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July 24, 2014

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Via Overnight Courier

Kathryn J. Olson, Chair
Illinois Health Facilities and Service Review Board
525 W. Jefferson, Second Floor
Springfield, IL 62761

RECEIVED
JUL 25 2014
**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Carle Foundation Hospital, Project 14-015

Dear Ms. Olson:

This letter confirms that Carle Foundation Hospital (“Carle”) will appear at the next Illinois Health Facilities and Services Review Board (the “Board”) meeting scheduled for August 27, 2014 to have the above-referenced proposal considered. Carle’s pending proposal is critical to ensure continued access to residents in the immediate planning area and to residents in other communities in East Central Illinois. As the hospital has continued to develop its tertiary capabilities and specialization on its medical staff, utilization of the hospital’s medical/surgical services is rising. Comparing admissions to Carle’s medical/surgical department last month to one year ago, June 2014, Carle experienced more than a 17% increase in medical/surgical admissions from 1,384 medical/surgical admissions in June 2013 to 1,628 admissions in June 2014.

Carle appreciates your support of this project. We hope when the project is reconsidered, it will obtain the fifth vote required for approval. We believe the application we submitted along with support letters and hearing testimony fully describes the basis for approval of this project. As you know, as strategies to reduce hospitalizations are implemented, the trend is for hospitalized patients to have more complex medical needs and a higher level of acuity than they had in the past. The referral of patients to Carle isn’t just a matter of patient choice but the other hospitals in the area (which typically technically have open beds) are consistently referring cases from their facilities to Carle for a higher level of care. In 2013, the two Presence hospitals in the area referred 1,198 of such cases for admission to Carle.

Carle stands behind its commitment to treat patients regardless of their ability to pay. To reiterate, Carle’s charity care policy is available to patients for both hospital services as well as for physician services in both the inpatient and ambulatory clinic settings. We believe this



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policy, which ensures access to specialists for those who cannot afford to pay, is nearly unparalleled in the State.

We have attached the response to the State Agency Report which we submitted on July 2, 2014. This submission articulated the basis for approval of this project and we ask that the Board members adopt it when voting in favor of the project at the August 27, 2014 hearing.

Sincerely,

A handwritten signature in cursive script that reads "Kara Friedman".

Kara M. Friedman

Enclosure

Cc: James Leonard, CEO, Carle Foundation Hospital

061860 / 407034

THE CARLE FOUNDATION

611 W. Park Street | Urbana, IL 61801



June 30, 2014

RECEIVED

Via Federal Express

JUL 02 2014

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

Attachment 1

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements Criterion 1110.230(b) – Background, Purpose of the Project, and Alternatives

Purpose of Project

1. The purpose of this project is to improve access to quality health care to patients in east central Illinois¹ to ensure their medical needs are met close to home. CFH is a 345 bed tertiary care hospital, a Level 1 trauma center, a primary stroke center, and a Level III Perinatal Center. It is a safety net hospital for the region, and is an IDPH designated Regional Hospital Coordinating Center.

The medical/surgical unit currently consists of 212 beds. The Applicants request authorization from the State Board to add 48 medical/surgical beds to its existing complement for a total of 260 medical/surgical beds to alleviate high current and projected utilization. As shown in Table 1110.230(b)(1) below, 2013 medical/surgical bed utilization exceeded the State Board's 90% utilization standard. Furthermore, medical/surgical patient days have increased 26.6% over the past three years, with the most significant growth occurring between 2011 and 2013. The Applicants project this growth will continue in the future. Without additional medical/surgical beds, the need will exceed the current medical/surgical bed complement.

Year	Authorized CON Beds	Admissions	IP Days	Obs Days	Total Days	Annual Growth ²	CON Occupancy
2010	205	13,739	55,733	891	56,624	N/A	75.7%
2011	205	13,160	57,966	1,171	59,137	4.4%	79.0%
2012	212	15,074	63,877	2,224	66,101	11.8%	85.4%
2013	212	15,098	66,989	4,694	71,683	8.4%	92.6%

2. A map of the CFH service area is attached at Attachment – 12. CFH serves a 28 county region extending from Kankakee County in the north to Richland County in southern Illinois and as far west as Decatur and east into western Indiana.
3. The growth in medical/surgical bed utilization is attributed to several factors, which the Applicants anticipate will continue for the foreseeable future. Importantly, CFH is a regional tertiary health care provider with physicians practicing in 50 specialties. As such, there is no equivalent provider in any of the 4 or 5 planning areas and only one other in Springfield in the E-1 planning area. As noted above, CFH is the only Level I Trauma Center in the region, a primary stroke center and a Level III perinatal center. In the absence of CFH, patients would need to travel to Chicago, Springfield, Peoria, or St. Louis to access the specialized health care offered at CFH. To expand access to its high quality health care services, CFH has developed regional partnerships and affiliations with hospitals, like the affiliation with Hoopston Regional Medical Center (Proj. No. E-002-12), which the State Board approved in July 2012. These partnerships and affiliations provide residents of CFH's vast service area with the resources of a large health care provider, including highly qualified specialists, advanced technology and improved coordination of care, in their local community. Additionally, CFH established a Regional Outreach Services team, which collaborates with regional providers to better understand their specific needs, streamlines care coordination, facilitates physician to physician consultations as well as provides optimized paths for patient transfer to higher levels of care at CFH. Finally, Carle Direct allows unaffiliated CFH

¹ A small portion of the CFH service area includes a portion of western Indiana.

physicians to transfer patients to CFH when specialized or a higher level of care is required. CFH physicians are on call around the clock. These partnerships and programs have resulted in increased patient transfers and in-migration of patients from well outside CFH's planning area (D-01).

CFH is a tertiary care facility providing an advanced and complex level of medical care. It is a Level I trauma center, a primary stroke center, and Level III perinatal center. CFH provides a level of specialized care unparalleled in the region. As a result, CFH treats higher acuity patients with longer average lengths of stay ("ALOS"). Given the large number of high acuity patients served by CFH, beds do not turnover as quickly as lower acuity patients, which reduces the number of available beds and increases utilization. As the only hospital in the region providing specialized services, such as neuroscience services, cardiovascular services, various leading-edge technologies and advanced cancer treatments, CFH will continue to attract higher acuity patients requiring specialized care, which will contribute to increasing utilization in the future.

Another factor affecting the medical/surgical utilization is the tremendous growth in emergency department ("ED") volumes, which precipitated the 17 station expansion of the CFH ED (Proj. No. 12-071). As previously noted, CFH is the only Level I Trauma Center in the region. Accordingly, CFH treats patients with the most serious injuries and illnesses throughout east central Illinois and western Indiana. As shown in Table 1110.230(b)(3) the need for trauma and emergency services in the CFH service area has increased over the past three years with a 16% increase in trauma visits from 2010 to 2013 and 15% increase in emergency visits over the same period. This has resulted in an 11% increase in admits from the ED from 2010 to 2013. As the need for trauma services continue to grow, CFH anticipates increased numbers of inpatient admissions from the ED.

Year	Trauma Visits	Trauma Admits	Emergency Visits	Emergency Admissions	Total ED Visits	Total ED Admits
2010	926	799	60,655	8,423	61,581	9,222
2011	1,002	861	64,417	8,509	65,419	9,370
2012	1,120	938	69,013	9,311	70,133	10,249
2013	1,079	826	69,725	9,428	70,804	10,254

4. Sources

Illinois Health Facilities and Services Review Board, Individual Hospital Profiles 2008-2012 available at http://hfsrb.illinois.gov/HospProf_ABR.htm (last visited Mar. 18, 2014).

5. As discussed in greater detail above, medical/surgical utilization has increased 26.6% over the last three years with the most significant growth occurring within the past two years. Much of the growth is attributed to CFH's position as the only highly specialized tertiary care hospital in east central Illinois. Due in large part to partnerships, affiliations and outreach efforts designed to increase access to specialized health care offered at CFH, medical/surgical bed utilization has increased to a point where CFH will not be able to meet all of the medical needs of patients residing in east central Illinois without adding medical surgical beds. As shown, in Table 1110.230(b)(5), assuming historical growth rates remain unchanged, demand is projected to exceed the current bed complement by the end of 2014. Accordingly, the proposed beds are needed to maintain access to high quality health services to patients residing in CFH's service area.

Table 1110.230(b)(3) Projected Medical/Surgical Bed Utilization					
	Authorized CON Beds	Proposed CON Beds	Total Patient Days	CON Occupancy Authorized Beds	CON Occupancy Proposed Beds
Projected 2014	212	260	78,038	101%	82%
Projected 2015	212	260	84,393	109%	89%
Projected 2016	212	260	90,747	117%	96%

As can be discerned from the projected data, if the growth trend continues, CFH would expect to request to add more medical/surgical beds in 2016.