

Constantino, Mike

From: So, Jeffrey [jeffrey.so@advocatehealth.com]
Sent: Tuesday, June 21, 2011 2:52 PM
To: Constantino, Mike
Cc: Jscheuerman@consultprism.com; Mulvihill, Wendy; Harrison, Robert
Subject: Additional Justification Information
Attachments: Revised_Attachment_37_D20_Pages_291and_295_Exhibits_1_2_and_3.pdf; Letter RE Modification 062011.pdf; Revised_Attachment_37_D16_Pages_265_269_and_270_06_10_2011.pdf

Hello Mike:

Per Janet Scheuerman's recent conversation with you, the attached documents are additional justification material for project number 11-019, Advocate Christ Medical Center's Ambulatory Pavilion. Please let me know if you have any questions or concerns.

Thank you.
Jeff

Jeff So

Director of Business Development and Community Relations
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 Advocate
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Mr. Mike Constantino
Supervisor of Project Review
Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Constantino:

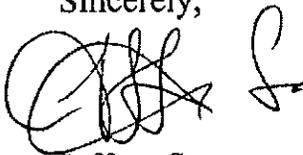
Attached, please find two revised sections to the certificate of need application for Project 11-019, Advocate Christ Medical Center Ambulatory Pavilion.

These revisions provide additional information about the mammography unit and the two nuclear medicine units that will be replaced as part of the project.

We understand this is a Class B modification. This additional information does not change the number of units proposed or the cost of the units being proposed.

If you have any questions about this submission, please call me at 708-684-5763.

Sincerely,



Jeffrey So
Director, Business Development and Community Relations
Advocate Christ Medical Center
Advocate Hope Children's Hospital



Clinical Service Area –
Mammography

Clinical List Designation – D.16

c) Service Modernization

The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment of Facilities

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

The proposed project will replace one mammography unit that one that has deteriorated. The current unit is a 2005 unit and will be 9 years old by the time the Ambulatory Pavilion opens. It is one of the few analog units currently at use at any facility; analog units are being replaced with digital units at all Advocate facilities. As noted in c) 2) Necessary Expansion below, digital technology enhances the sharing of image files electronically, making long distance consultations between radiologists and breast surgeons easier, provides improved images because subtle differences between normal and abnormal tissues may be more easily noted, and fewer repeat images may be needed, thereby reducing exposure to radiation. Improved image quality, lower exposure to radiation, and improved electronic transmission of images is very important to a regional breast cancer center such as Advocate Christ Medical Center. The old unit is located in the hospital's imaging department and is used only for needle localizations; it is no longer certified by MQSA. The new unit will also be used for needle localizations; it will be located in the Ambulatory Pavilion near surgery.

2) Necessary Expansion

The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

Breast cancer is a major focus of the Cancer Institute at Advocate Christ Medical Center/Advocate Hope Children's Hospital (ACMC/AHCH, Medical Center).

Of the total cancer cases at the Medical Center, 36 percent are breast cancer,

compared to 26 percent nationally. Mammography is an essential modality in the diagnosis and treatment of breast cancer.

A mammogram is an x-ray picture of the breast. Mammography can be used to check for breast cancer in women who have no signs or symptoms of disease; it is also used to evaluate women who have symptoms of non-cancerous breast disease. These mammograms are called screening mammograms and usually involve two images of each breast.

Projected Utilization

To anticipate future demand, the Medical Center prepared a CAGR trend line based on utilization trends from 2002 to 2010 and extended to 2019. The projected growth suggests the need for 6 mammography units by 2016.

$$29,599 \text{ visits} \div 5,000 \text{ visits per units} = 6 \text{ units}$$

Attachment 37, D. 16, Table 2

CAGR Projected Mammography Visits, 2016 and 2019

Year	2010	2016 Second Full Year of Operation	Percent Change 2010 to 2016	Number of Rooms Justified by 2016 ¹	2019 Fifth Full Year of Operation	Number of Rooms Justified by 2019
IP Visits	-	-	-	-	-	-
OP Visits	17,732	29,599	+66.9	6	38,281	8
Total Visits	17,732	29,599	+66.9	6	38,281	8

Source: ACMC records

1. This does not include the mammography unit at the Ambulatory Pavilion which will not be used for screening and diagnostic mammograms.

Impact of National Health Care Reform

The Medical Center then conservatively applied a 15 percent growth factor to account for the implementation of national health care reform legislation. This factor increases projected 2016 volume to 34,039 visits or the need for 7 units.

2016

$$29,599 \text{ visits} \times 1.15 \text{ national health care reform factor} = 34,039 \text{ visits}$$

$$34,039 \text{ visits} \div 5,000 \text{ visits per unit} = 7 \text{ units}$$

ACMC/AHCH Has Justified the Need for 5 Mammography Units

The CAGR and national health care reform projections understate future demand for mammography units. Of the Medical Center's current complement of 4 units, one has not reached its second full year of utilization and volume in the projection is held consistent at the 2010 level. It therefore unrealistically diminishes the trend line. The additional mammography unit in the Ambulatory Pavilion is for patient safety; it would be unsafe to prepare a woman for a needle biopsy and then require her to move from the imaging department in the Hospital to the Ambulatory Pavilion where the biopsy would be performed. Further, the

current unit is analog; the new unit will be digital and provide improved image quality, lower exposure to radiation, and improved electronic transmission of images from referring sites. It will not be used for screening or diagnostic mammograms.

2016

$$29,599 \text{ visits} \div 4 \text{ units} = 7,400 \text{ visits per unit}$$

$$7,400 \text{ visits per unit} > \text{State Standard of } 5,000 \text{ visits per unit}$$

$$29,599 \text{ visits} \div 5 \text{ units} = 5,920 \text{ visits per unit}$$

$$5,920 \text{ visits per unit} > \text{State Standard of } 5,000 \text{ visits per unit}$$

Even if the special unit for needle localizations is included, the 5 units will still operate at more than 5,000 visits per unit.

- C) *If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence or conditions or population use rates.*

There is a State Standard for mammography units. ACMC/AHCH exceeds the State Standard for mammography services by the second year of utilization.

Clinical Service Area –
Nuclear Medicine

Clinical List Designation D.20

c) Service Modernization

The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment of Facilities

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall consist of, but is not limited to: historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

The proposed project does not result in the replacement of facilities that have deteriorated and need replacement. However two of the existing nuclear medicine units at Advocate Christ Medical Center/Advocate Hope Children's Hospital (ACMC/AHCH, Medical Center) are obsolete and will be retired when the proposed Ambulatory Pavilion (Pavilion) opens.

A Control History Listing for each of the pieces of nuclear medicine equipment that are to be retired is included as Attachment 37, D. 20, Exhibits 1 and 2.

The first piece of equipment is Control Number 1:0109994/ Control Number 2:708346IBXC. This piece of equipment was purchased in May 1991 (so it is more than 20 years old); its original purchase cost was \$300,000; its current fair market value is \$7.50. It has exceeded its useful life. To date, \$171,063 has been spent to maintain this unit.

The second piece of equipment is Control Number. Control Number 1:1009105/Control Number 2:708857CSC1. It was purchased in November 1988 (so it is almost 23 years old; its original purchase price was \$327,167; its current fair market value is \$7.50. It also has exceeded its useful life. Attachment 37, D. 20, Exhibit 3, a letter from General Electric dated June 21, 2007, notes that this equipment has been removed from the Medical Center's service agreement with General Electric. Based on this revision to the service agreement, General Electric no longer guarantees service for this system and projects that certain components of the

unit will be unattainable. To date, \$211,070 has been spent to maintain this unit.

Both nuclear medicine units planned for retirement have not only exceeded their useful life, they are also technologically obsolete. These units are incapable of doing certain nuclear medicine studies and the level of detail in the images obtained from these units is lacking compared to more modern machines.

At the completion of the Ambulatory Pavilion project, there will be a total of 7 nuclear medicine units on the Medical Center campus; these include 3 existing Gamma SPECT cameras in the hospital as well as 3 Gamma SPECT cameras and 1 Gamma SPECT/CT camera in the Pavilion.

2) Necessary Expansion

The proposed project is necessary to provide expansion for diagnostic treatment, ancillary training or other support services to meet the requirements of patient service demand. Documentation shall consist of, but is not limited to: historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

Nuclear scanning uses radiation to help physicians evaluate the physiology and function as well as anatomical features and to detect disease, inflammation, or infection throughout the body. When a nuclear scan is performed, the patient drinks, inhales, or is injected with a radiopharmaceutical – a drug that contain a weak dose of radiation to trace the disease's path. A special camera is then used to provide images of the area being examined.

Attachment 37, D. 20, Table 2
CAGR Projected Nuclear Medicine Visits, 2016 and 2019

Year	2010	2016 Second Full Year of Operation	Percent Change 2010 to 2016	Number of Rooms Justified in 2016	2019 Fifth Full Year of Operation	Number of Rooms Justified In 2019
IP Visits	7,740	6,863	-11.3	4	6,463	4
OP Visits	6,120	6,061	-1.0	3	6,031	3
Total Visits	13,860	12,924	-6.8	7	12,494	7

Source: ACMC records

In recent years, some cardiologists have acquired nuclear medicine capability for their offices. As reimbursement declines, the scans being performed in physician offices may return to the hospital.

Impact of Health Care Reform

The Medical Center then conservatively applied a 15 percent growth factor to account for the implementation of national health care reform legislation. This factor increases total need for nuclear medicine cameras and a Gamma/CT to 8 units.

2016

12,924 nuclear medicine visits x 1.15 national health care reform factor =
14,863 visits

14,863 visits ÷ 2,000 visits per unit = 8 units

ACMC/AHCH Has Justified the Need for a Total of 7 Nuclear Medicine Gamma SPECT and Gamma SPECT/CT Cameras

To be conservative, the Medical Center is requesting 6 SPECT cameras and 1 SPECT/CT camera, or a total of 7 nuclear medicine units; of these, 3 will be located in the hospital and 4 will be located on Level 5 of the Ambulatory Pavilion.

By 2016, the second full year of operation of the Ambulatory Pavilion, the 7 units will be operating at 92.3 percent of the State Agency Standard.

12,924 visits ÷ 7 units = 1,846 visits per unit

Control History Listing

Control Work Orders - 1:01009105 Camera, Gamma
May 06, 2009

Control Number: 1: 01009105 2nd Control: 708857CSC1 System #: _____
 Serial Number: 708857CSC Property Tag #: _____ P.O. Number: _____
 Manufacturer: 900128 GE Healthcare
 Model Number: StarCam 3200
 Device Category: Camera, Gamma
 Notes: _____
 Status Code: 1 ACTIVE 13-Priority III
 Owner Account: 14070 CHRIST, NUCLEAR MEDICINE 11/30/1988 Archived Record
 Location Acct.: 14070 CHRIST, NUCLEAR MEDICINE
 Rate Category: 1 ACE C.E.
 Room Number: 455 SOUTH
 Location Code: 3 DIRECT PATIENT CONT AREA
 Incoming Date: 11/30/1988 Scheduling Starts: _____ Archived
 Purchase Date: _____ Warranty in Days: 365 Ends: 11/30/1989
 Purchase Cost: \$327,167.00 Vendor: 900017 OEM T/M

Scheduling Information

Source Table: Default
 Active Schedule: Control Schedule HOSPITAL POLICY
 Site mode: Account Sync'd to month: January
 Assignments: Aguire, Jun is assigned the scheduled work.

Test Level	Work Order	Last Test Date	Date	Proc #	Schedule	Next Date Due
Incumbent Date			11/30/1988			
Startup Date			6/1/1998			
First Date			7/1/2002			
Safety Test	1-638703		2/24/2009	8000	As Needed	
P.M. Level 1	1-638703		2/24/2009	8000	Feb Aug	8/24/2009
Other Work	1-663207		4/14/2009			

Depreciation Information - Life Line

Depreciation Life Cycle		20.40 Years (Used Time)		0.00 Years (Remaining Time)		
291.43%	100%	50%	0%	0.00%	0.00%	
Net Asset Value of Device		\$327,167.00 (Used Value)		\$0.00 (Remaining Value)		
100.00%	100%	50%	0%	0.00%	0.00%	
Life Cycle Aging		Value Depreciation				
Code	Current	Remaining	Purchase	Depreciation	Expenditures	Net Value
7.00	20.40	0.00	\$327,167.00	\$327,167.00	\$171,062.75	\$0.00
	291.43%	0.00%		100.00%	52.29%	0.00%



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June 21, 2007

Dear Mr. Castagna:

I am writing in regard to the service status of two of the nuclear cameras at Christ Hospital, the Starcam 3200 and the Maxxus. This letter is to inform you of the "end of service life" dates for each system and the timeline for removing these systems from the existing Quantacare service agreement.

- For the Starcam 3200 (GE System ID 708857CSC1), the product reached its EOPL on July 1, 2003. Moreover, the product reached the "end of service life" EOSL on July 1, 2006.
- The Maxxus (GE System ID 708346CMAX) reached EOPL status on August 1, 2004 and will be declared EOSL on August 1, 2007.

As you know, GE Healthcare (GEHC) has continued to support these systems despite provisions in our contract that allow GEHC to remove EOPL systems from existing service agreements. Despite diligent efforts to continue to support these systems under the terms set forth in our contract, it has become increasingly difficult to keep them operational due to the lack of available replacement parts.

Effective December 31, 2007, GEHC will remove GE System IDs 708857CSC1 and 708346CMAX from the service agreement (Contract #190164). At this point GEHC will no longer guarantee service for these systems, as we project that certain components will be unattainable.

If you choose to replace your equipment, GE will work with you to assess your options and define a solution to best balance your clinical and budgetary needs. Please do not hesitate to contact me if you have any questions or comments.

Sincerely,

Andy Pasterchick
Director of Service

Cc
Ron Allen

General Electric