



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: H-06	BOARD MEETING: December 16, 2014	PROJECT NO: 14-048	PROJECT COST: Original: \$0
FACILITY NAME: Proctor Community Hospital		CITY: Peoria	
TYPE OF PROJECT: Substantive			HSA: II

DESCRIPTION: The applicants (Methodist Health Services Corporation and Proctor Health Care Incorporated) are requesting to discontinue its 15-bed Obstetrics (OB) category of service, to include Labor/Delivery, Postpartum, and Neonatal services. There is no cost to this project. **The completion date is December 31, 2014.**

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Methodist Health Services Corporation and Proctor Health Care Incorporated) are requesting to discontinue a 15-bed Obstetrics (OB) category of service, and all related OB/Gyn services. There is no cost to this project. **The completion date is December 31, 2014.**

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to discontinue a category of service under the jurisdiction of the State Board.

PURPOSE OF THE PROJECT:

- The purpose of the proposed discontinuation is to consolidate obstetrical services with Methodist Medical Center of Illinois. Methodist Medical Center/Methodist Health Services Corporation is the parent corporation of Proctor Community Hospital. Methodist Medical Center (MMC), is located approximately 4 miles away, has the capacity to care for Proctors patient population, and possesses the clinical and non-clinical capacities to provide a better overall patient experience.

DISCONTINUATION:

- An applicant proposing to discontinue a category of service must provide:
 - The reason for the discontinuation;
 - The use of the physical plant and equipment after discontinuation occurs; and
 - The impact the proposed discontinuation will have on the facility's market area.
- The applicant is requesting approval to discontinue its 15-bed obstetrics category of service given the low volume of obstetrics patients within the last year (2013), staffing difficulties experienced by the Hospital, and economic difficulties in continuing to provide obstetrics services.
- **The applicant's primary reason** for discontinuing the obstetrics unit is a result of the low utilization of obstetrics services at the Hospital. The Hospital has historically experienced low demand for obstetrics services. The CON occupancy rate for such beds has not exceeded 47% in the last three years and has a cumulative occupancy rate of only 37.5% over the three-year period.
- **Financial Losses:** Due to an increasing trend in departmental expenses and decrease in net revenue, the overall loss of the Obstetrics Department at the Hospital has increased annually. The applicants predict the consolidation of obstetrics services will result in \$1,800,000 savings annually, and greatly enhance the overall patient experience, for this service.
- **Lack of Sufficient Staff:** The applicants attest the consolidation of obstetric services on the MMC campus will improve patient quality, and lower malpractice risk. Methodist Hospital currently provides 24/7 hospitalist coverage in its obstetrical unit. This service is not available at Proctor Hospital, due to low patient volume.

COMPLIANCE:

- The applicants have had no adverse actions in the past three years and are in compliance with all of the State Board's reporting requirements.

PUBLIC HEARING/COMMENT

- A public hearing was offered on this project; however, no hearing was requested. State Board Staff have received no letters of opposition and one letter of support regarding this project.

FINANCIAL AND ECONOMIC FEASIBILITY:

- The proposed project will incur no costs.

CONCLUSION:

- There is a calculated excess of 49 obstetric beds in the C-01 planning area by CY 2015, and the proposed discontinuation will reduce this bed excess to 35. Given the current bed excess, and the low census in the obstetric unit, combine this with the size of the financial losses at the hospital, and the ability of its associate hospital to absorb its OB service, it would appear that the proposed discontinuation is justified.
- **The applicants have met the requirements of 77 IAC Part 1110.130 – Discontinuation**



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STATE BOARD STAFF REPORT
Proctor Community Hospital
PROJECT #14-048

Applicants	Proctor Health Care Incorporated Methodist Health Services Corporation
Facility Name	Proctor Community Hospital
Location	Peoria
Application Received	September 23, 2014
Application Deemed Complete	September 25, 2014
Can Applicants Request Another Deferral?	Yes

I. The Proposed Project

The applicants (Proctor Health Care Incorporated and Methodist Health Services Corporation) are requesting to discontinue their 15-bed Obstetrics category of service, and all obstetrics-related services. There is no cost to this project. **The completion date is December 31, 2014.**

II. Summary of Findings

A. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.

B. Part 1120 is not applicable.

III. General Information

The applicants are Proctor Health Care Incorporated, and Methodist Health Services Corporation. Proctor Community Hospital is located at 5409 North Knoxville Avenue, Peoria, Illinois in the HSA 02 Service Area and Obstetrics Health Planning Area C-01. The operating entity licensee and owner of the site is Proctor Community Hospital.

HSA II consists of the Illinois Counties of Henderson, Warren, McDonough, Fulton, Knox, Stark, Peoria, Tazewell, Woodford, Marshall, Putnam, Bureau, and LaSalle counties

There are four hospitals located in the C-01 planning area: Methodist Medical Center, Peoria (16 beds), OSF St. Francis Medical Center, Peoria (52 beds), Pekin Memorial Hospital, Pekin (12 beds), and the applicant, with 15 beds. The November 2014 Addendum to the Inventory of Health Care Facilities indicate a calculated excess of 49 obstetric beds in the C-01 planning area by CY 2015.

There is no land acquisition cost or start-up costs or operating deficit for this project. This is a substantive project subject to a Part 1110. Part 1120 review is not applicable because there is

no cost to the project. Project obligation will occur after permit issuance

CY 2013 Hospital Profile information is attached at the end of this report.

IV. Support and Opposition Comments

A public hearing was offered on this project; however, no hearing was requested. The State Board Staff received no letters of opposition and one letter of support regarding this project. The letter of support was sent by UnityPoint Health, **and stated the following:** *“The Methodist Medical Center of Illinois falls within the 45-minute travel time, and currently offers obstetrical services. Methodist Medical Center has more than sufficient capacity to accommodate Proctor’s obstetrical caseload, and does not have any restrictions, limitations, or discriminatory practices that would preclude serving Proctor’s patient population.”*

V. Safety Net Impact Statement/Charity Care

A safety net impact statement was provided with a statement regarding the Charity Care/Medicaid services provided for the years 2011, 2012, and 2013. Its data is presented in Table One below

The applicant stated the following in regards to the safety net impact:

“The discontinuation of obstetrics at Proctor is not expected to have any impact on Safety Net Services. In 2013, Proctor served 564 OB patients, representing an average daily census of 3.4 patients. Methodist Medical Center has the capacity to accommodate this volume without any impact on patient access. Additionally, there are three other hospitals within 45 minutes drive time with excess OB capacity which serve the public without restrictions or limitations.”

The applicants provided Safety Net/Charity Care information for both Proctor and Methodist Hospitals, which is presented in Table One

TABLE ONE			
Safety Net Information per 96-0031			
Proctor Community Hospital			
	2011	2012	2013
Net Revenue	\$102,233,126	\$99,601,502	\$87,383,701
Amount of Charity Care (Charges)	\$3,166,322	\$2,185,804	\$2,682,721
Cost of Charity Care	\$826,408	\$727,444	\$936,562
CHARITY CARE			
Charity (# of patients)	2011	2012	2013
Inpatient	259	195	182
Outpatient	1,391	1,092	822
Total	1,650	1,287	1,004

TABLE ONE			
Safety Net Information per 96-0031			
Proctor Community Hospital			
Charity (cost in dollars)			
Inpatient	\$417,473	\$327,917	\$463,546
Outpatient	\$408,935	\$399,527	\$473,016
Total	\$826,408	\$727,444	\$936,562
MEDICAID			
Medicaid (# of patients)	2011	2012	2013
Inpatient	523	447	441
Outpatient	6,308	5,886	5,074
Total	6,831	6,333	5,515
Medicaid (revenue)			
Inpatient	\$1,210,005	\$1,559,910	\$1,144,897
Outpatient	\$788,292	\$774,254	\$719,124
Total	\$1,998,298	\$2,334,164	\$1,864,022
Methodist Medical Center of Illinois			
	2011	2012	2013
Amount of Charity Care (Charges)	\$22,530,083	\$27,017,347	\$23,971,591
Cost of Charity Care	\$7,179,784	\$7,970,816	\$7,158,249
CHARITY CARE			
Charity (# of patients)	2011	2012	2013
Inpatient	947	1,050	994
Outpatient	6,074	7,030	7,819
Total	7,021	8,080	8,813
Charity (cost in dollars)			
Inpatient	\$4,295,097	\$4,791,614	\$3,996,056
Outpatient	\$2,884,687	\$3,179,202	\$3,162,193
Total	\$7,179,784	\$7,970,816	\$7,158,249
MEDICAID			
Medicaid (# of patients)	2011	2012	2013
Inpatient	4,040	4,090	3,697
Outpatient	54,468	49,850	43,930
Total	58,508	53,940	47,627
Medicaid (revenue)			
Inpatient	\$21,782,149	\$16,896,691	\$24,217,362
Outpatient	\$19,419,895	\$17,085,108	\$28,289,576
Total	\$41,202,044	\$33,981,799	\$52,506,938

VI. Review Criterion 1110.130 - Discontinuation

The criterion states:

“a) The applicants must provide the following:

- 1) the reasons for the discontinuation;**
- 2) the anticipated or actual date of discontinuation or the date the last person was or will be discharged or treated, as applicable;**
- 3) the availability of other services or facilities in the planning area that are available and willing to assume the applicants’ workload without conditions, limitations, or discrimination;**
- 4) a closure plan indicating the process used to provide alternative services or facilities for the patients prior to or upon discontinuation; and**
- 5) the anticipated use of the physical plant and equipment after discontinuation has occurred and the anticipated date of such use.”**

b) Each application for discontinuation will be analyzed to determine:

1. The applicant shall document that the discontinuation is justified by providing data that verifies that one or more of the following factors (and other factors, as applicable) exist with respect to each service being discontinued:

- 1) Insufficient volume or demand for the service;**
- 2) Lack of sufficient staff to adequately provide the service;**
- 3) The facility or the service is not economically feasible, and continuation impairs the facility's financial viability;**
- 4) The facility or the service is not in compliance with licensing or certification standards.**

The applicants state the following in regards to this service

The applicants propose to discontinue the 15-bed obstetrics service located in Proctor Community Hospital, Peoria, and consolidate said services with another hospital in its health care system, Methodist Medical Center, Peoria. MMC Obstetrics unit contains 16 beds, is located approximately 4 miles from the applicant hospital, and cites sufficient staffing, operational capacity, and modern facilities as reasoning to absorb this service. The applicants cite declining utilization at Proctor, combined with diminished staffing capabilities, as reasons for the discontinuation. Board staff notes there is an excess of 49 Obstetric beds in Health Planning Area C-01. The applicants

sent impact letters to the four acute care hospitals in a defined 45-minute drive radius, and received letters of support from three (application, p. 42-53). Board Staff notes Methodist Medical Center is partnered with Proctor Hospital in a corporate relationship, and the consolidation of services will not have a negative impact on Obstetrics services in the region. Instead, the discontinuation will enhance Obstetrics services through the provision of high-quality health care in a modernized health care facility, with sufficient staffing levels. It appears that the discontinuation of this service will not have a negative impact on area facilities.

TABLE TWO					
Facilities Within a 45 Minute Travel Radius of Proctor Community Hospital Peoria					
Facility	City	Minutes	Beds	Utilization	Standard Met (75%)
St. Francis Medical Center	Peoria	8	52	71.9%	No
Methodist Medical Center	Peoria	8	16	81.1%	Yes
Pekin Memorial Hospital	Pekin	27	12	25.5%	No
Utilization data taken from CY 2013 Hospital Profile					

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT APPEARS TO BE IN CONFORMANCE WITH THE DISCONTINUATION REVIEW CRITERION (77 IAC 1110.130).

<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Debbie Simon	White	86.7%	Hispanic or Latino:	0.6%
ADMINSTRATOR PHONE	309-691-1058	Black	3.9%	Not Hispanic or Latino:	99.2%
OWNERSHIP:	Proctor Community Hospital	American Indian	0.2%	Unknown:	0.2%
OPERATOR:	Proctor Community Hospital	Asian	0.4%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R	Hawaiian/ Pacific	0.2%	IDPH Number:	1925
CERTIFICATION:		Unknown	8.7%	HPA	C-01
FACILITY DESIGNATION:	General Hospital			HSA	2
ADDRESS	5409 N. Knoxville Avenue	CITY:	Peoria	COUNTY:	Peoria County

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	<u>Authorized CON Beds 12/31/2013</u>	<u>Peak Beds Setup and Staffed</u>	<u>Peak Census</u>	<u>Admissions</u>	<u>Inpatient Days</u>	<u>Observation Days</u>	<u>Average Length of Stay</u>	<u>Average Daily Census</u>	<u>CON Occupancy Rate %</u>	<u>Staffed Bed Occupancy Rate %</u>
Medical/Surgical	151	119	79	4,265	18,362	2,154	4.8	56.2	37.2	47.2
0-14 Years				3	7					
15-44 Years				471	1,979					
45-64 Years				1,114	5,022					
65-74 Years				854	3,337					
75 Years +				1,823	8,017					
Pediatric	8	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	16	12	5	1,105	2,102	7	1.9	5.8	36.1	48.2
Direct Admission				509	968					
Transfers				596	1,134					
Obstetric/Gynecology	15	11	9	618	1,345	93	2.3	3.9	26.3	35.8
Maternity				564	1,224					
Clean Gynecology				54	121					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	25	20	20	544	4,533	0	8.3	12.4	49.7	62.1
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	18	12	12	275	3,059	0	11.1	8.4	46.6	69.8
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	233			6,211	29,401	2,254	5.1	86.7	37.2	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>	<u>Charity Care</u>	<u>Totals</u>
Inpatients	64.3%	6.2%	0.6%	26.0%	0.0%	2.9%	
	3993	384	37	1615	0	182	6,211
Outpatients	41.3%	6.9%	0.5%	50.3%	0.0%	1.0%	
	32367	5412	359	39431	0	822	78,391

<u>Financial Year Reported:</u>	1/1/2013 to	12/31/2013	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>	<u>Totals</u>			
Inpatient Revenue (\$)	48.8%	2.1%	0.2%	48.9%	0.0%	100.0%		936,562	
	28,670,456	1,258,694	118,717	28,731,338	0	58,779,205	463,546	Total Charity Care as % of Net Revenue	
Outpatient Revenue (\$)	28.3%	1.9%	0.3%	69.5%	0.0%	100.0%		0.9%	
	12,095,174	798,091	143,140	29,739,839	0	42,776,244	473,016		

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>				<u>Organ Transplantation</u>	
Number of Total Births:	566		Level I	Level II	Level II+	Kidney:	0	
Number of Live Births:	565	Beds	0	12	0	Heart:	0	
Birthing Rooms:	0	Patient Days	0	1,127	0	Lung:	0	
Labor Rooms:	0	Total Newborn Patient Days			1,127	Heart/Lung:	0	
Delivery Rooms:	0					Pancreas:	0	
Labor-Delivery-Recovery Rooms:	4					Liver:	0	
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	0	
C-Section Rooms:	2							
CSections Performed:	159							

Laboratory Studies

Inpatient Studies	87,703
Outpatient Studies	168,071
Studies Performed Under Contract	14,849

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	3	3	372	289	996	244	1240	2.7	0.8
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	8	8	250	468	419	535	954	1.7	1.1
Gastroenterology	0	0	0	0	8	10	6	11	17	0.8	1.1
Neurology	0	0	0	0	61	50	179	78	257	2.9	1.6
OB/Gynecology	0	0	0	0	67	526	124	550	674	1.9	1.0
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	3	3	3	1184	7	730	737	2.3	0.6
Orthopedic	0	0	0	0	896	291	1747	299	2046	1.9	1.0
Otolaryngology	0	0	0	0	9	235	11	217	228	1.2	0.9
Plastic Surgery	0	0	0	0	20	465	54	606	660	2.7	1.3
Podiatry	0	0	0	0	8	23	6	28	34	0.8	1.2
Thoracic	0	0	0	0	2	0	4	0	4	2.0	0.0
Urology	0	0	0	0	72	378	88	322	410	1.2	0.9
Totals	0	0	14	14	1768	3919	3641	3620	7261	2.1	0.9

SURGICAL RECOVERY STATIONS

Stage 1 Recovery Stations

10

Stage 2 Recovery Stations

10

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	3	3	258	1177	194	882	1076	0.8	0.7
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	2	2	58	265	65	294	359	1.1	1.1

Multipurpose Non-Dedicated Rooms

	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
	(Not Answered)
Operating Rooms Dedicated for Trauma Care	Level 2
	Not Answered
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	16
Persons Treated by Emergency Services:	19,839
Patients Admitted from Emergency:	3,643
Total ED Visits (Emergency+Trauma):	19,839

Free-Standing Emergency Center

Beds in Free-Standing Centers	0
Patient Visits in Free-Standing Centers	0
Hospital Admissions from Free-Standing Center	0

Outpatient Service Data

Total Outpatient Visits	166,973
Outpatient Visits at the Hospital/ Campus:	166,973
Outpatient Visits Offsite/off campus	0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	3
Cath Labs used for Angiography procedures	3
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	428
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	188
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	161
EP Catheterizations (15+)	79

Cardiac Surgery Data

Total Cardiac Surgery Cases:	11
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	11
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	10

Diagnostic/Interventional Equipment

	Examinations			
	Owned	Contract	Inpatient	Outpt Contract

General Radiography/Fluoroscopy	8	0	10,453	25,674	0
Nuclear Medicine	2	0	320	1,377	0
Mammography	1	0	0	2,884	0
Ultrasound	2	0	521	2,869	0
Angiography	3	0			
Diagnostic Angiography			71	305	0
Interventional Angiography			20	87	0
Positron Emission Tomography (PET)	0	0	0	0	0
Computerized Axial Tomography (CAT)	1	0	2,171	5,596	0
Magnetic Resonance Imaging	2	0	810	1,984	0

Therapeutic Equipment

	Owned		Contract	Therapies/Treatments
	Owned	Contract		

Lithotripsy	0	1		25
Linear Accelerator	0	0		0
Image Guided Rad Therapy				0
Intensity Modulated Rad Thrp				0
High Dose Brachytherapy	0	0		0
Proton Beam Therapy	0	0		0
Gamma Knife	0	0		0
Cyber knife	0	0		0