



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>DOCKET NO:</b> I-02	<b>BOARD MEETING:</b> December 16, 2014	<b>PROJECT NO:</b> 14-040	<b>PROJECT COST:</b> Original: \$1,442,398
<b>FACILITY NAME:</b> NorthPointe Health & Wellness Campus Free- Standing Emergency Center		<b>CITY:</b> Roscoe	
<b>TYPE OF PROJECT:</b> Substantive			<b>HSA: I</b>

**PROJECT DESCRIPTION:** The applicant (Beloit Health System) proposes to establish a Free-Standing Emergency Center (FSEC), in Roscoe. The cost of the project is \$1,442,398. **The anticipated date of completion is December 15, 2017.**

The applicant received an Intent to Deny at the November 12, 2014 State Board Meeting. The applicant provided additional information on November 24, 2014. This information is attached to this report with the State Board Transcripts from the November 12, 2014 State Board Meeting. The State Board Staff made one change to the original State Board Staff Report. The applicants had mistakenly allocated a consulting cost to preplanning costs. This correction eliminated the finding regarding the criterion the 77 IAC 1120.140 (c) - Reasonableness of Project Costs.

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION:

- The applicant (Beloit Health System) proposes to establish a Free-Standing Emergency Center (FSEC) on the site of their existing Immediate Care Center, located at 5605 East Rockton Road, in Roscoe. The cost of the project is \$1,442,398. **The anticipated date of completion is December 15, 2017.**
- The proposed facility will be one of six FSECs located throughout the State, and it will be located in space currently operating as a satellite facility of Beloit Memorial Hospital's Emergency Department.

### 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, under criterion 77 IL Admin. Code Part 1110.3230.

### PURPOSE OF THE PROJECT:

- According to the applicants the purpose of the project is to improve the delivery of healthcare in the service area, by providing 24-hour a day, 7 day a week, access to Emergency services. The applicant notes the current travel time to the nearest Emergency Department (ED), is over 15 minutes. The applicant proposes to eliminate the excessive travel for said services in the area, by accepting ambulance transports, and shortening any excessive wait times often encountered at hospital-based EDs. The proposed FSEC will continue to operate as a division of Beloit Memorial Hospital's Emergency Department (ED). The applicant notes the proposed project will provide increased access for the residents of the service area through expanded hours, and reduced ambulance transport times for emergent cases.

### BACKGROUND:

- In December 2008, Beloit Health System submitted an application for project #08-103, NorthPointe Emergency Center. The project proposed to convert an existing an 8-station Immediate Care Center (ICC) to a Free Standing Emergency Center (FSEC). The 18,000 GSF facility was to be located at 5605 East Rockton Road, Roscoe, Illinois. Project cost: \$262,594.
- In February 2009, the applicant withdrew project #08-103, citing the need to "safeguard our community's resources in these uncertain and challenging economic times."
- The applicant continued operations at its current location as an Immediate Care Center (ICC).

### NEED FOR THE PROJECT:

- This project is a considered a necessary expansion and modernization of an existing health care facility's clinical services other than a category of service.
- The applicant cites the need for a 24-hour/7day per week, Emergency Department (ED), in the area. The ICC currently operates on a 12-hour, daily schedule.
- The applicant cites a need in the area for this facility to decrease ambulance transport times for patients with emergent medical needs. The applicant cites excessive travel times to area hospital EDs, as an imminent need for this project.

### PUBLIC COMMENT:

A public hearing was held on October 22, 2014, 2010. The meeting was held at 11:30am at the Roscoe Village Hall, 10631 Main Street, Roscoe. There were 43 individuals in attendance. 19 individuals testified in support of the project and 4 individuals testified in opposition.

**FINANCIAL**

- The applicant is funding this project with cash and securities. The applicant provided evidence of an A– Stable rating from FitchRatings Service(application, p. 110). The applicant also supplied Audited Financial Statements (application, p. 124), supporting the applicant’s attestation of financial viability.

**WHAT WE FOUND:**

- The applicant addressed a total of 14 criteria and did not meet the following:

<b>State Board Standards Not Met</b>	
<b>Criteria</b>	<b>Reasons for Non-Compliance</b>
1110.3230(b) – Service Accessibility	There appears to be underutilized ED categories of service in the 30-minute service area surrounding the proposed facility.
1110.3230(c) – Unnecessary Duplication/Maldistribution of Service	There are four facilities in the service area (30 minutes) that are underutilized. (See Table 5).

**STATE BOARD STAFF REPORT**  
**SUPPLEMENTAL**  
**NorthPointe Health & Wellness Campus**  
**Free Standing Emergency Center (FSEC)**  
**Project #14-040**

<b>APPLICATION CHRONOLOGY</b>	
Applicant	Beloit Health System, Inc.
Facility Name	NorthPointe Health & Wellness Campus Free-Standing Emergency Center
Location	Roscoe, Illinois
Application Received	August 22, 2014
Application Deemed Complete	August 28, 2014
Applicants' Modified the Project?	No
Applicants Received an ITD	November 12, 2014

**I. The Proposed Project**

The applicants are proposing to establish an eight station free standing emergency center (FSEC), in a 6,734 GSF of space in Roscoe. The proposed cost of the project is \$1,442,398.

**II. Summary of Findings**

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

**III. General Information**

The applicant is Beloit Health System, Inc. The operating entity licensee is Beloit Health System d/b/a Beloit Memorial Hospital. The proposed project will be located at 5605 East Rockton Road, Roscoe, on the site of an existing Immediate Care Center owned and operated by the applicant.

## **Planning Area**

The proposed project will be located in Winnebago County (HSA I) in the B-01 hospital planning area. HSA I consists of the Illinois Counties of Jo Daviess, Stephenson, Winnebago, Boone, Carroll, Ogle, DeKalb, Whiteside, and Lee. There are five general acute care hospitals, one rehabilitation hospital, and one Long Term Acute Care Hospital (LTACH) located in A-09 planning area. These hospitals are Rockford Memorial Hospital, OSF Saint Anthony Medical Center, Swedish American Hospital, Van Matre Rehabilitation Hospital, Katherine Shaw Bethea Hospital, Kindred Hospital, Sycamore, and Swedish American Medical Center.

Per 77 IAC 1110.40 this is a substantive project subject to both Parts 1110 and 1120 review. Project obligation will occur after permit issuance. The anticipated project completion date is December 15, 2017.

## **Summary of Support and Opposition Comments**

A public hearing was held on October 22, 2014, 2010. The meeting was held at 11:30am at the Roscoe Village Hall, 10631 Main Street, Roscoe. There were 43 individuals in attendance. 19 individuals testified in support of the project and 4 individuals testified in opposition.

### **IV. The Proposed Project - Details**

The applicant proposes to convert an existing Immediate Care Center (ICC), at its NorthPointe Health and Wellness campus in Roscoe, to a Free Standing Emergency Center (FSEC). The 6,734 GSF facility will not expand, but will remodel 1,180 GSF of this space, resulting in an 8-station facility that meets FSEC licensing criteria. The proposed project will actually be considered an establishment of a category of service (substantive), under Board rules, due the proposed establishment of an FSEC.

### **V. Project Costs and Sources of Funds**

Table One shows the project's source and use of funds. The project is being funded in its entirety with cash and securities totaling \$1,442,398. The State Agency notes the project has both clinical and non-clinical components. The applicants note there will be a minimal start-up cost of \$55,000, due to the project being more of a conversion from an Immediate Care Center. These costs are not capitalized and are not listed in Table One below.

<b>TABLE ONE</b>			
<b>Project Sources and Uses of Funds</b>			
<b>Use of Funds</b>	<b>Clinical</b>	<b>Non -Clinical</b>	<b>Total</b>
Preplanning	\$5,000	\$5,000	\$10,000
Site Survey/Soil Investigation	\$2,500	\$2,500	\$5,000
Site Preparation	\$0	\$2,100	\$2,100
Off Site Work	\$0	\$72,191	\$72,191
Modernization Contracts	\$219,657	\$649,404	\$869,061
Contingencies	\$21,966	\$64,940	\$86,906
A & E Fees	\$23,920	\$70,720	\$94,640
Consulting and Other Fees	\$53,000	\$19,500	\$72,500
Movable or Other Equipment	\$205,000	\$0	\$205,000
Other Costs to be Capitalized	\$12,500	\$12,500	\$25,000
<b>Totals</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>
<b>Source of Funds</b>			
Cash and Securities	\$543,543	\$898,855	\$1,442,398
<b>Total</b>	<b>\$543,543</b>	<b>\$898,855</b>	<b>\$1,442,398</b>

## VI. Cost Space Requirements

Table Two displays the project's cost/space requirements. The State Agency notes that approximately 62.3% of the project's cost is not subject to review since they are for non-clinical service areas or for other areas for which the State Board has not established review standards.

<b>TABLE TWO</b>							
<b>NorthPointe Health &amp; Wellness Campus FSEC – Cost/Space Requirements Summary</b>							
<b>Department</b>	<b>Cost (\$)</b>	<b>Exist. GSF</b>	<b>Proposed GSF</b>	<b>New Const GSF</b>	<b>Remodeled GSF</b>	<b>As is GSF</b>	<b>Vacated GSF</b>
<b>Clinical</b>							
FEC	\$543,543	6,734	6,734	0	1,180	5,554	0
<b>Clinical Total</b>	<b>\$543,543</b>	<b>6,734</b>	<b>6,734</b>	<b>0</b>	<b>1,180</b>	<b>5,554</b>	<b>0</b>
<b>Non Clinical</b>							
Helipad	\$68,314	0	0	0	0	0	0
Ambulance Pad	\$2,096	0	0	0	0	0	0
Sidewalk Access	\$1,781	0	0	0	0	0	0
Electrical Systems Upgrade	\$649,404	0	0	0	0	0	0
*Other Expense	\$177,260	0	0	0	0	0	0
<b>Non Clinical Total</b>	<b>\$898,855</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$1,442,398</b>	<b>6,734</b>	<b>6,734</b>	<b>0</b>	<b>1,180</b>	<b>5,554</b>	<b>0</b>

\*Attributed to Allocated Project Costs, see application, p. 43.

**VII. 1110.230 Purpose Safety Net Impact and Alternatives**

**A. Criterion 1110.230(b) – Purpose of the Project**

**The applicants 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 applicants shall define the planning area or market area, or other, per the applicants’ definition.**

The applicant states the proposed project will convert an existing Immediate Care Center (ICC), to a Free-Standing Emergency Center (FSEC). The proposed conversion will expand services to the region with increased access for both outpatient and ambulance traffic. In addition, decreased travel times will result for emergent care patients, and wait times that are considerably less than traditional Emergency Departments (EDs), will result. The applicant further notes the conversion to an FSEC will enhance the quality of care provided to the service area, by staffing the facility with ED trained physicians and clinicians.

**B) Criterion 1110.230 (b) Safety Net Impact**

The applicants stated the following *“Beloit Health System / Beloit Memorial Hospital is a safety net provider in the Southern Wisconsin, Northern Illinois state line region. The proposed project, to the degree it enhances market access by converting the NorthPointe ICC into an FSEC, will increase the System's capacity to provide essential safety net services within the region, in particular, facility-based emergency services. No significant impact on the other in-market emergency service providers is anticipated in that the projects scope is predicated on retaining existing ICC visits and converting the existing program to an FSEC on its NorthPointe Campus. Hence, no cross-substitution of safety Net services is expected. Discontinuation is not applicable to the proposed project.”*

TABLE THREE			
SAFETY NET INFORMATION			
Beloit Memorial Hospital <sup>(1)</sup>			
NET REVENUE	\$173,906,566	\$179,208,011	\$182,334,188
CHARITY CARE			
	2010	2011	2012
Charity (# of self-pay patients)			
Inpatient	118	94	91
Outpatient	1,510	1,269	945
Total	1,628	1,363	1,036
Charity Costs			
Inpatient	\$529,052	\$474,932	\$634,850
Outpatient	\$6,770,073	\$6,411,582	\$6,592,680
Total	\$7,299,125	\$6,886,514	\$7,227,530

<b>TABLE THREE</b>			
<b>SAFETY NET INFORMATION</b>			
<b>Beloit Memorial Hospital <sup>(1)</sup></b>			
NET REVENUE	\$173,906,566	\$179,208,011	\$182,334,188
% of Charity Costs to Net Revenue	4.20%	3.84%	3.96%
<b>MEDICAID</b>			
	2010	2011	2012
Medicaid (Patients)			
Inpatient	1,160	1,223	1,097
Outpatient	83,679	85,735	81,158
Total	84,839	86,958	82,255
Medicaid (Revenue)			
Inpatient	4,198,000	5,053,000	4,076,000
Outpatient	12,643,000	14,418,000	13,849,000
Total	16,841,000	19,471,000	17,925,000
% of Medicaid to Net Revenue	9.68%	10.87%	9.83%
<b>(1)</b> Information includes both Illinois and Wisconsin residents.			

**C) Criterion 1110.230(c) Alternatives to the Proposed Project**

**The applicants 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 applicants' considered the following alternatives:

**1. Joint Venture/Other Resources**

The applicant notes there are no other FSEC's in the service area to utilize or partner with. The applicant notes their ICC is the only healthcare facility suitable for transformation to an FSEC. The applicant identified no cost, and rejected this alternative.

**2. Expand ICC Hours to a 24/7, 365 Day Operation**

This alternative was rejected because while this option would improve patient access, it would do nothing for ambulance access, and the excessive travel times encountered for this population. In essence, this alternative would not serve the needs of a population that needs it most. The applicant identified no cost, and rejected this alternative.

**3. Develop a New 8-Station FSEC**

This alternative was rejected because it was too costly. While the construction of a separate FSEC would increase access, it would duplicate some services already offered at the ICC, and be more costly to operate. The applicant identified a cost of \$4,100,000 with this project.

#### **4. Modernize the Existing ICC**

The applicant chose this alternative, based on the improved access to care, greater quality of medical services, and the lowest cost of all alternatives listed. The proposed project will utilize existing space, increase access, and provide a higher level of medical services to a service area lacking such services. Cost of this alternative: \$1,442,398.

### **VIII. Section 1110.234 Project Scope and Size, Utilization and Unfinished/Shell Space**

#### **A) Criterion 1110.234 (a) - Size of Project**

**The applicants shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix B, unless the additional GSF can be justified.**

The applicant proposes to establish an 8-station FSEC in 6,734 GSF of space. The State Board standard for free standing emergency centers is 840-1170 bgsf/Treatment Station. This equates to 842 GSF per room (6,734 GSF/8 treatment room = 841.75 GSF per room). The applicants have met the requirements of this criterion.

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

#### **B) Criterion 1110.234 (b) - Project Services Utilization**

**The applicants shall document that, in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in Appendix B.”**

The applicants are proposing 8 rooms to be located at the proposed FSEC site, and are projecting 14,531 emergency visits in 2017, the second year of operation. Based upon the number of projected visits the applicants can justify the 8 rooms being requested.

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

**IX. Freestanding Emergency Center Medical Services**

**A) Criterion 1110.3230 (a) - Background of Applicants**

**An applicant must demonstrate that it is fit, willing and able, and *has the qualifications, background and character, to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6]**

The applicant is Beloit Health System, Inc. located at 1969 W. Hart Road, Beloit, Wisconsin. Beloit Health System, Inc. is a fully integrated healthcare provider with facilities in the Southern Wisconsin, Northern Illinois state-line region. It is comprised of Beloit Memorial Hospital, the Beloit Clinic, several satellite clinics in the region, and also assisted living facilities in Wisconsin and Illinois. The System has a regional cancer care center located in Wisconsin. Beloit Memorial Hospital is a 256 bed facility that includes a **Dialysis Center, Stateline Emergency Care Center, and Cancer Care Center**. In December 2007, the hospital opened a \$35 million new health and wellness campus in Roscoe, Illinois called **NorthPointe**. NorthPointe includes an Assisted Living Center (**NorthPointe Terrace**), Fitness Center, Immediate Care, Spa, Physician Clinic. Laboratory and imaging services are also provided at North/Pointe.

**B) Criterion 1110.3230(a)(4) - Target Utilization**

**The minimum operational capacity for each treatment station in an FEC is 5.5 patients per day (2,000 patient visits per year) based upon 24-hour availability.”**

The applicants provided a projection of 14,531 patients in FY 2017 for the 8 proposed treatment rooms; which equals 1,816 visits per room and meets the State Board’s target utilization of 2,000 patients per treatment room (14,531 treatments/8 rooms = 1,816). The applicants have met the requirements of this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TARGET UTILIZATION CRITERION 77 IAC 1110.3230 (a)(4)**

**C) Criterion 1110.3230(a)(5)(6) - Licensing**

**All projects for an FEC must comply with the licensing requirements established in the Emergency Medical Services (EMS) Systems Act [210 ILCS 50/32.5] including the requirements that the proposed FEC is located:**

- A) in a municipality with a population of 75,000 or fewer inhabitants;”**
- B) within 20 miles of the hospital that owns or controls the FEC; and**
- C) within 20 miles of the Resource Hospital affiliated with the FEC as part of the EMS system (Section 32.5(a) of the Emergency Medical Services (EMS) Systems Act).**

The proposed FSEC will be located in Roscoe, A community with a population of 10,680. The applicant notes the proposed facility will also serve Rockton (population: 7,613), and South Beloit (population: 7,773). Beloit Health System, Inc. and Beloit Memorial Hospital is the controlling hospital. It is located at 1969

West Hart Road, Beloit, and is located 8.9 miles away (12 minutes). Beloit Memorial Hospital is considered an Associate Resource Hospital. Rockford Memorial Hospital is the resource hospital. Rockford Memorial Hospital is located 14.5 miles (20 minutes) from the proposed facility. The applicants have certified to the requirements of this criterion. The applicants have met the requirements of this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REVIEW CRITERIA CRITERION 77 IAC 1110 3230 (a)(5)(6).**

Project Type	Required Review Criteria
Establishment of Service	(b)(1) – Planning Area Need – 77 Ill. Adm. Code 1100 Formula Calculation
	(b)(2) – Service to Area Residents
	(b)(3) – Service Demand for Establishment
	(b)(4) – Service Accessibility
	(c)(1) – Unnecessary Duplication of Services
	(c)(2) – Maldistribution
	(c)(3) – Impact on Other Providers
	(c)(4) – Request for Data from Other Providers
	(e) – Staffing Availability

**D) Criterion 1110.3230(b)(2) – Service to Area Residents**

**Applicants proposing to establish or expand an FECMS category of service shall document that the primary purpose of the project will be to provide necessary health care to the residents of the geographic service area (GSA), which is defined as 30 minutes travel time from the proposed FEC site.**

The applicant provided historical utilization data (application, p. 81) for the ICC, from residents of Roscoe, South Beloit, and Rockton. The applicant notes 63.2% of the entire patient base originated from these three municipalities in 2013. The applicant attests that enhanced licensure standards that will allow ambulance utilization, and extended service hours (24 hours/day, 365 days/year), will result in the proposed FSEC to reach its projected utilization standard for 2017.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AREA NEED CRITERION 77 IAC 1110 3230 (b)(2).**

**E) Criterion 1110.3230(b)(3) – Service Demand**

The criterion states:

**“3) Service Demand – Establishment of FECMS Category of Service**

**The applicant shall document that establishment of an FECMS category of service is necessary to accommodate the service demand experienced annually by the existing GSA (as defined in subsection (b)(2)) hospitals over the latest two-year period.**

The applicant identified the cities of Roscoe, Rockton, South Beloit, and Beloit Wisconsin, as communities served by the ICC in the past, and projected to be served by the proposed FSEC, in the future. The applicant notes having staffed and operated its ICC in a manner consistent with FSEC licensure/compliance standards, and in essence, has operated as a “de-facto” FSEC. The applicant notes being unable to provide data alluding to 50% of the patient origin presenting to other area EDs, they have provided historical utilization data for the ICC in Table Four.

<b>TABLE FOUR</b>					
<b>Historical/Projected Utilization Data NorthPointe ICC/FSEC</b>					
<b>City</b>	<b>Zip Code</b>	<b>2013 Population</b>	<b>2013 Visits</b>	<b>Service Area Percent</b>	<b>2017 Projected Visits</b>
Roscoe	61073	10,680	1,921	18.0%	3,472
Rockton	61072	7,613	1,784	23.4%	2,510
South Beloit	61080	7,773	2,028	26.1%	2,766
Illinois Average		26,066	5,733	22%	8,748
Beloit, Wi.	53511	36,888	1,901	5.2%	2,900
Subtotal			7,634		11,648
All Others			1,442		2,883
<b>Total</b>			<b>9,076</b>		<b>14,531</b>

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE SERVICE DEMAND CRITERION 77 IAC 1110.3230(b) (3)**

**F) Criterion 1110.3230(b)(4) – Service Accessibility**

**The proposed project to establish or expand an FECMS category of service is necessary to improve access for GSA residents. The applicant shall document one of the following:**

- i) The absence of ED services within the GSA;**
- ii) The area population and existing care system exhibit indicators of medical care problems, such as high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;**
- iii) All existing emergency services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.**

The applicant notes there are no other FSECs in the defined 20-minute Illinois service area, nor are there any hospitals with ED services. The applicant notes the area is served by ambulance and hospital-based ED services, with the closest being an average of 21 minutes away. Board Staff identified 4 general hospitals within a 30-minute radius, and has compiled the ED utilization data for each in

Table Five below. Board Staff notes there are three full-time and one stand-by ED service, and the three full-time EDs identified are operating beneath the State Occupancy Standard. While it appears the proposed facility will fill a void in an area without Emergency services immediately available, there are underutilized facilities in the service area. The applicant has not met the requirements of this criterion.

<b>TABLE FIVE</b>						
<b>Hospital EDs Within 30 Minutes of NorthPointe Wellness Campus FSEC</b>						
<b>Hospital</b>	<b>City</b>	<b>Time</b>	<b>Rooms/ Stations</b>	<b>Utilization*</b>	<b>Stations Justified</b>	<b>Standard Met?</b>
OSF St. Anthony Medical Center	Rockford	20	24	37,398	19	No
Rockford Memorial Hospital	Rockford	23	29	49,377	25	No
Swedish American Hospital	Rockford	26	42	60,286	31	No
Swedish American Medical Center#	Belvidere	26	4	13,370	7	Yes
Data taken from 2013 IDPH Hospital Profiles						
*Emergency + Trauma Visits						
#Stand-By Emergency						
State Utilization Standard: 2,000 visits/year = 1 Station						

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE SERVICE ACCESSIBILITY CRITERION 77 IAC 1110.3230(b) (4).**

**G) Criterion 1110.3230(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.**
- 3) **The applicant shall document that, within 24 months after project completion, the proposed project:**
  - A) **Will not lower the utilization of other GSA providers below the utilization standards specified in 77 Ill. Adm. Code 1100; and**
  - B) **Will not lower, to a further extent, the utilization of other GSA hospitals or FECs that are currently (during the latest 12-month period) operating below the utilization standards.**
- 4) **The applicant shall document that a written request was received by all existing facilities that provide ED service located within 30 minutes travel time of the project site asking the number of treatment stations at each facility, historical ED utilization, and the anticipated impact of the proposed project upon the facility's ED utilization. The request shall include a statement that a written response be provided to the applicant no later than 15 days after receipt. Failure by an existing facility to respond to the applicant's request for information within**

**the prescribed 15-day response period shall constitute an assumption that the existing facility will not experience an adverse impact in utilization from the project. Copies of any correspondence received from the facilities shall be included in the application.”**

There are four facilities in the proposed GSA that provide ED services within 30 minutes of the proposed site per Map Quest adjusted, (See Table Five). One of the four facilities identified, one is classified as “Standby”, and does not accept ED cases on a regular basis. This facility, Swedish American Medical Center, Belvidere, is the only facility of the four operating in compliance with the State utilization standard. Based on these data, a negative finding has been made for this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT DOES NOT APPEAR TO BE IN CONFORMANCE WITH THE UNNECESSARY DUPLICATION /MALDISTRIBUTION CRITERION 77 IAC 1110.3230(c)**

**G) Criterion 1100.3230(e) - Staffing Availability**

**An applicant proposing to establish an FECMS category of service shall document that a sufficient supply of personnel will be available to staff the service.**

The applicant notes the facility is an existing Immediate Care Center (ICC), already staffed with physicians and clinicians. Based on its existing staff and small turnover rate, the applicant feels this criterion is inapplicable.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE INAPPLICABLE WITH THE STAFFING CRITERION 77 IAC 1110.3230(e).**

**FINANCIAL**

**X. 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 this project with cash and securities totaling \$1,442,398. The applicant provided audited financial statements (application, p. 124), and proof of an A-Stable Bond rating from FitchRatings (application, p. 110), providing evidence that sufficient funds are available for this project.

<b>TABLE Beloit Memorial Health System Audited Financial Information 2012-2013</b>		
	<b>2013</b>	<b>2012</b>
Cash	\$19,767,399	\$25,572,846
Current Assets	\$57,312,689	\$51,979,072
PPE (Net)	\$114,827,401	\$103,870,060
Total Assets	\$240,186,423	\$219,524,608
Current Liabilities	\$30,487,679	\$26,131,905
Long Term Debt	\$73,407,183	\$68,331,467
Total Liabilities	\$115,380,973	\$121,742,675
Net Assets	\$124,805,450	\$97,781,933
Operating Revenue	\$196,353,211	\$190,976,321
Operating Expenses	\$191,049,410	\$186,013,866
Operating Profit	\$5,303,501	\$4,962,455
Other Income	\$1,837,186	\$2,772,417
Excess of Revenues over Expense	\$7,140,987	\$7,734,872

**THE STATE AGENCY FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS CRITERION (77 IAC 1120.120 (a)).**

**XI. 1120.130 - Financial Viability**

**Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.**

The applicants were not required to provide financial viability ratios because the project is being funded in its entirety with cash and securities. An A-Stable Bond Rating (application p. 110) and Audited financial statements (application, p. 124) were provided as required as evidence of the sufficiency of the amount of cash to fund the project. The applicants have met the requirements of this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE FINANCIAL VIABILITY CRITERION (77 IAC 1120.130 (a)).**

**XII. 1120.140 - Economic Feasibility**

**A) Criterion 1120.140 (a) Reasonableness of Financing**

This project is being funded entirely by cash and securities. There is no financing involved with this transaction.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF DEBT FINANCING CRITERION (77 IAC 1120.140 (a)).**

**B) Criterion 1120.140 (b) - Conditions of Debt Financing**

This project is being funded entirely by cash and securities. There is no financing involved with this transaction.

**THE STATE AGENCY STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TERMS OF DEBT FINANCING 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.**

**Preplanning costs** – These costs total \$5,000 and are 1.1% of modernization, contingencies and movable or other equipment. This appears reasonable when compared to the State Board standard of 1.8%.

**Site Survey Site Preparation** – These costs total \$2,500 and are 1% of modernization and contingency costs. This appears reasonable when compared to the State Board standard of 5%.

**Modernization Contracts** – These costs total \$219,657 or \$186.15 per gross square feet. This appears reasonable when compared to the State Board standard of \$257.14

**Contingency Costs** – These costs total \$21,966 and are 10% of modernization costs. This appears reasonable when compared to the State Board standard of 10%-15%.

**A&E Fees** – These costs total \$23,920 and are 9.9% of modernization and contingency costs. This appears reasonable when compared to the State Board standard of 9.92%--14.88%

**Consulting and Other Fees** – These costs total \$40,000. The State Board does not have a standard for this cost.

**Movable or Other Equipment** – These costs total \$205,000. The State Board does not have a standard for this cost.

**Other Costs to be Capitalized** – These costs total \$12,500. The State Board does not have a standard for this cost.

The applicant exceeded the Preplanning costs for this project by 2.2%. A negative finding has been made for this criterion.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS 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 applicants anticipate direct operating costs per patient day of \$4,684.83. The State Board does not have a standard for these costs.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE PROJECT DIRECT OPERATING COSTS 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 applicants anticipate the total effect of the Project on Capital Costs per patient day of \$3.31. The State Board does not have a standard for these costs.

**THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS CRITERION (77 IAC 1120.140 (e)).**













































































































**REPORT OF PROCEEDINGS -- 11/12/2014  
PUBLIC PARTICIPATION**

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1 service and ready to answer the next emergency call.

2           Again, with the support of our local EMS  
3 providers, I believe that the residents of Roscoe,  
4 Rockton, and South Beloit will greatly benefit with  
5 NorthPointe providing a freestanding emergency center  
6 within our communities.

7           Thank you.

8           CHAIRPERSON OLSON: Thank you.

9           MR. TINCKNELL: Good morning. I'm  
10 Tim Tincknell from DaVita Health Care Partners  
11 speaking behalf of Mayor Edward Zabrocki of Tinley  
12 Park in support of Tinley Park Dialysis Project  
13 14-014.

14           "I'm the mayor of the village of Tinley Park,  
15 and I'm pleased to support DaVita's proposal to  
16 establish a new 12-station dialysis facility in  
17 Tinley Park. This proposed facility will improve access  
18 to essential dialysis treatment for residents who live  
19 in my community.

20           "The proposed Tinley Park Dialysis will  
21 primarily serve Tinley Park and those communities within  
22 20 minutes of Tinley Park. According to the  
23 September 30, 2014, data from the Renal Network, there  
24 are 856 dialysis patients who reside within the proposed