



**STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD**

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET ITEM: A-03	BOARD MEETING: January 24, 2016	PROJECT NUMBER: 13-076
PERMIT HOLDERS(S): Holy Cross Hospital Sinai Health System		
FACILITY NAME and LOCATION: Holy Cross Hospital, Chicago		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On August 27, 2014, the State Board approved Project #13-076. The permit authorized the establishment of a 24-bed Acute Mental Illness (AMI) unit on the campus of Holy Cross Hospital, in Chicago. Holy Cross Hospital is a 260-bed acute care hospital located at 2701 West 68th Street, Chicago. The State Agency notes the project is not obligated and the current project completion date is December 15, 2015. Project cost: \$4,417,030.

State Board Staff notes the permit holders submitted the permit renewal request on October 26, 2015. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the second renewal request for this project. On November 17, 2015, the State Board approved a 12-month renewal (12/15/15-12/31/16). It appears the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Board Staff notes that on May 15, 2014 the application was subject to a Type A modification which decreased the project cost by \$4,074,820 (48%) or from \$8,491,850 to \$4,417,030. The modification also accounted for a reduction in project size by 11,634 GSF (50%), from 23,268 GSF to 11,634 GSF. This modification reduced the number of AMI beds requested, from 50 to 24.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of March 31, 2017. This would extend the project's completion date by three months, from December 31, 2016 to March 31, 2017.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase of the project is complete and all documents have been submitted to IDPH for final review/approval. The permit holders are currently waiting for IDPH to conduct its site visit and for subsequent issuance of the certificate of occupancy.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the following events occurred, which delayed completion of the project:

The permit holders state the unanticipated length for Certificate of Need approval (241 days), and the subsequent modification of said project invariably delayed the close out/inspection phase of the project. The permit holders anticipate the occurrence of these final phases during the requested three-month renewal period.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$4,067,000 (92% of the total project cost) has been expended to date and can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the modified permit amount of \$4,417,030.

V. Project Description & Other Background Information

The permit authorized the establishment of a 24-bed Acute Mental Illness (AMI) unit on the campus of Holy Cross Hospital, in Chicago. Project cost: \$4,417,030.

Application Modification Date:	May 15, 2014
Permit Issuance Date:	August 27, 2014
Original Project Completion Date:	December 15, 2015
Project Completion Date/1 st Renewal: (12 month renewal request)	December 31, 2016
Proposed Project Completion Date:	March 31, 2017

(2nd renewal request 3 months)

VI. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.740(h) (5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed, a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states State Board Staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If Staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VII. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal, and a copy of the original State Board Staff Report.

by UPS

November 14, 2016

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, IL 62761

RECEIVED

NOV 15 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Second Request for Permit Renewal
Project # 13-076
Holy Cross Hospital

Dear Ms. Avery:

The above-referenced project was approved by the Illinois Health Facilities and Services Review Board (HFSRB) on August 27, 2014, and provides for the establishment of a 24-bed acute mental illness unit at Holy Cross Hospital. The completion date of the project, per a granted permit renewal, is 12/31/2016. At this point, the project is complete and all final documents have been submitted to the Illinois Department of Public Health for review and approval. We understand IDPH has 30 days to schedule a time to visit the hospital and review the new unit to confirm it is suitable to be certified for occupancy. While it is possible this may occur and allow us to complete the project by 12/31/2016, we are requesting a second permit renewal through 03/31/2017 to allow IDPH the time it may need to complete its review, and also to allow the hospital time to address any problems IDPH might identify when it conducts its site visit.

The project has proceeded with due diligence. The reason the project was slightly delayed with respect to submission of final documents to IDPH had to do with unanticipated problems with the air handler to serve the unit.

The scope of the project and the anticipated project cost remain in compliance with the project presented to and approved by the HFSRB.

Enclosed is a check in the amount of \$500.00, as the required processing fee.

Thank you for the consideration of this request, and should any additional information be required, please do not hesitate to contact me or Ms. Ranalli or Mr. Axel, copied below.

Sincerely,



James S. Bicak
Vice President, Sinai Tomorrow Project

c. Rachel Dvorken
Clare Ranalli
Jack Axel



13-076 Holy Cross Hospital



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710

MOUNT SINAI HOSPITAL MEDICAL CENTER

14 Nov 2016

A Proud Member of Sinai Health System

Five hundred and 00/100 Dollars

\$500.00

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ORDER OF SERVICE REVIEW BOARD

525 W JEFFERSON
2ND FLOOR
SPRINGFIELD, IL 62761

PRESIDENT AND CEO

JP MORGAN CHASE, N.A.
CHICAGO, ILLINOIS 60661

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DETACH AND RETAIN THIS STATEMENT

INVOICE NO.	INVOICE DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET PAY
CON EXTENSION	11/14/16	2140	500.00		500.00
CHECK NO.	CHECK DATE	VENDOR NO.			
210813	14 Nov 2016	B018768	\$500.00		\$500.00

MOUNT SINAI HOSPITAL MEDICAL CENTER * CALIFORNIA AVE AT 15TH STREET * CHICAGO, ILLINOIS 60608 * (773) 257 - 6635



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:	BOARD MEETING:	PROJECT NO: 13-076	PROJECT COST: Original: \$8,491,850 Proposed:\$4,417,030
FACILITY NAME: Holy Cross Hospital		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: Sinai Health System and Holy Cross Hospital (“the applicants”) are proposing the establishment of a 24-Bed Acute Mental Illness Category of Service in 11,634 GSF of space in Chicago. The cost of the project is \$4,417,030. The anticipated completion date is December 15, 2015.

The applicants deferred this project at the April 2014 State Board Meeting and subsequently modified the project on May 15, 2014. The applicants are modifying the project by reducing the number of AMI beds being requested from 50 to 24 beds, reducing the cost of the project from \$8,491,850 to \$4,417,030 a reduction of \$4,074,820 or 48% and reducing the gross square footage from 23,268 GSF to 11,634 GSF a reduction of 11,634 GSF or 50%. This modification is considered a Type A modification subject to an Opportunity for a Public Hearing and Written Comment (77 IAC 1130.650). As part of the modification of the project the applicants provided a study (pages 18-20 of this report) on that documented the inability of the applicants to transfer patients to other facilities within 45-minutes of the proposed project.

At the conclusion of this report are Safety Net Impact Statements that were submitted to the State Board Staff.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Sinai Health System and Holy Cross Hospital (“the applicants”) are proposing the establishment of a 24-Bed Acute Mental Illness (“AMI”) Category of Service in 11,634 GSF of space in Chicago. The cost of the project is \$4,417,030. The anticipated completion date is December 15, 2015.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project proposes to establish a category of service as defined by Illinois Health Facilities Planning Act (20 ILCS 3960).

PURPOSE OF THE PROJECT:

- **According to the applicants:** “The primary purpose of the proposed project, which is limited to the establishment of an AMI unit at Holy Cross Hospital, sized consistent with anticipated admissions, is to provide area residents AMI services in their community.”

NEED FOR THE PROJECT:

- There is a calculated excess of 76 Acute Mental Illness Beds in the 6 A-03 Acute Mental Illness Planning Area by CY 2015. There are 13 hospitals within 30 minutes with AMI services. None of 13 hospitals are operating their AMI services at the State Board’s target occupancy of 85%. Two of the hospitals (South Shore Hospital and MetroSouth Medical Center) reported no data for CY 2012.

TABLE ONE
Facilities within 30 minutes of proposed category of service

Facility	City	AMI Planning Area	AMI Beds	Adjusted Time	Utilization	Met State Standard
St. Bernard Hospital	Chicago	6A-03	40	13.75	81.90%	No
Advocate Christ Hospital and Med. Ctr.	Oak lawn	6-7A-04	39	16.25	63.30%	No
Little Company of Mary Hospital and Health Care Ctr.	Evergreen Park	6-7A-04	24	16.25	52.30%	No
Jackson Park Hosp. Foundation	Chicago	6A-03	86	21.25	58.40%	No
St. Anthony Hospital	Chicago	6A-02	42	23.75	76.30%	No
Mercy Hospital & Medical Center	Chicago	6A-03	39	25	42.10%	No
Mount Sinai Hospital Medical Center	Chicago	6A-02	28	26.25	84.20%	No
Roseland Community Hospital	Chicago	6A-03	30	27.5	34.40%	No
South Shore Hospital	Chicago	6A-03	15	27.5	0.00%	No
MacNeal Memorial Hospital	Berwyn	7A-06	62	28.75	79.10%	No
MetroSouth Medical Center	Blue Island	6-7A-04	14	28.75	0.00%	No
University of Illinois Hospital	Chicago	6A-02	53	28.75	71.60%	No
Rush University Medical Center	Chicago	6A-02	70	28.75	63.30%	No

1. Time determined by MapQuest and adjusted per 1100.510 (d)
2. Utilization data taken from 2012 Hospital Profile

TABLE ONE

Facilities within 30 minutes of proposed category of service

Facility	City	AMI Planning Area	AMI Beds	Adjusted Time	Utilization	Met State Standard
3. South Shore Hospital (#10-021) completed December 2012 no data available						
4. Metro South Medical Center (#12-073) approved for a 14 bed AMI no data available						
5. State Board Standard is 85% for Acute Mental Illness Category of Service						

PUBLIC COMMENT:

- A public hearing was held on this project on March 4, 2014. 70 individuals were in attendance. 27 individuals provided supporting testimony and 16 provided opposing testimony. The State Board Staff has received a number of support and opposition letters regarding this project.
- A second public hearing was held on this project on July 31, 2014. 47 individuals were in attendance, 2 individuals spoke in support of the project and 1 individual provided a summary of 6 individuals in support of the project. 9 individuals spoke in opposition. Of the 35 individuals in attendance 2 supported the project and 33 were in opposition.

Support Letters were received from the following:

- Donna Thompson, Executive Director Access Community Health Network
- Laurie Sedio Executive Director, Metropolitan Family Services, Midway Center and Southeast Chicago Center
- Marvin Lindsey, Community Behavioral Healthcare Association
- Alexa James, Executive Director NAMI Chicago
- Reverend Anthony B. Pizzo, St. Rita of Cascio Catholic Church
- Thomas Dart, Cook County Sherriff
- David R. McNaughton, 8th District Police Commander
- Congressman Bobby Rush, United States House of Representatives
- Ghian Foreman, Executive Director Greater Southwest Development Corporation
- Speaker Michael J. Madigan, Illinois House of Representatives
- State Senator Mattie Hunter, Illinois State Senate
- State Representative Daniel J. Burke, Illinois House of Representatives
- Linda Ewing, Parrish Nurse St Nicholas of Tolentine Church
- Rev. Jose A. Sequeira, Pastor St Nicholas of Tolentine Church
- Alderman Roderick T. Sawyer 6th Ward
- Toni Preckwinkle President Board of Commissioners of Cook County
- Christian James, Resident
- Jana M. Stringfellow-Estell, Resident
- Michelle Leonard, Resident
- Socorro Rodriguez, Resident
- Maggie Perales, Resident
- Joseph Carney, Director of Emergency Services Holy Cross Hospital
- Lori Pacura, President Holy Cross Hospital

Opposition Letters were received from the following:

- State Representative Camille Y. Lilly
- Willard L. Payton, Chairman Board of Directors Teamwork Englewood
- Tim Egan, President Roseland Community Hospital
- State Senator Kimberly A. Lightfoot
- State Senator Don Harmon
- Sandra Bruce, President and CEO Presence Health
- Guy A. Medaglia President and CEO St. Anthony Hospital
- Roueen Rafeyan, MD
- Anne Cooper, Attorney Polsinelli
- Jeffrey Mark, Principal JSMA, LLC

FINANCIAL AND ECONOMIC FEASIBILITY:

- The entirety of the project will be funded through internal sources (Cash and Securities) A review of the FY 2013 audited financial statements indicate sufficient cash is available to fund the project.

WHAT WE FOUND:

- The applicants have successfully addressed the following criteria:
 - 77 IAC 1110.230(a) - Purpose of the Project
 - 77 IAC 1110.230 (b) - Safety Net Impact
 - 77 IAC 1110.230 (c) - Alternatives to the Proposed Project
 - 77 IAC 1110.234 (a) – Size of the Project
 - 77 IAC 1110.234 (b) – Projected Service Utilization
 - 77 IAC 1110.234 (e) - Assurances
 - 77 IAC 1110.730 (b) – Background of the Applicant
 - 77 IAC 1110.730 (c) - Need for Project
 - 77 IAC 1110.730 (d) – Mal-distribution/Unnecessary Duplication
 - 77 IAC 1110.730 (e) – Staffing
 - 77 IAC 1110.730 (f) – Performance Requirements
 - 77 IAC 1110.730 (g) – Assurances
 - 77 IAC 1120.120 – Availability of Funds
 - 77 IAC 1120.130 – Financial Viability
 - 77 IAC 1120.140(a) (b) (c) (d)(e) – Economic Feasibility
- The applicants addressed a total of 19 criteria and did not meet the following two:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
1110.730(b) Planning Area Need	There is a calculated excess of 76 AMI beds in the 6A-3 AMI planning area. There are 30 hospitals within 45 minutes that provide acute mental illness services. Of these 30 hospitals 4 are operating at the State Board's 85% target occupancy.
1110.730(c) Unnecessary Duplication/Maldistribution of Service	There are 13 hospitals within 30 minutes providing acute mental illness service. Of these 13 hospitals none are operating at the target occupancy of 85%. It also appears that the proposed project will impact other underutilized hospitals in the planning area because the applicants are currently referring patients to these underutilized facilities.

**SUPPLEMENTAL
STATE BOARD STAFF REPORT
Holy Cross Hospital
PROJECT #13-076**

APPLICATION SUMMARY	
Applicants(s)	Holy Cross Hospital Sinai Health System
Facility Name	Holy Cross Hospital
Location	Chicago
Application Received	December 30, 2013
Application Deemed Complete	December 31, 2013
Can applicants request a deferral?	Yes
Review Period Extended by the State Board Staff?	No

I. The Proposed Project

The applicants propose to establish a 24-bed Acute Mental Illness Category of Service. The cost of the project is \$4,417,030.

II. Summary of Findings

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

III. General Information

The applicants are Holy Cross Hospital and Sinai Health System. Holy Cross Hospital is located 2701 West 68th Street, Chicago, Illinois in Cook County in the HSA VI service area and the 6A-03 Acute Mental Illness Planning Area. The operating entity and licensee is Holy Cross Hospital and the owner of the site is Sinai Health System. Sinai Health System includes Mount Sinai Hospital Medical Center of Chicago, Holy Cross Hospital, Schwab Rehabilitation Hospital, Sinai Urban Health Institute, Sinai Community Institute, and Sinai Medical Group.

The AMI Planning Area 6A-03 includes the City of Chicago Community Areas of Douglas, Oakland, Fuller Park, Grand Boulevard, Kenwood, Near South Side, Washington Park, Hyde Park, Woodlawn, South Shore, Chatham, Avalon Park, South Chicago, Burnside, Calumet Heights, Roseland, Pullman, South Deering, East Side, Garfield Ridge, Archer Heights, Brighton Park, New City, West Elsdon, Gage Park, Clearing, West Lawn, West Englewood, Englewood, Chicago Lawn and Greater Grand Crossing.

Hospitals within in the 6A-03 AMI planning area are St. Bernard Hospital (40 AMI Beds), Jackson Park Hospital (86 AMI Beds), Mercy Hospital and Medical Center (39 AMI Beds), Roseland Community Hospital (30 AMI Beds), and South Shore Hospital (15 AMI Beds). There is a calculated excess of 76 AMI beds by CY 2015. The State Board’s Target Utilization is 85% for the Acute Mental Illness Category of Service.

The project is a substantive project and is subject to Part 1110 and Part 1120 review. Obligation will occur after permit issuance. **The anticipated project completion date is December 15, 2015.**

At the conclusion of this report are the 2012 Hospital Profiles for Holy Cross Hospital and Mount Sinai Hospital.

IV. The Proposed Project – Details

The applicants propose the establishment of an acute mental illness category of service at Holy Cross Hospital, through the renovation of 11,634 GSF of existing space.

V. Project Costs and Sources of Funds

The applicants’ provided the project costs for the clinical aspects of the proposed project. Table Two shows the project costs and funding sources using these considerations. The projected start-up and operating deficit is \$250,000.

TABLE TWO		
Project Costs and Sources of Funds		
USE OF FUNDS	CLINICAL	TOTAL
Preplanning Costs	\$65,000	\$65,000
Modernization Contracts	\$3,131,989	\$3,131,989
Contingencies	\$300,041	\$300,041
Architectural/Engineering Fees	\$330,000	\$330,000
Consulting and Other Fees	\$140,000	\$140,000
Movable or Other Equipment (not in construction contracts)	\$450,000	\$450,000
TOTAL USES OF FUNDS	\$4,417,030	\$4,417,030
SOURCE OF FUNDS	CLINICAL	CLINICAL
Cash and Securities	\$4,417,030	\$4,417,030
TOTAL SOURCES OF FUNDS	\$4,417,030	\$4,417,030

VI. Cost/Space Requirements

The applicants are proposing 11,634 GSF of modernized space for the proposed service. No non-clinical areas are being modernized.

TABLE THREE Cost Space Requirements				
Dept/Area	Existing	Proposed	New Construction	Modernization
AMI	11,634	11,634	0	11,634
Total	11,634	11,634	0	11,634

VII. Safety Net Impact Statement

The applicants state the following: *“The proposed project is limited to the expansion of Holy Cross Hospital's and Sinai Health System's (SHS's) commitment to addressing its community's mental health needs. This will be accomplished through the establishment of a 24-bed acute mental illness (AMI) category of service at Holy Cross Hospital, complementing the inpatient, hospital-based outpatient and community-based outpatient mental health programs now offered by SHS. Sinai Health System has a long-standing and well-deserved reputation of being one of the most comprehensive providers of safety net services in Illinois; with the amount of charity care provided directly through its two hospitals accounting for only a fraction of the System's commitment to the provision of charity care and safety net services. SHS has become a model of how to most effectively and efficiently address the health care needs of a large urban population characterized by low income, a lack of preventive care and limited access to both primary and specialized health care services. Much of SHS's commitment to the safety net needs of its community is carried out through Sinai Community Institute (SCI) and Sinai Urban Health Institute (SUHI), both of which are subsidiaries of SHS.*

SCI is a community-based health and social service provider committed to helping families and individuals improve their own health status and level functioning. This goal is met not only through making affordable health care services and community resources available, but by also offering programs directed at quality education and job readiness, as well as case management and nutritional services. Among the continuum of direct health care services provided by SCI are: primary care and specialty medical care services, mental health services, rehabilitation services, social services, child abuse prevention and treatment, occupational health, home health care and substance abuse treatment. Because of a lack of available alternatives in the neighborhoods served by SHS, those services, as provided by SHS, are all safety net services.

SCI directly interacts with approximately 30,000 families a year, approximately 95% of which include low-income minority women and children. Sinai Urban Health Institute works within the SHS community to develop and implement effective approaches to eliminate the health disparities stemming from such social issues as racism and poverty, through data-driven research, interventions,

evaluation and community engagement. SURI is recognized as a template for the identification and addressing of the health care issues associated with a low-income urban population, including lower life expectancy and higher rates of smoking, mental illness, obesity, diabetes and asthma. The findings of SUHI's research have been used to design prevention and treatment programs in use not only on the west side of Chicago, but nation-wide.

The proposed expanding of SHS's commitment to the provision of expanded safety net mental health programming is a direct result of the understanding of increasing rates of mental disease within the population served by SHS.”

A response to the Safety Net Impact Statement was provided by the Association of Safety Net Community Hospitals. This response is attached at the end of the report.

TABLE FOUR			
SAFETY NET INFORMATION			
Holy Cross Hospital			
NET REVENUE	\$93,555,098	\$91,776,624	\$94,412,010
CHARITY CARE			
	2010	2011	2012
Charity (# of self-pay patients)			
Inpatient	608	567	623
Outpatient	1,889	2,083	3,246
Total	2,497	2,650	3,869
Charity Costs			
Inpatient	\$4,042,849	\$3,540,563	\$3,292,961
Outpatient	\$3,552,804	\$4,074,876	\$3,664,948
Total	\$7,595,653	\$7,615,439	\$6,957,909
% of Charity Costs to Net Revenue	8.12%	8.30%	7.37%
MEDICAID			
	2010	2011	2012
Medicaid (Patients)			
Inpatient	3,388	3,242	2,291
Outpatient	26,953	27,070	25,121
Total	30,341	30,312	27,412
Medicaid (Revenue)			
Inpatient	\$9,889,882	\$9,747,679	\$11,417,431
Outpatient	\$3,190,361	\$2,586,668	\$3,053,573
Total	\$13,080,243	\$12,334,347	\$14,471,004
% of Medicaid to Net Revenue	13.98%	13.44%	15.33%

TABLE FOUR			
SAFETY NET INFORMATION			
Mount Sinai Hospital			
NET REVENUE	\$175,509,016	\$289,796,016	\$263,753,248
CHARITY CARE			
	2010	2011	2012
Charity (# of self-pay patients)			
Inpatient	2,611	2,093	2,652
Outpatient	14,450	26,596	25,488
Total	17,061	28,689	28,140
Charity Costs			
Inpatient	\$10,966,801	\$11,987,607	\$14,651,217
Outpatient	\$5,473,843	\$7,301,023	\$12,589,705
Total	\$16,440,644	\$19,288,630	\$27,240,922
% of Charity Costs to Net Revenue	9.37%	6.66%	10.33%
MEDICAID			
	2010	2011	2012
Medicaid (Patients)			
Inpatient	7,139	8,021	6,981
Outpatient	99,936	98,231	64,852
Total	107,075	106,252	71,833
Medicaid (Revenue)			
Inpatient	\$13,039,892	\$135,631,868	\$140,766,121
Outpatient	\$18,478,108	\$14,897,944	\$13,702,657
Total	\$31,518,000	\$150,529,812	\$154,468,778
% of Medicaid to Net Revenue	17.96%	51.94%	58.57%

VIII. Section 1110.230 - Project Purpose, Background and Alternatives

The information requirements contained in this Section are applicable to all projects except projects that are solely for discontinuation. An applicant shall document the *qualifications, background, character and financial resources to adequately provide a proper service for the community* and also demonstrate that the project promotes the *orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of facilities or service.* [20 ILCS 3960/2]

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.

The applicants stated the following regarding the purpose of the project:

“Holy Cross Hospital (HCH) does not currently operate an acute mental illness (AMI) category of service. As a result, its Emergency Department patients in need of this service, as well as inpatients that would benefit from this service (often following a medical admission) need to be transferred elsewhere, and often significant distances from their homes. Finding an appropriate bed in another hospital for these patients is often an arduous task, requiring inquiries of numerous hospitals before a transfer is arranged with a hospital willing to accept the patient. A letter from the HCH Emergency Department, documenting 513 transferred patients during the year ending June 30, 2013 is provided in ATTACHMENT 15. In addition, physicians (predominantly psychiatrists and primary care physicians) practicing at HCH and nearby Mount Sinai Hospital have documented in excess of 3,400 of their patients admitted elsewhere for psychiatric care during the year ending June 30, 2013, 1,850 of which would have been admitted to HCH, had an AMI bed been available (please see letters in ATTACHMENT 15). Admission of these patients elsewhere typically requires the patient to leave their home community, often precludes the patients' primary care physician from following the patient, and the patients' families from participating in the treatment process. This project has been modified to reduce the number of proposed beds from 50 to 24, consistent with IHFSRB rules and in response to concerns raised by other area providers of inpatient AMI services,. Therefore, the primary purpose of the proposed project, which is limited to the establishment of an AMI unit at Holy Cross Hospital, is to provide area residents AMI services in their community. The hospital's primary service area (PSA), as identified on the attached map, is relatively small, consisting of only five ZIP Code areas, and providing nearly % of the hospital's admissions. Also of note is the fact that HCH cares for a very large Medicaid population. IDPH data indicates that State-wide during 2012, 19.5% of the patients admitted to medical/surgical units were Medicaid recipients. During that same period, 31.0% of HCH's medical/surgical admissions---150% of the State-wide figure---were Medicaid recipients. The proposed AMI unit is absolutely consistent with Sinai Health System's strong commitment to address the mental health needs of the communities it serves. That commitment reaches far beyond the services typically provided by acute care hospitals. In addition to the inpatient psychiatry unit located at Mount Sinai Hospital, SHS provides outpatient programs, ranging from 24/7 crisis intervention services to psychosocial rehabilitation for children, adults and families, and residential programs are operated for the adult community. And, in 2013 in response to the community needs assessment conducted by Sinai Health System ("SHS") upon Holy Cross Hospital's joining SHS, SHS established an outpatient mental health clinic at Holy Cross Hospital. Among the outpatient programs offered both on and remote from the SHS hospital campuses are: psychological evaluations, medication management, case management, psychological rehabilitation, and individual, family and small group therapy. Sinai Medical Group, in addition to providing on-campus inpatient and outpatient programs, provides a wide continuum of youth and adult services through its Oak Park center, ranging from 24/7 crisis intervention programs to community-based

clinical services, to supportive residential care. SHS provides a community-based alternative to inpatient care through Pioneer House, located on South Western Avenue. Consumer-driven and culturally-sensitive outpatient programming as well as supportive residential housing for adults are provided through Pioneer House. Last, SHS's Under the Rainbow program, targeting the community's youth population, incorporates a variety of child, adolescent and family mental health services into its bilingual programming.

The goal of this project is to address the needs of community residents and HCH patients requiring admission to an AMI bed; and to do so through a unit at HCR. The success in meeting this goal will be immediately measurable following the project's completion through both the reduction and potential elimination of the transferred AMI patients elsewhere for admission.”

B) 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.

The first alternative to the proposed project considered by SHS involved the expanding Mt. Sinai Hospital’s category of service to meet the documented demand. That alternative was dismissed, due to a lack of the space needed to support fifty additional AMI beds at MSH. Approximate Capital costs are \$8.5 million.

The second alternative considered was the construction of a freestanding mental health facility, or a major addition to MSH or HCH to centralize all of SHS's mental health services in a single location within the hospitals' common service area. This alternative was dismissed due to the capital cost associated with the required construction, regardless of scope of the alternative. Approximate Capital costs are \$50-55 million.

The third alternative considered was the continued reliance on other providers to meet the needs of area residents. This alternative was dismissed because it would result in a status quo—continued difficulties in transferring SHS patients from the Emergency Departments to AMI providers willing to accept the patients, an inability of SHS primary care physicians to follow their patients admitted to a remote AMI program, a lack of continuity between inpatient AMI care and subsequent outpatient care resulting from the difficulties associated with traveling significant distances for outpatient services, and difficulties experienced by patients' families in participating in inpatient treatment programs. No capital costs associated with this alternative.

The fourth alternative considered was the originally proposed project for the establishment of a 50-bed AMI service at HCH. This alternative met with opposition from existing providers, some of which, like the SHS hospitals, are

safety net providers. The opposing hospitals cited excess capacity in their facilities and a negative financial impact on their operations.

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

A) Criterion 1110.234 (a) - Size of Project

The applicant shall document that the physical space proposed for the project is necessary and appropriate.

The two proposed acute mental illness (AMI) units will occupy renovated space on the third and sixth floors of the hospital. 26 AMI beds and required support space will occupy 11,634 GSF on the third floor, and 24 AMI beds and required support space will occupy 11,634 GSF on the sixth floor. As a result, 466.5 GSF/bed will be provided, compared to the IHFSRB standard of 440-560 GSF/bed. The allocated space is dictated by the existing designs of the units, and is not excessive. The applicants have met the requirements of this criterion.

TABLE FIVE Size of the Project						
Description	Number of Beds	State Board Standard		Proposed GSF	Difference	Met Standard
Acute Mental Illness	50 Beds	440-560 GSF per bed	28,000 GSF	23,268	-4,732	Yes

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SIZE CRITERION. – REVIEW CRITERION (77 IAC 1110.234 (a)).

B) Criterion 1110.234 (b) - Project Services Utilization

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.

Referral letters were provided from the following sources:

- 40 physicians, documenting 1,850 patients that would have been admitted to HCH for AMI services had an AMI unit been available;
- A letter from HCH's Emergency Department, identifying 496 patients that would have been admitted to HCH for AMI services had an AMI unit been available; and
- A letter from MSH's Emergency Department, identifying 362 patients that would have been admitted to HCH for AMI services had an AMI unit been

available.

These three sources identified 2,708 patients. Assuming the 5.8 day average length of stay experienced by MSH's AMI unit in 2012, 15,706 patient days of care are projected, resulting in an 86% occupancy rate.

The State Board Staff's review of the physician referral letters notes the following.

- The physician referral letters attested 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 and an estimated number of patients the physician will refer annually to the applicant's facility within a 12-month period after project completion. The letters were notarized and attested that the referrals have not been used to support another pending or approved CON.
- The 40 referral letters were provided from physicians with the following specialties: 16 physicians' internal medicine, 10 psychiatrists, 5 physicians' family medicine, 3 obstetricians, and one each from the following specialties: cardiology, hospitalist, nephrology, neurology, pulmonology and a trauma surgeon. The physicians (other than psychiatrists) recommended that the patients be admitted to an acute mental illness inpatient unit at the hospital. The evaluation and admission to an acute mental illness unit was completed by a psychiatrist.
- Referrals to Stroger Hospital (25 Referrals), RML Health Providers, L.P. (2 referrals) and Holy Cross Hospital (21 Referrals) were not accepted because they currently do not have AMI services.
- Referrals to Madden Mental Health (166 referrals) were accepted because Madden Mental Health provides both chronic and acute mental health services.
- Referrals from the emergency departments were accepted and according to the applicants were not included in the physician referrals.

Based upon the referrals letters submitted by the applicants and if the referrals materialize it does appear that the applicants will meet the required 85% occupancy by the second year after project completion.

TABLE SIX					
Review of Referrals					
Source of Referrals	Total Referrals	Average Patient Days	Total Patient Days	ADC	Projected Utilization 50 Beds
Physician Referrals	1,850	5.8 Days	10,857		
Physician Referrals Not Accepted	-48	5.8 Days	-278		
Emergency Dpt. Referrals	858	5.8 Days	4,976		
Total	2,682	5.8 Days	15,555	42.59 ADC	85.23%

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT SERVICES UTILIZATION CRITERION. – REVIEW CRITERION (77 IAC 1110.234 (b)).

C) Criterion 1110.234 (e) - 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.**

The applicants stated the following: *“This letter is being written for inclusion in the Certificate of Need application addressing the establishment of an Acute Mental Illness (AMI) category of service at Holy Cross Hospital. Please be advised that it is my expectation and understanding that by the second year following the project's completion, the AMI service will be operating at the IHFSRB's target utilization rate, and that it will, at minimum, maintain that level of utilization thereafter.”* (See page 124 of the application for permit)

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ASSURANCES CRITERION. – REVIEW CRITERION (77 IAC 1110.234 (e)).

IX. Section 1110.730 - Acute Mental Illness – Review Criteria

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).

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.

Planning Area Need

Number of Beds

The applicants are proposing the establishment of a 24 bed acute mental illness category of service at Holy Cross Hospital. Holy Cross Hospital is located in the 6A-03 Acute Mental Illness Planning Area. There is a calculated excess of 76 AMI beds in this planning area.

The applicants stated the following:

“There are currently five approved providers of AMI services in Planning Area 6A-03: Jackson Park Hospital, Mercy Hospital & Medical Center, Roseland Community Hospital, South Shore Hospital and St. Bernard Hospital. The IDPH Inventory indicates a calculated excess of 76 AMI beds in Planning Area 6A-03. That calculated excess is contradicted by the difficulty both Holy Cross Hospital and its sister hospital, Mount Sinai (located in adjacent Planning Area A-2) continue to have, when attempting to secure a bed for a patient in need of an AMI admission.”

Service to Area Residents

According to the applicants it is anticipated that the AMI patient origin will be virtually identical to that currently experienced by the hospital.

Service Demand

The applicants provided:

- Letters from forty physicians, documenting 1,872 patients that would have been admitted to Holy Cross Hospital (HCH) for AMI services had an AMI unit been available;
- A letter from HCH's Emergency Department, identifying 496 patients that would have been admitted to HCH for AMI services had an AMI unit been available; and
- A letter from Mount Sinai Hospital's Emergency Department, identifying 362 patients that would have been admitted to HCH for AMI services had an AMI unit been available. Mount Sinai Hospital (MSH) is HCH's sister hospital, with both being operated by Sinai Health System. MSH is located 6.5 miles to the north of HCH (18 minute drive).

Service Access

The applicants stated in the original application:

“in addition, three of the area's largest (in terms of number of beds) AMI providers are UHS Riveredge Hospital (210 beds), UHS Hartgrove Hospital (160 beds), and UHS Garfield Park Hospital (88 beds). All three are owned by Universal Health Services, Inc.; and all three have restrictions on their admissions that diminish accessibility for HCH patients. Consistent with the medical/surgical patient population of HCH, the proposed AMI service is anticipated to treat only adult-and older adult patients. In addition, the communities traditionally served by HCH have a disproportionately high percentage of Medicaid recipients. UHS Garfield Park Hospital limits its admissions to the 10-17 year old age group (statement from website attached); and while UHS Riveredge and UHS Hartgrove provide adult services; as freestanding psychiatric hospitals, they are not able to accept most adult Medicaid recipients. Therefore, there are 448 area AMI beds with limited accessibility for the anticipated patient population. Similar to UHS Garfield Park Hospital, Roseland Community Hospital in its Certificate of Need application (08-055), described their program as being limited to children and adolescents, and therefore is not -accessible to the vast majority of patients seen at HCH. Additionally, South Shore Hospital has described its AMI unit as a geropsychiatry unit, and therefore again, access is limited. Lastly, it is noted that Madden Mental Health Center, Hines, reports having a policy to accept all AMI patients, but does not usually admit geriatric psychiatric patients. ”

The State Board Staff Notes that UHS Hartgrove and UHS Riveredge reported \$26,466,967 and \$16,313,403 in Medicaid Revenue in CY 2012 to the State Board. These hospitals can accept Medicaid Patients **under the age of 22** and over the age of 65.

It is also noted the Illinois Department of Healthcare and Family Services (HFS) is moving more persons into managed care contracts. The managed care companies (MCOs) do not have the same restrictions that disallow them from admitting Medicaid recipients into private psychiatric hospitals. Persons on Medicaid who are enrolled with MCOs can be admitted to private psychiatric hospitals like Riveredge or Hartgrove if those hospitals have contracts with the MCOs. Riveredge also has a contractual relationship with HFS for a federal pilot project to take certain persons (adults) between the ages of 22-65 with Medicaid coverage. According to the applicants Riveredge Hospital, Hartgrove Hospital, Garfield Park Hospital and Streamwood Behavioral Health Hospital are on DCFS hold at the present time.

The applicants provided a **study** for the time period (March 1, 2014 through May 31, 2014) of the number of patients transferred from Holy Cross Hospital and the

difficulty experienced when transferring patients to an AMI unit. **The applicants stated the following:**

“an AMI unit at Holy Cross Hospital is needed to address the continued difficulties experienced by Holy Cross patients in accessing inpatient AMI services. These difficulties are exacerbated for the financially disadvantaged component of the hospital's patient population, which is a substantial number of patients. Below is identified the current payer mix of Holy Cross ED patients transferred to another hospital for admission to an inpatient AMI unit:

- Medicaid – 57.5%*
- Charity/Self Pay – 16.2%*
- Medicare -16.2%*
- Commercial Insurance 8.4%*
- VA -1.67%*

As can be seen from the table above, Medicaid recipients represent over half of the patients transferred for inpatient AMI care, and when combined with charity care or unfunded" patients, represent three of every four patients. While area hospitals claim-and in some cases have testified during an IHFSRB hearing that they will accept AMI patients from Holy Cross-actual experience tells a different story. In order to document for the IHFSRB the difficulties experienced on a day-to-day basis in the Holy Cross Hospital ED when a patient needs to be transferred to another hospital's AMI unit, a three-month study was undertaken to confirm the difficulties and to rebut the statements of the opposition hospitals. During the period March-May 2014 a total of 179 patients were transferred to another hospital's AMI unit, with the following findings:

- the average delay (the period from the decision to transfer a patient to the patient leaving the ED) was 9.32 hours*
- the average delay for transferred charity care/unfunded patients was 13.92 hours*
- 16.9% of transferred patients experienced delays of 12+ hours*
- 47% of the transferred patients experienced delays of 8+ hours*
- the hospitals that have opposed the project rarely accepted Holy Cross AMI patients:*
 - o South Shore Hospital was contacted on 45 patients and accepted 1*
 - o St. Bernard Hospital was contacted on 40 patients and accepted 0*
 - o Loretto Hospital was contacted on 27 patients and accepted 4*
 - o Mercy Hospital was contacted on 22 patients and accepted 1*
 - o St. Anthony Hospital was contacted on 5 patients and accepted 0*
- in total, these "opposition" hospitals identified above were contacted 139 times and accepted 6 patients”*

TABLE SEVEN					
Results of Study by Facility					
Facilities	Approved Beds	Occ. %	Hospital Inquiries	Patients Accepted	% Accepted/ Hospital Inquiries
Mount Sinai Hospital	28	84.17%	117	22	18.80%

TABLE SEVEN					
Results of Study by Facility					
Facilities	Approved Beds	Occ. %	Hospital Inquiries	Patients Accepted	% Accepted/Hospital Inquiries
Jackson Park Hospital	86	58.42%	54	9	16.67%
South Shore Hospital	15	0.00%	45	1	2.22%
MacNeal Hospital	62	79.03%	44	31	70.45%
St. Bernard Hospital	40	81.90%	40	0	0.00%
Riveredge Hospital	210	54.79%	33	19	57.58%
Loretto	76	43.17%	27	4	14.81%
Mercy Hospital and Medical Center	24	68.45%	22	1	4.55%
Chicago Lakeshore Hospital	146	55.58%	18	17	94.44%
Hartgrove Hospital	150	74.83%	20	11	55.00%
Methodist Medical Center	62	89.52%	16	15	93.75%
Norwegian America Hospital	37	83.68%	10	8	80.00%
Adventist Glen Oaks Hospital	61	89.23%	5	1	20.00%
St. Mary Elizabeth Hospital	25	32.38%	4	2	50.00%
St. Anthony Hospital	42	76.31%	5	0	0.00%
Kindred North	31	75.48%	4	3	75.00%
Garfield Park Hospital	88	0.00%	3	3	100.00%
University of Illinois Medical Center	53	71.57%	2	1	50.00%
Advocate Christ Medical Center	37	90.04%	1	0	0.00%
Streamwood Behavioral Health	162	65.31%	1	1	100.00%
Louis Weiss Memorial Hospital	26	42.67%	1	0	0.00%
Ingalls Memorial Hospital	68	66.44%	1	0	0.00%
Rush University Medical Center	70	63.27%	1	0	0.00%
St. Joseph Hospital	34	73.82%	1	1	100.00%
Swedish Covenant Hospital	34	57.07%	1	0	0.00%
Total	1667	62.38%	476	150	31.51%
VA Hospital			3	1	33.33%
Madden Mental Health	173		28	28	100.00%
Total	1840		507	179	35.31%
<ol style="list-style-type: none"> 1. VA Hospital is a federal facility the State Board does not have jurisdiction 2. Madden Mental Health Center is considered a specialized mental health facility. 3. South Shore and Garfield Hospital no data was reported for 2012. Both were operational in 2013 4. Number of beds and utilization taken from 2012 Hospital Profiles 					

Summary

The State Board’s Inventory Update estimated a calculated excess of 76 AMI beds in the 6A-03 planning area by CY 2015. This calculation is based upon the historical AMI usage rate in the planning area times the 2015 projected population and assumes that that all existing AMI beds (facilities) are operating at the target occupancy of 85%. The calculation also assumes that all approved beds are set-up and staffed, and hospitals will accept patients.

From the referral letters provided by the applicants and the study performed by the applicants it appears there is demand for the AMI service in this planning area and that the proposed project will serve the residents of the planning area. There is no absence of service within the planning area and no evidence of restrictive admission policies of existing providers has been provided. However based upon the study cited above the applicants have documented that barriers exist for patients treated in the Holy Cross emergency room. Furthermore Holy Cross Hospital is located within a Federally Designated Medically Underserved Area serving a medically underserved population.

To ascertain whether a service access issue exists all facilities within 45 minutes of the proposed project must be at the target occupancy of 85%. There are 30 hospitals with 1,702 acute mental illness beds within 45 minutes of Holy Cross Hospital. Of these 30 hospitals 4 hospitals are at the State Board’s target occupancy of 85%. (Northwestern Memorial Hospital, Presence Saint Mary of Nazareth Hospital, Presence St. Elizabeth Hospital, and Adventist Hinsdale Hospital- see table below). Average occupancy of the 30 hospitals is 62.55%. There are three facilities that reported no utilization in CY 2012 (South Shore Hospital, Garfield Park Hospital, and Metro South Medical Center). Removing these three hospitals the average occupancy of the 27 hospitals would be 69.50% with a total bed capacity of 1,585 AMI beds.

Based upon the information furnished by the applicant there appears to be a demand for the AMI service. Because all facilities within 45 minutes are not at target occupancy there is not an access issue in this 45 minute area. Finally, the State Board Inventory notes a calculated excess of 76 AMI beds in the planning area and therefore a positive finding cannot be made.

THE STATE BOARD STAFF FINDS THE PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE BED NEED DETERMINATION CRITERION. – REVIEW CRITERION (77 IAC 1110.730 (B)).

ITABLE EIGHT						
Facilities within 45 minutes of Holy Cross Hospital						
Facility	City	AMI Planning Area	AMI Beds	Adjusted Time	Utilization	Met State Standard
St. Bernard Hospital	Chicago	6A-03	40	13.75	81.90%	No
Advocate Christ Hospital and Medical Center	Oak Lawn	6-7A-04	39	16.25	63.30%	No
Little Co. of Mary Hospital and Health Care Ctr.	Evergreen Park	6-7A-04	24	16.25	52.30%	No
Jackson Park Hosp. Foundation	Chicago	6A-03	86	21.25	58.40%	No
St. Anthony Hospital	Chicago	6A-02	42	23.75	76.30%	No

**ITABLE EIGHT
Facilities within 45 minutes of Holy Cross Hospital**

Facility	City	AMI Planning Area	AMI Beds	Adjusted Time	Utilization	Met State Standard
Mercy Hospital & Medical Center	Chicago	6A-03	39	25	42.10%	No
Mount Sinai Hospital Medical Center	Chicago	6A-02	28	26.25	84.20%	No
Roseland Community Hospital	Chicago	6A-03	30	27.5	34.40%	No
South Shore Hospital	Chicago	6A-03	15	27.5	0.00%	No
MacNeal Memorial Hospital	Berwyn	7A-06	62	28.75	79.10%	No
MetroSouth Medical Center	Blue Island	6-7A-04	14	28.75	0.00%	No
University of Illinois Hospital	Chicago	6A-02	53	28.75	71.60%	No
Rush University Medical Center	Chicago	6A-02	70	28.75	63.30%	No
Palos Community Hospital	Palos Heights	6-7A-04	43	31.25	43.10%	No
Northwestern Memorial Hospital	Chicago	6A-01	29	32.5	93.70%	Yes
Loretto Hospital	Chicago	6A-02	76	33.75	43.20%	No
Garfield Park Hospital	Chicago	6A-02	88	33.75	0.00%	No
Norwegian American Hospital	Chicago	6A-02	37	33.75	83.70%	No
Hartgrove Hospital	Chicago	6A-02	150	35	74.80%	No
Presence Saint Mary Of Nazareth Hospital	Chicago	6A-02	120	35	87.90%	Yes
Ingalls Memorial Hospital	Harvey	6-7A-04	68	36.25	66.40%	No
Presence St. Elizabeth's Hospital	Chicago	6A-02	40	36.25	89.70%	Yes
Riveredge Hospital	Forest Park	7A-06	210	37.5	55.30%	No
Presence Saint Joseph Hospital	Chicago	6A-01	34	38.75	80.00%	No
Adventist Hinsdale Hospital	Hinsdale	7A-05	17	40	87.10%	Yes
Thorek Memorial Hospital	Chicago	6A-01	22	41.25	84.00%	No
Louis A. Weiss Memorial Hospital	Chicago	6A-01	10	41.25	80.80%	No
Aurora Chicago Lakeshore Hospital	Chicago	6A-01	146	41.25	55.60%	No
Advocate Illinois Masonic Medical Center	Chicago	6A-01	39	42.5	68.80%	No
Kindred Hospital Chicago North	Chicago	6A-01	31	45	75.50%	No

1. Time determined by MapQuest and adjusted per 1100.510 (d)
2. Utilization data taken from 2012 Hospital Profile
3. Garfield Park Hospital (#09-015) Facility licensed 2/11/2013 no data available
4. South Shore Hospital (#10-021) completed December 2012 no data available
5. Metro South Medical Center (#12-073) approved for a 14 bed AMI no data available.
6. State Board Target Occupancy for Acute Mental Illness Beds is 85%

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

- 1) **The applicant shall document that the project will not result in an unnecessary duplication.**

- 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.**
- 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.**

The applicants state the following: *“The proposed project will not result in a maldistribution of AMI services within the planning area. While the AMI bed:population ratio of the area approximates the average of the State, in metropolitan areas patients often access services outside of the IDPH-designated service area in which they reside, and Holy Cross Hospital has documented difficulties in accessing AMI beds for its patients at the hospitals in the planning area”*.

Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities or beds and services that exceeds one and one-half times the State Average.

There are approximately 4 AMI beds for every 1,000 individuals in the 6A-03 AMI planning area. The State Average is approximately 3.3 AMI beds for every 1,000 individuals. There does not appear to be an excess supply of AMI beds in the 6A-03 AMI planning area. Excess supply is determined based upon 1.5x the State of Illinois beds to population ratio.

Unnecessary Duplication of service occurs when two or more facilities or programs are engaged in the same activities or provide the same services within the 30 minute service area. There are 13 facilities within 30 minutes with 542 acute mental illness beds of Holy Cross Hospital that provide AMI service. None of these facilities are operating at the target occupancy of 85%. The average occupancy of these 13 facilities is 54.38%. If the two facilities that reported no utilization the average occupancy would be 60.99%. It appears that a duplication of service will result with the establishment of this service

Impact on Other Facilities: It also appears that the establishment of this category of service will have an impact on other facilities within 30 minutes of the proposed category of service. As can be seen by the table the biggest impact will be on Mt. Sinai Hospital Medical Center. However because Mt. Sinai is the co-

applicant on this application it is expected the same referrals will continue should this project be approved.

TABLE NINE

Facilities within 30 minutes of proposed category of service and impact on other providers if project approved

Facility	City	AMI Planning Area	Adjusted Time	AMI Beds	1 CY 2012 Utilization	2 Utilization if Project Approved	Difference Column 2-1	Met State Standard
Mount Sinai Hospital Medical Center	Chicago	6A-02	26.25	28	84.20%	70.52%	-13.68%	No
Company of Mary Hospital and Hlth Care Ctr.	Evergreen Park	6-7A-04	16.25	24	52.30%	45.02%	-7.28%	No
Advocate Christ Hospital and Med. Ctr.	Oak lawn	6-7A-04	16.25	39	63.30%	59.10%	-4.20%	No
St. Bernard Hospital	Chicago	6A-03	13.75	40	81.90%	76.78%	-5.12%	No
University of Illinois Hospital	Chicago	6A-02	28.75	53	71.60%	68.99%	-2.61%	No
St. Anthony Hospital	Chicago	6A-02	23.75	42	76.30%	74.56%	-1.74%	No
Rush University Medical Center	Chicago	6A-02	28.75	70	63.30%	62.51%	-0.79%	No
MacNeal Memorial Hospital	Berwyn	7A-06	28.75	62	79.10%	78.64%	-0.46%	No
Jackson Park Hosp. Foundation	Chicago	6A-03	21.25	86	58.40%	58.31%	-0.09%	No
Mercy Hospital & Medical Center	Chicago	6A-03	25	39	42.10%	42.10%	0.00%	No
Roseland Community Hospital	Chicago	6A-03	27.5	30	34.40%	34.40%	0.00%	No
South Shore Hospital	Chicago	6A-03	27.5	15	0.00%	0.00%	0.00%	No
MetroSouth Medical Center	Blue Island	6-7A-04	28.75	14	0.00%	0.00%	0.00%	No

1. Time determined by MapQuest and adjusted per 1100.510 (d)
2. Utilization data taken from 2012 Hospital Profile
3. Garfield Park Hospital (#09-015) Facility licensed 2/11/2013 no data available
4. South Shore Hospital (#10-021) completed December 2012 no data available
5. Metro South Medical Center (#12-073) approved for a 14 bed AMI no data available
6. State Board Standard is 85% for Acute Mental Illness Category of Service

THE STATE BOARD STAFF FINDS THE PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE UNNECESSARY DUPLICATION/MALDISTRIBUTION CRITERION. – REVIEW CRITERION (77 IAC 1110.730 (C)).

D) Criterion 1110.730 (e) - Staffing Availability

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 acute mental illness (AMI) category of service will be staffed consistent with, and in many cases above, all licensure and Joint Commission requirements; and will operate in a coordinated manner with Sinai Health System's existing AMI unit, located at Mount Sinai Hospital as well as the outpatient programs offered by Sinai Health System. The Holy Cross and Mount

Sinai programs will operate with common clinical and administrative leadership, and the potential exists for certain clinical staff to relocate from the Mount Sinai program to the proposed service. It is not anticipated that any difficulties will be encountered in the hiring of well-qualified staff for the proposed service. Sinai Health System operates a broad spectrum of mental health services, and has many employees residing in the neighborhoods surrounding Holy Cross Hospital. Available employment positions will initially be made known to current Sinai Health System staff, after which normal means of advertising openings, including professional journals and local newspapers will be used, with the initial staff being in place 2-4 weeks prior to the service's acceptance of patients. It appears that the applicants will be able to sufficiently staff the proposed facility.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE STAFFING CRITERION. – REVIEW CRITERION (77 IAC 1110.730 (E)).

E) Criterion 1110.730(f) - Performance Requirements – Bed Capacity Minimums

- 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 50 bed AMI unit. The applicants have met the performance requirement.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PERFORMANCE REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1110.730 (F)).

F) 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 provided the necessary letter attesting that by the second year of operation after project completion the applicant will achieve and maintain the occupancy standard of 85%.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE ASSURANCES REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1110.730 (G)).

SECTION 1120 – FINANCIAL

XI. Section 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 applicant is funding the project through internal resources. A review of Sinai Health System's FY 2013 audited financial statements would indicate that it appears sufficient resources are available to fund the project. Sinai Health System reported \$11.0 million in cash and cash equivalents as of June 30, 2013.

The FY 2013 audited financial statement reported: Effective January 16, 2013, the Sinai Health System became the sole member of Holy Cross Hospital and affiliate. The fair value of assets acquired exceeded liabilities assumed resulting in an inherent contribution of \$117,739,000 which is recorded as an inherent contribution received in acquisition of business in the consolidated statement of operations and changes in net assets for the year ended June 30, 2013. The seller was willing to accept minimal consideration for Holy Cross Hospital as they felt becoming part of the Sinai Health System would enhance the ability of Holy Cross Hospital to continue to operate as a Catholic hospital and to continue to serve the needs of the residents in the community. In addition, it was anticipated that this business combination would increase Holy Cross Hospital's access to physician and medical services. Transaction costs totaled \$400,000 and were incurred primarily for legal and consulting services. The operating results of Holy Cross Hospital for the period January 16, 2013 to June 30, 2013 included total unrestricted revenue of \$50,966,000, an operating loss of \$355,000 and excess of deficit over expenses of \$429,000.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1120.120).

XII. Section 1120.130 - Financial Viability

The applicant shall document that they are financial viable.

The applicants qualified for the financial waiver by funding the project from internal sources. A review of Sinai Health System's FY 2013 audited financial statements would indicate that it appears sufficient resources are available to fund the project.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL VIABILITY

REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1120.130).

XIII. Section 1120.140 - Economic Feasibility – Review Criteria

- A. Criterion 1120.140 (a) - Reasonableness of Financing Arrangements**
The applicant shall document the reasonableness of financing arrangements.

No debt is being incurred to fund this project. A review of Sinai Health System's FY 2013 audited financial statements would indicate that it appears sufficient resources are available to fund the project.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF FINANCING ARRANGEMENTS REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1120.140(a).

- B) Criterion 1120.140 (b) - Conditions of Debt Financing**
The applicant shall document that the conditions of debt financing are reasonable.

No debt is being incurred to fund this project. A review of Sinai Health System's FY 2013 audited financial statements would indicate that it appears sufficient resources are available to fund the project.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE CONDITIONS OF DEBT FINANCING REQUIREMENTS CRITERION. – REVIEW 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 are in compliance with State Board Standards.

Preplanning Costs – These costs are \$115,000 and are 1.5% of modernization contingencies and movable equipment. This appears reasonable when compared to the State Board Standard of 1.8%.

Modernization Costs and Contingencies – These costs are \$6,864,000 and are \$294.99 per GSF. This appears reasonable when compared to the State Board Standard of \$295.61.

Contingencies Costs – These costs are \$600,000 and are 9.57% of modernization costs. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural and Engineering Fees – These costs are \$618,000 and are 9.00% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 6.22-9.34%

Consulting and Other Fees – These costs are \$100,000. The State Board does not have a standard for these costs.

Movable of Other Equipment – These costs are \$794,850. The State Board does not have standard for these costs.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT AND RELATED COSTS REQUIREMENTS CRITERION. – REVIEW 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 projected operating costs per equivalent patient day are \$3,201.98. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECTED OPERATING COSTS REQUIREMENTS CRITERION. – REVIEW 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 total effect of the project on capital costs per equivalent patient day is \$259.19. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS REQUIREMENTS CRITERION. – REVIEW CRITERION (77 IAC 1120.140(d)).