

Constantino, Mike

From: Clare.Ranalli@hklaw.com
Sent: Tuesday, September 25, 2012 11:33 AM
To: Constantino, Mike
Cc: Avery, Courtney
Subject: RE: 12-073- MetroSouth Medical Center

Mike:

We forwarded the 2011 financials to you earlier this morning. I am preparing further response and need some assistance.

You indicate we did not provide sufficient physician referral letters. However, the physician letters do state they anticipate referring the same number of patient, or more, referred by the applicable physician as in the previous fiscal year. The number is specifically identified, i.e. physician Nussbaum attests to 151 referrals, identifies the patients by initial and zip code/city and states that he will refer that number or more once the unit is open. Physician Roman references 17 referrals, identifies the patients by zip code and states he will refer that many patients or more. The same is true for all physician referral letters. It would be of course impossible for the doctors to state the exact number of referrals they will make and where they will come from - but utilizing historical referrals, by zip code, and attesting to future referrals at that level or more for 2013 and 2014 seems to comply with your rules. I am not sure what else I can provide. Please advise.

We address maldistribution of services at pages 188 through 206 as well as in the references to the service area of the Hospital (whereby we show all referrals from the Hospital's service zip codes/market area). These pages refer to the growing need for inpatient geropsychiatric services, explain that there are no or limited services within a 10 mile radius of the Hospital and explain the growth in the elder population and those requiring acute behavioral health services. Dr. Beckmann's letter eloquently speaks to the need for the services and the fact that the limited unit (in size and scope of service geared to only patients 65 and older) will not contribute to a maldistribution of services. We acknowledge the fact that there are providers of acute mental illness service that do not meet the State Board's target utilization within a 45 minute radius. The information we provide to address this issue relates to the fact that the MSMC unit will not contribute to this issue given the foregoing mentioned issues as addressed in the application. Again, I am unclear what more we can say on this point and would appreciate your direction. You also refer to performance requirements in your email. I am not sure what you mean as you refer to 1110.730 (e) which is staffing, then refer to performance requirements. We did provide the required Assurances certification. As far as staffing, we provided a letter from MSMC's administration regarding its plans to recruit staff for the unit. We also provided a CV of the proposed Medical Director for the unit. We do not believe staffing will be an issue and can provide letters from those interested in working within the unit. We do not think this should result in moving the application to the December agenda.

As for the Safety Net Impact and Charity Care information we will provide a more detailed response. However, we do not believe this project will have any impact on Safety Net Services. As we stated within the application, there are limited geropsychiatric resources in the area. Also, the proposed unit is small in scope and intended to primarily serve residents in the area MSMC serves and patients who are seen in its Emergency Department. Many of these patients would not be treated by other providers but simply would not obtain the services they need if not admitted at MSMC. Thus, the general impact on other area providers of AMI services will be minimal to none which also translates to the impact on safety net services. We also note that MSMC is one of the only safety net providers in the area. This project does not involve the discontinuation of a service and hence will not impact other safety net services in the area in this regard.

We provided all charity care information, other than charges, but will definitely amend our chart so that it is consistent with your requirements and include the information on charges.

Again, I am hopeful this information, along with what we already sent (financials) and will send shortly, will allow placement on the October agenda. I would not normally push the issue, but given the complexity of reimbursement by CMS for inpatient psychiatric services it is really important to the Hospital. In fact, Dr. Beckmann indicated it in opening this unit 2014 (which would occur if we cannot be open to treat a patient on January 1, 2013 given CMS reimbursement rules) may result in this project not going forward which would be unfortunate for the community.

As far as Signet and its involvement in the project, it is a consultant to the Hospital. It assisted in developing financial forecasts, population and demographic information (provided in the application) and will help the Hospital in applying for and securing the necessary CMS approvals for Medicare reimbursement for this service. It will not be involved in providing the care, directly or indirectly. It will not employ the clinical service providers (i.e. nurses and physicians) providing care in the proposed unit.

As always, thanks for your assistance and consideration.

Clare Connor Ranalli | Holland & Knight

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From: Constantino, Mike [<mailto:Mike.Constantino@Illinois.gov>]

Sent: Tuesday, September 25, 2012 8:37 AM

To: Ranalli, Clare Connor (CHI - X66567)

Cc: Avery, Courtney

Subject: 12-073- MetroSouth Medical Center

Clare I am writing the SAR for this application and I am in need of some additional information. I need for the applicants to address

- Criteria 1110.730 (c) and (e) - Unnecessary duplication of service or mal-distribution and the performance requirements
- The referral letters that were provided did not indicate how many individuals are going to be referred to the proposed unit or what zip codes they will come from so I can determine if there is demand for the unit and whether the patients will come from within the planning area. I will need new referral letters.
- Financial statements need to be provided to assure cash is available to fund the project.
- My previous email stated that they need to address the first three requirements of the safety net impact statement and not just provide us the numbers.

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

- I need the charity care information that is required for all applications except long term care.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

- The applicants did not address the direct costs per equivalent patient day.
- Finally I need to know what role if any Signet Health will play in the establishment of this unit.

Clare I am going to extend the review period and move this project to the December agenda. If you have any questions please call. Thanks

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