



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: I-1	BOARD MEETING: May 10, 2011	PROJECT NO: 11-005	PROJECT COST: Original: \$750,000
FACILITY NAME: Touchette Regional Hospital		CITY: Centreville	
TYPE OF PROJECT: Substantive			HSA: XI

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Touchette Regional Hospital and Southern Illinois Hospital Foundation (the applicants) are proposing to discontinue a 39 bed acute mental illness category of service at Kenneth Hall Regional Hospital, East St. Louis Illinois and establish a 12 bed acute mental illness category of service at Touchette Regional Hospital in Centreville, Illinois. These two facilities are approximately 11 minutes apart. Under the Hospital Licensing Act Kenneth Hall Regional Hospital operates under the Touchette Regional Hospital license. For State Board purposes Kenneth Hall Regional Hospital and Touchette Regional Hospital are considered two separate hospitals.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to discontinue a category of service and establish a category of service by a health care facility under the jurisdiction of the State Board.

PURPOSE OF THE PROJECT:

- The purpose of the project is to maintain acute mental illness services in the HSA11 service area and curtail the financial losses at Kenneth Hall Regional Hospital of approximately \$5 million a year.

REASON FOR THE PROJECT:

- Kenneth Hall Regional Hospital since CY 2000 has lost approximately \$5 million a year and the applicants can no longer sustain those losses. With the proposed discontinuation and the establishment of acute mental illness services in the same service area the intent is to maintain services and eliminate the drain on financial resources.

BACKGROUND/COMPLIANCE ISSUES:

- Touchette Regional Hospital and Kenneth Hall Regional Hospital are under State Monitoring for Life Safety Issues by the Illinois Department of Public Health.

FINANCIAL AND ECONOMIC FEASIBILITY:

- The applicants are funding the project with cash and securities and there are sufficient financial resources to fund the project.

CONCLUSION:

- There is an excess of 51 acute mental beds in HSA11 service area and the discontinuation of the category of service at Kenneth Hall Regional Hospital is justified based upon the excess beds in the service area and the financial losses incurred by the applicants. With the discontinuation of this service the applicants will no longer provide comprehensive emergency services at the Kenneth Hall campus closing the hospital campus. Comprehensive emergency services a classification of a hospital Emergency Department where at least one licensed physician is available in the Emergency Department at all times; physician specialists shall be available in minutes; and ancillary services including laboratory and x-ray are staffed at all times; and pharmacy is staffed or "on-call" at all times in accordance with Section 250.710 of the Hospital Licensing Requirements (77 Ill. Adm. Code 250). The establishment of the 12 bed acute mental illness category of service does not meet current State Board rules because of the excess beds in the HSA11 service area and the existence of other providers in the service area that are not at the State Board's 85% target occupancy.

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1110.730 (b) Planning Area Need	There is an excess of AMI Beds in the service area and there are facilities operating below the 85% threshold in the service area.
1110.730 (c) Unnecessary Duplication of Service	There are four facilities in the service area that are operating below the State Board's target occupancy of 85%.



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STATE AGENCY REPORT
Touchette Regional Hospital
PROJECT #11-005

Applicants	Touchette Regional Hospital and Southern Illinois Healthcare Foundation
Facility Name	Touchette Regional Hospital, Kenneth Hall Regional Hospital
Location	Centreville, East St. Louis
Application Received	January 7, 2011
Application Deemed Complete	January 7, 2011
Review Period Ended	March, 2011
Review Period Extended by the State Agency	No
Public Hearing Requested	No
Applicants' Deferred Project	No
Can Applicants Request Another Deferral?	No
Applicants' Modified the Project	No

I. The Proposed Project

The applicants are proposing to discontinue a 39 bed acute mental illness (“AMI”) category of service at Kenneth Hall Regional Hospital, East St. Louis, Illinois. In addition the applicants will establish a 12 bed AMI category of service located at Touchette Regional Hospital, Centreville, Illinois. The discontinuation of the 39 bed AMI category of service at Kenneth Hall Regional Hospital is the last service being performed at this hospital and will result in the closure of the facility in East St. Louis. The cost of the project is \$750,000.

II. Summary of Findings

- A. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1110.**
- B. The State Agency finds the proposed project appears to be in conformance with the provisions of Part 1120.**

III. General Information

The applicants are Touchette Regional Hospital, Inc and Southern Illinois Healthcare Foundation, Inc. Touchette Regional Hospital is located at 5900 Bond Avenue, Centreville, Illinois and Kenneth Hall Regional Hospital is located at 129 North 8th

Street, East St. Louis, Illinois. Both facilities are licensed under Touchette Regional Hospital license and are located in the HSA 11 hospital service area, and the F-01 hospital planning area. The operating entity licensee is Touchette Regional Hospital and the owner of the site is Touchette Regional Hospital.

There are eight additional hospitals in the F-01 planning area. These hospitals are Alton Memorial Hospital-Aton, Anderson Hospital-Maryville, Gateway Regional Hospital-Granite City, Memorial Hospital-Belleville, Saint Anthony Hospital-Alton, Saint Elizabeth-Belleville, Saint Joseph-Breese, and Saint Joseph-Highland.

The March 2011 Update to the Inventory of Health Care Facilities and Services and Need Determination shows a computed excess of 527 medical surgical pediatric beds, an excess of 28 intensive care beds, and excess of 128 OB beds in the F-01 hospital planning area and an excess of 51 AMI beds in the HSA-11 service area.

The project is a substantive project and subject to Part 1110 and Part 1120 review. Project obligation will occur after permit approval. The anticipated project completion date is September 1, 2011.

CY 2009 Hospital Profile information is included at the end of this report for utilization and financial data for Kenneth Hall Regional Hospital and Touchette Regional Hospital.

Support and Opposition Comments

Two public hearings were held March 18, 2011 regarding this project. The first public hearing was held in Centreville, Illinois. 13 individuals were in attendance, 5 individuals provided support for the project and 2 individuals testified in opposition. The second public hearing was held in East St. Louis. 19 individuals were in attendance, 4 individuals testified in support of the project and 2 individuals testified in opposition.

Those in support for the project stated the closure of the 39 AMI category of service was necessary to stabilize the financial position of the two hospitals. Those in opposition to the closure of the facility stated there are individuals in the East St. Louis community needing health care services and Kenneth Hall Regional Hospital is the only hospital in that community.

IV. The Proposed Project - Details

The applicants are proposing to discontinue a 39 bed acute mental illness (“AMI”) category of service at Kenneth Hall Regional Hospital, East St. Louis, Illinois. In addition the applicants will establish a 12 bed AMI category of service located at Touchette Regional Hospital, Centreville, Illinois. The discontinuation of the 39 bed AMI category of service at Kenneth Hall Regional Hospital is the last service being performed at this hospital and will result in the closure of the facility in East St. Louis. The comprehensive emergency department will also be closed. The two facilities are approximately 5.5 miles apart. These two facilities are licensed under the Touchette Regional Hospital license. The cost of the project is \$750,000.

V. Project Costs and Sources of Funds

TABLE ONE	
Project Costs and Sources of Funds	
Project Costs	
Modernization Costs	\$750,000
Sources of Funds	
Cash and Securities	\$750,000

A Safety Net Impact Statement was provided as required by the applicants. See Table Two below.

TABLE TWO				
Touchette Regional Hospital				
Safety Net Information per PA 96-0031				
CHARITY CARE				
Charity (# of patients)	2010	2009	2008	2007
Inpatient	377	309	63	34
Outpatient	6,147	6,612	2,627	1,622
Total	6,524	6,921	2,690	1,656
Charity (cost in dollars)				
Inpatient	\$2,271,196	\$1,966,819	\$1,018,395	\$1,235,007
Outpatient	\$4,487,252	\$46,600,605	\$4,119,611	\$4,554,164
Total	\$6,758,448	\$48,567,424	\$5,138,006	\$5,789,171
MEDICAID				
Medicaid (# of patients)		2009	2008	2007
Inpatient	1,789	1,903	1,845	2,141
Outpatient	33,153	33,528	27,270	20,435
Total	34,942	35,431	29,115	22,576
Medicaid (revenue)				
Inpatient	\$16,101,648	\$16,879,090	\$17,348,388	\$20,755,761
Outpatient	\$32,473,853	\$30,847,341	\$29,464,901	\$28,516,925
Total	\$48,575,501	\$47,726,431	\$46,813,289	\$49,272,686
2010 information annualized.				

VI. Cost Space Requirements

The applicants are proposing to modernize existing space to add the 12 bed AMI category of service. The vacated space at Kenneth Hall Regional Hospital will be closed.

TABLE THREE				
Cost Space Requirements				
Department	Cost	Existing GSF	New Construction	Modernization
AMI	\$750,000	4,029	0	4,029

VII. Review Criterion 1110.130 - Discontinuation

The criterion states:

“a) The applicants must provide the following:

- 1) the reasons for the discontinuation;**
- 2) the anticipated or actual date of discontinuation or the date the last person was or will be discharged or treated, as applicable;**
- 3) the availability of other services or facilities in the planning area that are available and willing to assume the applicants’ workload without conditions, limitations, or discrimination;**
- 4) a closure plan indicating the process used to provide alternative services or facilities for the patients prior to or upon discontinuation; and**
- 5) the anticipated use of the physical plant and equipment after discontinuation has occurred and the anticipated date of such use.”**

b) Each application for discontinuation will be analyzed to determine:

- 1. 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.

Kenneth Hall Regional Hospital has an average utilization of 37.3% for the 39 AMI beds over the past 3 years. In addition according to the applicants *since 2000 the Kenneth Hall Regional Hospital campus has loss \$5 million a year. In October 2009 IDPH issued Life Safety violations that would require an expenditure of \$5.9 million to correct.*" The applicants argue that the low utilization of the existing service and the financial losses over the past years and the needed modernization at the facility justifies the closure of the AMI category of service. **The financial information and the IDPH code violations can be found at pages 41-70 of the application for permit.**

2. The applicant shall document that the discontinuation of each service or of the entire facility will not have an adverse impact upon access to care for residents of the facility's market area. The applicant shall provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination. 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 45 minutes travel time 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 HFPB'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.**

HFPB NOTE: The facility's market area, for purposes of this Section, is 45 minutes travel time. The applicant must document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those proposed for discontinuation) located within 45 minutes travel time of the applicant facility. The request for an impact statement must be received by the facilities at least 30 days prior to submission of the application for permit.

The applicant's request for an impact statement must include at least the following: the anticipated date of discontinuation of the service; the total number of patients that have received care or the number of treatments that have been provided (as applicable) for the latest 24 month period; whether the facility being contacted has or will have available capacity to accommodate a portion or all of the applicant's experienced caseload; and whether any restrictions or limitations preclude providing service to residents of the applicant's market area. The request shall allow 15 days after receipt for a written response from the contacted facility. Failure by an existing or approved facility to respond to the applicant's request for an impact statement within the prescribed 15-day response period shall constitute a non-rebuttable assumption that the discontinuation will not have an adverse impact for that facility.

There is an excess of 51 Acute Mental Illness beds in this HSA-11 service area. The discontinuation of 39 AMI beds will result in an excess of 12 AMI beds in this service area.

TABLE FOUR Update to the Inventory of Hospital Services and Need Determination						
Category of Service	Existing Beds	Total Beds Needed	Additional Beds Needed	Excess Beds	Proposed Disc.	Excess (Need)
Acute Mental Illness	194	143	0	51	39	12

Because the discontinuation does not create a bed need in the service area, it does not appear that the discontinuation will have an adverse impact on access to care in the service area for AMI services.

The Kenneth Hall facility also operates a comprehensive emergency department. This service is not considered a category of service by the Board, therefore is not considered by the State Agency when evaluating the discontinuation of a category of service.

- “3. That the discontinuation project will not have an adverse affect on the health delivery system by creating demand for services which cannot be met by existing area facilities;”**

In summary, the applicants provided information and data to document the need to discontinue service. From the information provided it does not appear that the proposed discontinuation will have an adverse impact on AMI services in this service area.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE DISCONTINUATION REVIEW CRITERION (77 IAC 1110.130).

VIII. Section 1110.230 - Project Purpose, Background and Alternatives

A) Criterion 1110.230 (b) - Purpose of the Project

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other, per the applicant's definition.

- 1) The applicant shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project**

The purpose of the project is to maintain AMI services in HSA11 by essentially discontinuing a 39 acute mental illness category of service at the Kenneth Hall Regional Hospital campus and establishing a 12 bed AMI service at Touchette Regional Hospital approximately 11 minutes from the Kenneth Hall.

B) Criterion 1110.230(a) - Background of Applicant

- 1) An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6] In evaluating the qualifications, background and character of the applicant, HFPB shall consider whether adverse action has been taken against the applicant, or against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. A health care facility is considered "owned or operated" by every person or entity that owns, directly or indirectly, an ownership interest. If any person or entity owns any option to acquire stock, the stock shall be considered to be owned by such person or entity (refer to 77 Ill. Adm. Code 1100 and**

1130 for definitions of terms such as "adverse action", "ownership interest" and "principal shareholder").

The applicants have provided the necessary documentation as required by the State Board rules. It appears the applicants are fit will and able and have the qualifications, background and character to provide the proper standard of care to the community.

- C) Criterion 1110.230 (c) - Alternatives to the Proposed Project**
The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.
- 1) Alternative options shall be addressed. Examples of alternative options include:**
 - A) Proposing a project of greater or lesser scope and cost;**
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;**
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and**
 - D) Other considerations.**
 - 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.**

The applicants considered three other alternatives; do nothing, establish a new hospital, and discontinue AMI services at the Kenneth Hall campus but maintain the emergency department. The do nothing alternative is not

considered a viable alternative by the State Board. Establishing a new hospital would cost approximately \$150 million and is not financially feasible and maintaining an emergency department on the Kenneth Hall campus would cost approximately \$3 million a year and is not financially feasible.

IX. 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space

A) Criterion 1110.234(a) - Size of Project

1) The applicant shall document that the physical space proposed for the project is necessary and appropriate. The proposed square footage (SF) cannot deviate from the SF range indicated in Appendix B, or exceed the SF standard in Appendix B if the standard is a single number, unless SF can be justified by documenting, as described in subsection (a)(2).

B) Project Services Utilization – Review Criterion

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100, the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

C) Assurances

The applicant shall submit the following:

1) The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

2) For shell space, the applicant shall submit the following:

A) Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of

the capital thresholds in effect at that time or the categories of service involved;

- B) The anticipated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and**
- C) The estimated date when the shell space will be completed and placed into operation.**

The applicants are proposing 4029 GSF of space for the 12 bed AMI category of service or 336 GSF per bed. The applicants are within State Board GSF standard of 440-560 GSF. The applicants have attested that they will be at the State Board's target occupancy of 85% within two years after project completion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SIZE CRITERION (77 IAC 1110.234(a)).

X. 1110.730 - Acute Mental Illness

A) Criterion 1110.730 (b) - Planning Area Need

The applicant shall document that the number of beds to be established or added is necessary to serve the planning area's population, based on the following:

1) 77 Ill. Adm. Code 1100 (formula calculation)

- A) The number of beds to be established for each category of service is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.**
- B) The number of beds proposed shall not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.**

2) Service to Planning Area Residents

- A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide**

necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

- 3) **Service Demand - Establishment of AMI and/or CMI**

The number of beds proposed to establish a new AMI and/or CMI service is necessary to accommodate the service demand experienced by the existing applicant facility over the latest two-year period, as evidenced by historical and projected referrals, or, if the applicant proposes to establish a new hospital, the applicant shall submit projected referrals. The applicant shall document subsection (b)(3)(A) and subsection (b)(3)(B) or (C).

 - A) **Historical Referrals**

If the applicant is an existing facility, the applicant shall document the number of referrals to other facilities, for each proposed category of hospital bed service, for each of the latest two years. Documentation of the referrals shall include: patient origin by zip code; name and specialty of referring physician; name and location of the recipient hospital.
 - B) **Projected Referrals**

An applicant proposing to establish a new AMI and/or CMI service or establish a new hospital shall submit the following:

 - i) **Physician referral and/or DHS-funded mental health provider (59 Ill. Adm. Code 132) letters that attest to the total number of patients (by zip code of residence) who have received care at existing facilities located in the area during the 12-month period prior to submission of the application;**
 - ii) **An estimated number of patients the physician and/or DHS-funded mental health provider will refer annually to the applicant's facility within a 24-month period after project completion. The anticipated number of referrals cannot exceed the physician's and/or mental health provider's documented historical caseload;**

- iii) The physician's notarized signature, the typed or printed name of the physician, the physician's office address and the physician's specialty; and
 - iv) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.
- 5) **Service Accessibility**
The number of beds being established or added for each category of service is necessary to improve access for planning area residents. The applicant shall document the following:
 - A) **Service Restrictions**
The applicant shall document that at least one of the following factors exists in the planning area:
 - i) The absence of the proposed service within the planning area;
 - ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;
 - iii) Restrictive admission policies of existing providers;
 - iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;
 - v) For purposes of this subsection (b)(5) only, all services within the 45-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

The applicants are proposing to establish a 12 bed Acute Mental Illness category of service at Touchette Regional Hospital in Centreville, Illinois approximately 5.5 miles and 11 minutes from the Kenneth Hall Regional Hospital campus. As of the March 2011 Update to the Inventory of Health Care Facilities, Services and Need Determination there is an excess of 51 Acute Mental Illness beds in the HSA11 service area. The number of beds being requested exceeds the number of the projected deficit. **State Agency Notes** that Kenneth Hall Regional Hospital has operated under the Touchette Regional Hospital license since the merger of the two facilities which was approved by the State Board in April 2008.

The applicants have attested that the primary purpose of the project is to maintain AMI services to the residents of the service area. The applicants provided zip code information of the historical workload of the Kenneth Hall Regional Hospital campus as evidence of providing care to the residents of the service area.

The demand for this service is based upon the historical utilization of the Kenneth Hall Regional Hospital campus over the past two years. The applicants also provided physician referral letters for the past 12 months that indicates the facilities the patients were referred and an attestation that the referrals will remain consistent with past practices.

There is no absence of AMI service in the service area and no evidence of restrictive admission policies of existing providers in the service area have been provided by the applicants. There are four hospitals providing AMI services in the HSA11 service area all below the State Board’s target utilization of 85%.

TABLE FIVE Facilities in the HSA11 Service Currently providing AMI Service						
Facility	City	Miles	Time	Beds	Occupancy	Met Target Occupancy?
Kenneth Hall Regional Hospital	East St. Louis	5.46	11	39	34.5%	No
Gateway Regional Hospital	Granite City	7.15	13	100	66.2%	No
St Elizabeth Hospital	Belleville	12.8	21	47	47.2%	No
Alton Memorial Hospital	Alton	30.41	38	20	28.7%	No

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE PLANNING AREA NEED CRITERION (77 IAC 1110.730(b)).

B) Criterion 1110.730 (c) - Unnecessary Duplication/Maldistribution

- 1) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:**
 - A) A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;**
 - B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois population); and**
 - C) The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.**

- 2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, bed and services characterized by such factors as, but not limited to:**
 - A) A ratio of beds to population that exceeds one and one-half times the State average;**
 - B) Historical utilization (for the latest 12-month period prior to submission of the application) for existing facilities and services that is below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or**
 - C) Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above occupancy standards.**

- 3) The applicant shall document that, within 24 months after project completion, the proposed project:**

- A) **Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and**
- B) **Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.**

As seen by the Table above there is four facilities in the HSA11 service area that are operating below the target utilization of 85%. Based upon the State Board's current rules the establishment of the category of service will create an unnecessary duplication of service.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE UNNECESSARY DUPLICATION OF SERVICE CRITERION (77 IAC 1110.730(c)).

- C) **Criterion 1110.730 (e) - Staffing Availability – Review Criterion**
The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

The proposed 12 AMI beds will be staffed by individuals from the Kenneth Hall Regional Hospital campus. Sufficient staff is available to staff the new service.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE STAFFING AVAILABILITY CRITERION (77 IAC 1110.730(g)).

- D) **Criterion 1110.730 (f) - Performance Requirements**
 - 1) **The minimum unit size for a new AMI unit within an MSA is 20 beds.**
 - 2) **The minimum unit size for a new AMI unit outside an MSA is 10 beds.**

The applicants are proposing to establish a 12 bed AMI category of service in an MSA. The applicants do not meet the performance requirements of the State Board's rules.

THE STATE AGENCY FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE PERFORMANCE CRITERION (77 IAC 1110.730(f)).

E) Criterion 1110.730 (g) - Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

The applicants have attested that they will be at 85% occupancy within two years after project completion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ASSURANCE CRITERION (77 IAC 1110.730(g)).

XI. 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The applicants are funding this project with cash and securities. A review of their financial statements indicates that sufficient cash is available to fund this project.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1120.120).

XII. 1120.130 - Financial Viability

a) Financial Viability Waiver

The applicant is NOT required to submit financial viability ratios if:

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or**

HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.

The applicants are funding this project with cash and securities. A review of their financial statements indicates that sufficient cash is available to fund this project.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL VIABILITY CRITERION (77 IAC 1120.130).

XIII. 1120.140 - Economic Feasibility

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

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or**
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:**
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or**
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.**

The applicants are funding this project with cash and securities. A review of their financial statements indicates that sufficient cash is available to fund this project. The applicants have met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF DEBT FINANCING CRITERION (77 IAC 1120.140 (a)).

B) Criterion 1120.140 (b) - Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;**
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;**
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.**

The applicants are funding this project with cash and securities. A review of their financial statements indicates that sufficient cash is available to fund this project. The applicants have met the requirements of this criterion.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TERMS OF DEBT FINANCING CRITERION (77 IAC 1120.140 (b)).

C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:

- 1) Preplanning costs shall not exceed the standards detailed in Appendix A of this Part.**

- 2) **Total costs for site survey, soil investigation fees and site preparation shall not exceed the standards detailed in Appendix A unless the applicant documents site constraints or complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**
- 3) **Construction and modernization costs per square foot shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**

HFSRB NOTE: Construction and modernization costs (i.e., all costs contained in construction and modernization contracts) plus contingencies shall be evaluated for conformance with the standards detailed in Appendix A.

- 4) **Contingencies (stated as a percentage of construction costs for the project's stage of architectural development) shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**

HFSRB NOTE: Contingencies shall be limited in use for construction or modernization (line item) costs only and shall be included in construction and modernization cost per square foot calculations and evaluated for conformance with the standards detailed in Appendix A. If, subsequent to permit issuance, contingencies are proposed to be used for other component (line item) costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by HFSRB prior to that use.

- 5) **New construction or modernization fees and architectural/engineering fees shall not exceed the fee schedule standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.**

- 6) The costs of all capitalized equipment not included in construction contracts shall not exceed the standards for equipment as detailed in Appendix A unless the applicant documents the need for additional or specialized equipment due to the scope or complexities of the services to be provided. As documentation, the applicant must provide evidence that the costs are similar to or consistent with other projects of similar scope and complexity, and attest that the equipment will be acquired at the lowest net cost available, or that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
- 7) Building acquisition, net interest expense, and other estimated costs shall not exceed the standards detailed in Appendix A. If Appendix A does not specify a standard for the cost component, the applicant shall provide documentation that the costs are consistent with industry norms based upon a comparison with previously approved projects of similar scope and complexity.
- 8) **Cost Complexity Index (to be applied to hospitals only)**
The mix of service areas for new construction and modernization will be adjusted by the table of cost complexity index detailed in Appendix A.

Modernization Costs- These costs total \$750,000 or \$186.15 per gross square feet. This appears **reasonable** when compared to the State Board standard of \$252 per gross square feet.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140 (c)).

D) Criterion 1120.140 (d) - Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

The applicants anticipate no effect on projected operating costs as a result of this project.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT DIRECT OPERATING COSTS CRITERION (77 IAC 1120.140 (d)).

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

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The applicants anticipate no effect on Capital Costs as a result of this project. The State Board does not have a standard for these costs.

THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1120.140 (e)).

Definitions

Comprehensive Emergency Department - a classification of a hospital Emergency Department where at least one licensed physician is available in the Emergency Department at all times; physician specialists shall be available in minutes; and ancillary services including laboratory and x-ray are staffed at all times; and pharmacy is staffed or "on-call" at all times in accordance with Section 250.710 of the Hospital Licensing Requirements (77 Ill. Adm. Code 250).

Basic Emergency Department - a classification of a hospital Emergency Department where at least one physician is available in the Emergency Department at all times; physician specialists are available in minutes; and ancillary services including laboratory, x-ray and pharmacy are staffed or are "on-call" at all times in accordance with Section 250.710 of the Hospital Licensing Requirements (77 Ill. Adm. Code 250).

Standby Emergency Department - a classification of a hospital Emergency Department where at least one of the registered nurses on duty in the hospital is available for emergency services at all times; and a licensed physician is "on-call" to the Emergency Department at all times in accordance with Section 250.710 of the Hospital Licensing Requirements (77 Ill. Adm. Code 250).

Level I Trauma Center - a hospital participating in an approved EMS System and designated by the Department pursuant to Section 515.2030 of this Part to provide optimal care to trauma patients and to provide all essential services in-house, 24 hours per day.

Level II Trauma Center - a hospital participating in an approved EMS System and designated by the Department pursuant to Section 515.2040 of this Part to provide optimal care to trauma patients, to provide some essential services available in-house 24 hours per day, and to provide other essential services readily available 24 hours a day

Ownership, Management and General Information

ADMINISTRATOR NAME: Mike McManus
ADMINSTRATOR PHONE: 618-332-5400
OWNERSHIP: TOUCHETTE REGIONAL HOSPITAL, INC.
OPERATOR: TOUCHETTE REGIONAL HOSPITAL, INC.
MANAGEMENT: Not for Profit Corporation
CERTIFICATION: None
FACILITY DESIGNATION: General Hospital
ADDRESS: 5900 Bond Avenue

Patients by Race

White 24.0%
 Black 72.9%
 American Indian 0.0%
 Asian 0.1%
 Hawaiian/ Pacific 0.0%
 Unknown: 2.9%

Patients by Ethnicity

Hispanic or Latino: 2.7%
 Not Hispanic or Latino: 97.1%
 Unknown: 0.1%
 IDPH Number: 4523
 HPA F-01
 HSA 11

CITY: Centreville

COUNTY: St. Clair County

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds 12/31/2009	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2009	Staff Bed Occupancy Rate %
Medical/Surgical	66	37	37	2,020	8,423	416	4.4	24.2	36.7	65.4
0-14 Years				0	0					
15-44 Years				817	2,618					
45-64 Years				768	3,316					
65-74 Years				221	1,173					
75 Years +				214	1,316					
Pediatric	8	1	1	2	5	0	2.5	0.0	0.2	1.4
Intensive Care	8	8	8	358	1,481	0	4.1	4.1	50.7	50.7
Direct Admission				358	1,481					
Transfers				0	0					
Obstetric/Gynecology	33	10	10	604	1,626	69	2.8	4.6	14.1	46.4
Maternity				604	1,626					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds				0	0		0.0	0.0		
Acute Mental Illness	0	23	23	483	2,297	0	4.8	6.3	0.0	27.4
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	115			3,467	13,832	485	4.1	39.2	34.1	

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
	21.3%	48.1%	1.9%	16.5%	3.5%	8.7%	
Inpatients	739	1667	66	572	123	300	3,467
	13.0%	43.4%	3.3%	22.8%	4.2%	13.3%	
Outpatients	5042	16853	1278	8851	1636	5183	38,843

Financial Year Reported:

1/1/2008 to 12/31/2008

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	Total Charity Care Expense
	22.2%	50.3%	3.1%	13.0%	11.3%	100.0%		2,262,589
Inpatient Revenue (\$)	4,318,423	9,807,931	612,493	2,540,238	2,208,746	19,487,831	676,158	Totals: Charity Care as % of Net Revenue
	5.7%	45.1%	5.3%	25.6%	18.3%	100.0%		
Outpatient Revenue (\$)	1,190,970	9,407,092	1,099,870	5,337,964	3,819,481	20,855,377	1,586,431	5.6%

Birthing Data

Number of Total Births: 508
 Number of Live Births: 502
 Birthing Rooms: 0
 Labor Rooms: 5
 Delivery Rooms: 0
 Labor-Delivery-Recovery Rooms: 2
 Labor-Delivery-Recovery-Postpartum Rooms: 0
 C-Section Rooms: 0
 CSections Performed: 169

Newborn Nursery Utilization

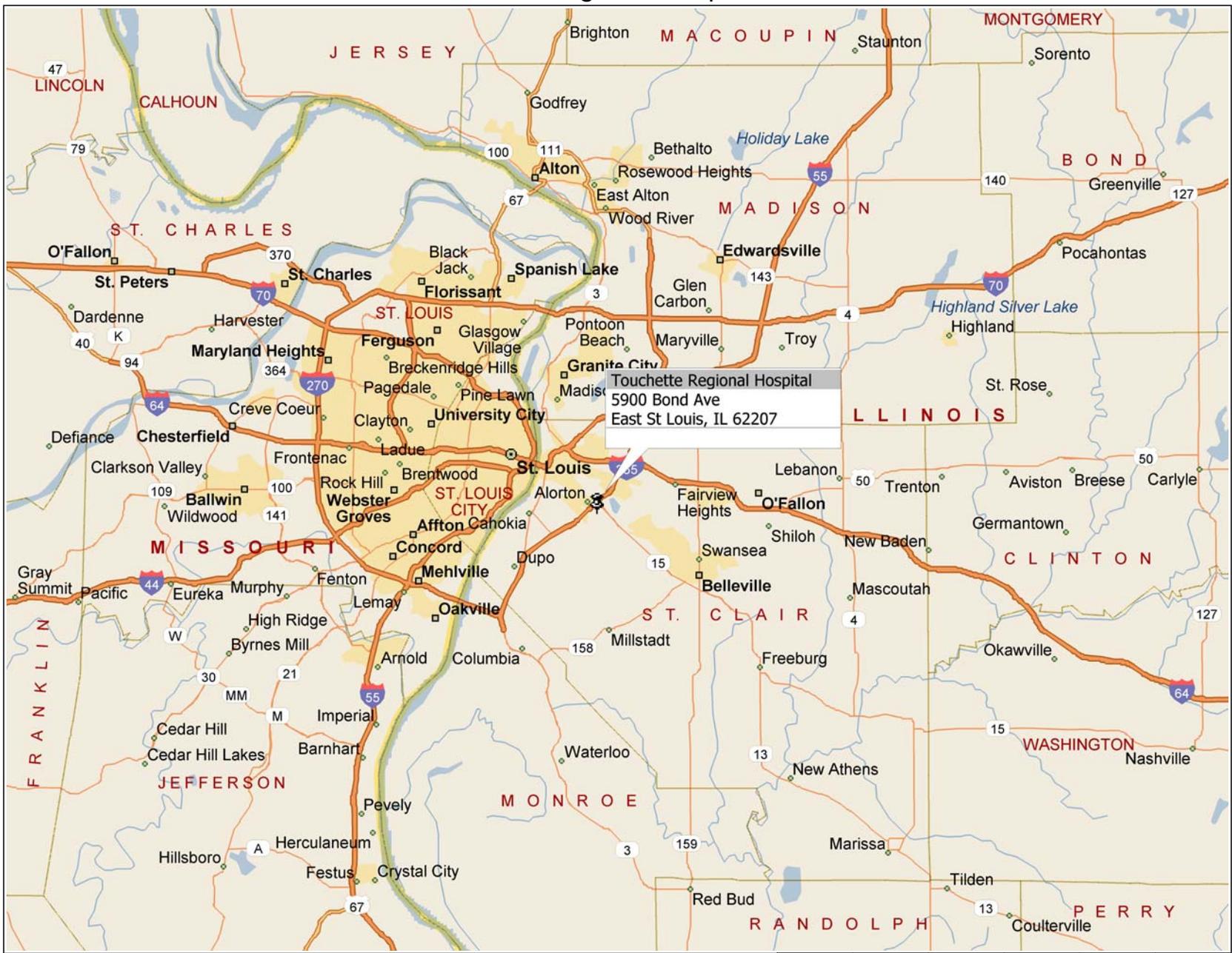
Level 1 Patient Days 0
 Level 2 Patient Days 103
 Level 2+ Patient Days 0
 Total Nursery Patientdays **103**
Laboratory Studies
 Inpatient Studies 1,794
 Outpatient Studies 24,379
 Studies Performed Under Contract 18,617

Organ Transplantation

Kidney: 0
 Heart: 0
 Lung: 0
 Heart/Lung: 0
 Pancreas: 0
 Liver: 0
 Total: **0**

* Note: Touchette merged with Kenneth Hall Regional Hospital on July 1, 2009. The statistical information for TRH includes the entire 12 months for Touchette and the last 6 months of data for Kenneth Hall Regional Hospital.

11-005 Touchette Regional Hospital - Centreville



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