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August 15, 2014

HEALTH FACILITIES & SERVICES REVIEW BOARD

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

RE: Project 14-015
The Carle Foundation Hospital
Response to Errors in Findings

Dear Ms. Avery:

I am writing to respectfully point out two errors in the State Board Staff Report (SBSR) for the above referenced project: 1) The use of observation days in the calculation for Medical/Surgical bed utilization, resulting in a material overstatement of the number of justified beds and 2) The lack of referral letters from physicians as required by Section 1110.530.c "Expansion of Existing Services"

Specifically, we believe that the following statement in the "Conclusion" section (page 4) of the SBSR is in error: "Historical utilization justifies 219 beds at the State Board target occupancy rate of 90%." In fact, however, the 219 "justified" beds calculated by the SBSR were based on an inappropriate combination of medical/surgical AND observation patient days of care provided by Carle in 2013. Observation days should not be included in a determination of compliance with the above-referenced criterion.

The correct calculation for the determination is shown below:

Year	2009	2010	2011	2012	2013
Number of Licensed Beds	195	205	205	212	212
Inpatient Days*	50,740	55,733	57,966	63,877	66,989
Percent Occupancy Rate*	71.29%	74.48%	77.47%	82.55%	86.57%
Number of Beds Justified at 90%	154	170	176	194	205

* Note: Inpatient Days do not include Observation Days

In addition, the applicant fails to meet the board's criteria for Expansion of Existing Services. Section 1110.530 categorizes projects involving medical/surgical beds as: 1) Establishment of Services or Facility, 2) Expansion of Existing Services, or 3) Category of Service Modernization. Because 48 beds will be added to Carle's existing medical/surgical service through the proposed project, the project represents an "Expansion of Existing Services". Subsections 1110.530.c)4)B and C address the requirement to document projected referrals through either the providing of "referral" letters from physicians or the documentation of rapid population growth in the existing market area for projects proposing the "Expansion of Existing Services". These important criteria were not addressed by the applicant, though the applicant is



projecting an increase of 14,461 medical/surgical patient days between 2013 and 2016. The applicant did not provide physician referral letters or evidence of rapid population growth, which means the Board has no way to identify where the incremental 39.6 patients a day will come from and what impact the proposed project will have on area providers.

Thank you for the opportunity to provide these comments on behalf of Presence Health.

Sincerely,

A handwritten signature in black ink that reads "Jeannie C. Frey". The signature is fluid and cursive.

Jeannie Carmedelle Frey
Chief Legal Officer and General Counsel, Presence Health