



ROCKFORD HEALTH
system

Respectful Care

Office of the President and CEO

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Via FedEx

February 13, 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RECEIVED

FEB 13 2014

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**RE: LETTER OF OPPOSITION
Project 13-072
Beloit Health System, Inc.
NorthPoint Health and Wellness Campus
Ambulatory Surgery Treatment Center
Roscoe, Illinois**

Dear Ms. Avery:

This letter is being submitted, consistent with IHFSRB rules, to voice the strong opposition of Rockford Health System and Rockford Memorial Hospital to the above-referenced project. The applicant for the proposed project, which addresses the establishment of a 4-room multi-specialty ASTC to the north of Rockford, in Roscoe, Illinois, is Beloit Health System, Inc., a Wisconsin multi-facility health system.

Rockford Health System ("RHS") consists of Rockford Memorial Hospital ("RMH"), Van Matre Rehabilitation Hospital (50% ownership interest), and numerous outpatient facilities, including one in Roscoe. RMH is a 396-bed community teaching hospital located on the northwest side of Rockford. During 2012, RMH admitted over 12,400 patients and had in excess of 93,000 outpatient interactions.

RMH is the only hospital "west of the river" in Rockford, and has served residents of Roscoe and the surrounding area since its founding. Rockford Health System has a long-standing commitment to the area's financially disadvantaged population. During 2012, only 24.9% of RMH's inpatients were privately insured, while 24.0% were Medicaid recipients. The three ZIP Code areas surrounding Roscoe (61072, 61073 and 61080) have, however, provided RMH a payor mix far different from that of the hospital, in total. During the 12-month period ending October 31, 2013 43% of RMH's inpatients from the 3 ZIP Code area surrounding Roscoe were privately insured and only 16.6% were Medicaid recipients. Similar disparities exist for outpatients treated at RMH. RHS views the proposed project as one that will siphon a patient

**Rockford Memorial
Hospital**
2400 North Rockton Avenue
Rockford, IL 61103

**Rockford Health
Physicians**
2300 North Rockton Avenue
Rockford, IL 61103

**Van Matre HealthSouth
Rehabilitation Hospital**
950 South Mulford Road
Rockford, IL 61108

**Visiting Nurses
Association**
4223 East State Street
Rockford, IL 61108

**Rockford Memorial
Development Foundation**
2400 North Rockton Avenue
Rockford, IL 61103

population that is favorable from a reimbursement perspective from the established Rockford hospitals.

We urge the Illinois Health Facilities and Services Review Board to vote down this project planned for Roscoe, both because approval would add operating rooms to an area where existing providers have excess capacity, and because of the project's inconsistency with both review criteria and past IHFSRB practices.

As the IHFSRB's project review staff will note during their review of the Certificate of Need application, there are a number of area hospitals and ASTCs in Rockford that are not meeting target utilization levels, and the addition of operating rooms to the area is inconsistent with health planning principles. Also, neither of the two Rockford hospitals providing designated GI procedure rooms operate those rooms at the target utilization level.

In addition, we would encourage the IHFSRB to consider the following in their deliberations:

- The applicant cites the need to improve the manner in which it provides surgical services at Beloit Memorial Hospital (Wisconsin) as one of the primary purposes for developing the proposed ASTC. The alternatives that were offered by the applicant fail to consider the development of an ASTC on either the Beloit Memorial Hospital campus, or any of the applicant's other three Wisconsin locations.
- The applicant projects that 30.5% of the patients to be treated at the proposed ASTC will be Illinois residents (pg. 150). If nearly seven of every ten patients are Wisconsin residents, the proposed ASTC should be located on one of the applicant's four Wisconsin sites. As noted, locating this ASTC remote from 70% of the patients that are intended to be served, leads one to conclude that the purpose of the project is to increase Beloit Health System's market share in Illinois, rather than to serve its existing market.
- The applicant identifies its payor mix at Beloit Memorial Hospital. It does not, however, document either the amount of care provided to either Illinois Medicaid recipients or the amount of charity care provided to Illinois residents, either on its Roscoe campus or at Beloit Memorial Hospital.
- In justifying the proposed number of procedure rooms, the applicant has extrapolated the historical caseload of a gastroenterologist new to the hospital's Medical Staff. The use of extrapolated data is inconsistent with past practices accepted by the IHFSRB in documenting anticipated utilization.
- The application contains a letter (pg. 134) from Beloit Health System's Vice President of Medical Affairs, noting that "our architects were directed to utilize hospital guidelines and standards for their work, not typical free-standing ambulatory

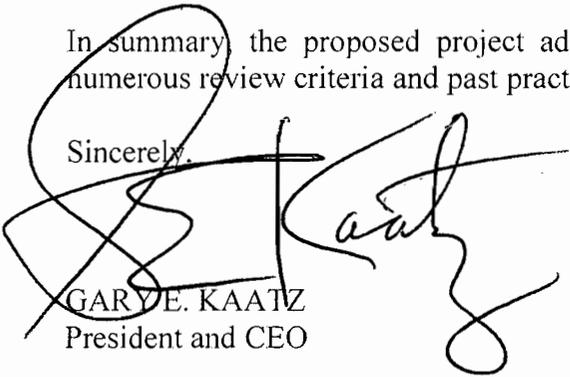
surgery design guidelines.” Were the architects instructed to do so by a State of Illinois agency or by the applicant? If by an Illinois agency, which agency? IDPH maintains standards for ASTCs different from those of hospitals as recognition of the different services provided in the two types of facilities. Designing and constructing to hospital standards unnecessarily increases the capital costs associated with the establishment of an ASTC.

- The \$8.8M project cost allocated to the ASTC (pg. 75) far exceeds that of other ASTC projects recently approved by the IHFSRB.

In summary, the proposed project adds unneeded surgical capacity and is inconsistent with numerous review criteria and past practices of the IHFSRB.

Sincerely,

GARY E. KAATZ
President and CEO

A handwritten signature in black ink, appearing to read "G. Kaatz", is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.