

THE CARLE FOUNDATION

611 W. Park Street | Urbana, IL 61801



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Via Federal Express

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Kathryn Olson
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

**Re: The Carle Foundation Hospital (Proj. No. 14-015)
Comment to the State Agency Report**

Dear Ms. Olson:

Pursuant to Section 6(c-5) of the Illinois Health Facilities Planning Act (the "Planning Act"), I am submitting this comment to the State Board Report on behalf of Carle Foundation Hospital ("Carle"). This letter provides an overview of the basis for approval of the Carle CON permit application to build out shell space on the 9th floor of its newly established bed tower and add 48 beds to its existing medical-surgical bed complement ("Phase 2 of Campus Modernization Project" or "Phase 2").

Phase 2 of the Campus Modernization Project arises from Carle's previously approved project to construct a nine floor bed tower on the main Carle hospital campus, Project Number 08-013, ("Phase 1 of Campus Modernization Project" or "Phase 1"). Phase 1 provided for completion of eight floors of a new bed tower and construction of a ninth floor core and shell. As required by Health Facilities and Services Review Board ("HFSRB") rules and stated in the Phase 1 CON permit application, Carle anticipated filing a CON application for the build out of the ninth floor this year. Consistent with that projected timeline, on April 21, 2014, Carle filed a CON application for the Campus Modernization Project – Phase 2.

Phase 2 should be approved based on its substantial conformance with the applicable standards and criteria of the Planning Act (20 ILCS 3960 et seq) and 77 Illinois Administrative Codes 1110 and 1120. Phase 2 conforms to all but one HFSRB review criterion. The State Board Report confirms the Carle historical utilization and growth trend for medical/surgical patient days justify the number of additional beds related to Phase 2. The proposal is short of 100% compliance with the HFSRB rules based only on the fact some other providers with less specialized medical staffs and care units have empty beds. Importantly, there is no provider whose capabilities and medical staff specialization are equivalent to Carle's in the Planning

Area. Carle is the sole tertiary care provider for a 40 county area of East Central Illinois and the hub for the delivery of care to a large network of community hospitals and critical access volumes as evidenced by the support letters filed by other hospitals in the region that transfer patients to Carle for specialized services.

The Phase 2 CON application fully discusses why the project should be approved notwithstanding an excess of beds in the planning area. See Attachment – 1. In summary, Carle has experienced unprecedented growth over the past three years due, in part, to its position as a regional tertiary care hospital for East Central Illinois and its regional partnerships and affiliations. This growth is anticipated to continue for the foreseeable future as Carle continues to innovate to adapt to the changing landscape and challenges facing hospitals in this country, including developing and implementing value-based purchasing capabilities and new market strategies.

This project considers all of the relevant criteria: (1) projected impact on the total health care expenditures in the facility and community; (2) consistency with the public interest; and (3) consistency with the orderly and economic development of health care facilities. (See 20 ILCS 3960/6(d)). Accordingly, it addresses the fundamental objectives of the Planning Act. Carle recognizes some shifts in the market are occurring due to Carle's ability to treat higher acuity of patients and to provide a range of care based on the specialization of its medical staff. Protecting a competitor's market position, however, is not within the purview of the HFSRB. See Provena Health and Provena Hospitals v. Illinois Health Facilities Planning Board et al., 886 N.E.2d 1054 (Ill. App. Ct. 2008).

Based on the project's substantial compliance with the applicable HFSRB rules, the Campus Modernization Project - Phase 2 should be approved.

Sincerely,



Stephanie Beever, RN, MS
Senior Vice President,
System Strategic Development

Attachment