to the state's inventory and specifically to this region will not create access, it will lower utilization. This result is in direct opposition to the Board's goal of better utilized healthcare facilities.

Conclusion

There are few areas outside of the City of Chicago in the state of Illinois that have the kind of access to healthcare that exists in the Rockford region. The region suffers from many of the same problems that the City of Chicago and surrounding suburbs do. There is significant need in the region for healthcare services and a high number of patients that rely on safety net services provided by Javon Bea Hospital and other existing providers. The proposed facility does not seek to collaborate with these existing facilities and their application and history of operation of their ASTC (again, note 2% Medicaid at its ASTC despite a prediction of 12%) give no indication of their desire to provide services to the under-served. The patients in need exist – they are just not the patients BHS is after. The proposed facility will provide the bare minimum of services to be licensed as a hospital – all in its goal of obtaining an emergency department that will allow BHS to capture and redirect Illinois patients to its Wisconsin hospital - and offers no new or innovative services. This plan benefits BHS, not the region.

Javon Bea Hospital has been innovative in its approach to healthcare delivery and at the same time has been able to continue in its role as a safety net provider along with other Rockford providers. For all the reasons outlined in this letter, we believe this project does not make sense and is proposed in the wrong location. We respectfully request that the HFSRB deny this application.

If you should have any questions or need any additional information regarding the project, please do not hesitate to contact me via email at msilberman@beneschlaw.com or at 312-212-4952.

Best regards,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



Mark J. Silberman