



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-08	BOARD MEETING: November 14, 2017	PROJECT NO: 17-037	PROJECT COST: Original: \$0
FACILITY NAME: Northern Illinois Medical Center d/b/a Centegra Hospital - Huntley		CITY: Huntley	
TYPE OF PROJECT: Non Substantive			HSA: VIII

PROJECT DESCRIPTION: The applicants (Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock, Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry, Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley and Centegra Health System) are proposing to add four (4) intensive care (“ICU”) beds for a total of twelve (12) ICU beds and discontinue four (4) medical surgical (“M/S”) beds for a total of ninety-six (96) M/S beds at Centegra Hospital Huntley. There is no cost to this project. The expected completion date for permit is June 30, 2018.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock, Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry, Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley and Centegra Health System) are proposing to add four (4) intensive care (“ICU”) beds for a total of twelve (12) ICU beds and discontinue four (4) medical surgical (“M/S”) beds for a total of ninety-six (96) M/S beds at Centegra Hospital-Huntley. There is no cost to this project. The expected completion date is June 30, 2018.
- This CON application is being submitted simultaneously with an application for a Certificate of Exemption (COE) to discontinue the M/S and Intensive Care Categories of Service at Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock (#E-036-17).
- **State Board Staff Notes:** Generally the redistribution of beds between categories of service, are permitted every two (2) years under the lesser of 20 beds or 10% of a hospital's bed capacity. However this project must submit a certificate of need permit to make the proposed change because these beds have not been operational 2 years or more (77 Ill. Adm. Code 1130.140 and 77 Ill. Adm. Code 1130.240(1) (3)). Centegra Hospital - Huntley became operational in August 2016, as a result of which the beds approved in the CON permit (Permit # 10-090) for this hospital have not been operational for two years.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The applicants are before the State Board because the applicants are proposing to change the scope or functional operation of a health care facility as defined by the Illinois Health Facility Planning Act.

PUBLIC HEARING/COMMENT:

- A public hearing was held on this project as well as Project #E-036-17, #17-036 and #E-037-17 on October 2, 2017 in Woodstock, Illinois. State Board Members Ms. Maryanne Murphy and Ms. Kathy Olson represented the State Board at these four (4) hearings. Approximately two hundred forty (240) individuals recorded their attendance at these hearings. There was no opposition to this project (Project #17-037). Dr. Brian Sager, Mayor of Woodstock provided supporting testimony for this project. Mr. Dan Lawler represented the applicants.

SUMMARY

- To expand an existing category of service at an existing hospital the State Board does not require the applicants to justify the number of beds being requested based upon the planning area calculated need or excess of beds or the utilization of other area hospital providers in the hospital planning area.
- The applicants have provided sufficient documentation that the proposed four (4) additional ICU beds will serve the residents of the A-10 Hospital Planning Area and there is sufficient demand to justify the number of beds being requested ((12) ICU beds).

CONCLUSION:

- The State Board Staff has reviewed the application for permit, public hearing testimony and comments, and any additional information submitted by the applicants and note the applicants have met all of the requirements of the State Board.

STATE BOARD STAFF REPORT
Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
Project #17-037

APPLICATION SUMMARY/CHRONOLOGY	
Applicants(s)	Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock, Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry, Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley and Centegra Health System
Facility Name	Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
Location	10400 Haligus Road, Huntley, Illinois
Permit Holder	Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley,
Operating Entity/Licensee	Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
Owner of the Site	Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley
GSF	7,933 GSF
Financial Commitment	November 14, 2017
Application Received	August 17, 2017
Application Deemed Complete	August 17, 2017
Can applicants request a deferral?	Yes
Review Period Extended by the State Board Staff?	No

I. Project Description

The applicants (Memorial Medical Center - Woodstock d/b/a Centegra Hospital – Woodstock, Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry, Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley and Centegra Health System) are proposing to add four (4) intensive care (“ICU”) beds for a total of twelve (12) ICU beds and discontinue four (4) medical surgical (“M/S”) beds for a total of ninety-six (96) M/S beds at Centegra Hospital-Huntley. There is no cost to this project. The expected completion date is June 30, 2018.

II. State Board Findings

- A. The State Board Staff finds the proposed project appears to be in conformance with the provisions 77 ILAC 1110 (Part 1110).
- B. 77 ILAC 1120 (Part 1120) is not applicable to this project.

III. General Information

The applicants are Memorial Medical Center — Woodstock d/b/a Centegra Hospital — Woodstock, Centegra Health System, Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley and Northern Illinois Medical Center d/b/a Centegra Hospital – McHenry. Centegra Health System (CHS), is a not-for-profit corporation, was incorporated for charitable, educational, and scientific purposes to support health and human services by providing management assistance. Northern Illinois Medical Center (NIMC) and Memorial Medical Center (MMC) are both not-for-profit hospitals. The

licensee and the owner of the site is Northern Illinois Medical Center d/b/a Centegra Hospital – Huntley.

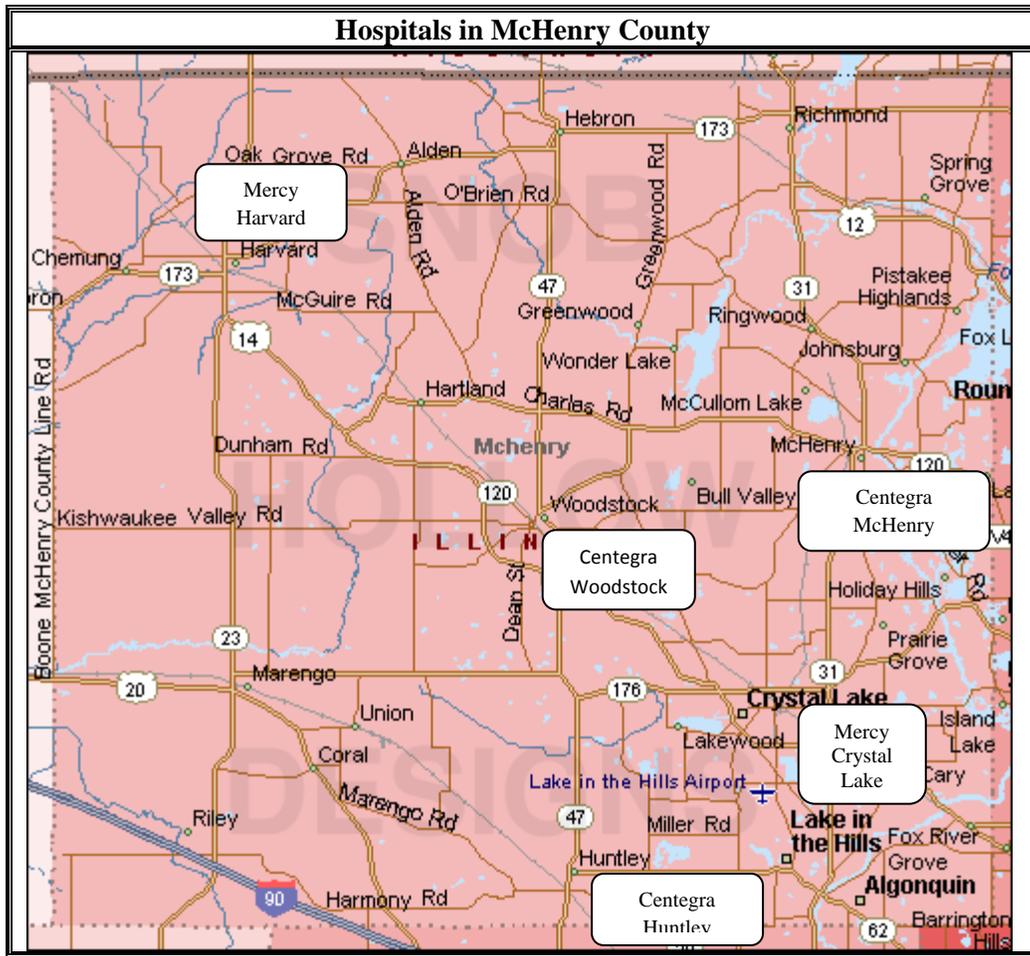
Financial commitment is at time of permit issuance. This project is a non-substantive project and is subject to a Part 1110 review only because there is no cost to this project.

IV. HSA VIII Planning Area

The proposed project will be located in the HSA VIII Service Area and the A-10 Hospital Planning Area (McHenry County). HSA VIII includes the Illinois counties of Kane, Lake and McHenry Counties. [See Appendix III at the end of this report for the hospitals in McHenry County] The table below shows the number of excess beds for three (3) bed categories in the A-10 Hospital Planning Area.

TABLE ONE			
A-10 Hospital Planning Area			
September 27, 2017			
Category of Service	Existing Beds	Calculated Beds	Excess Beds
Medical Surgical	291	233	58
Intensive Care	41	35	6
Obstetrics	43	24	19

There are areas within Planning Area A-10 (McHenry County) that are identified by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) as having Medically Underserved Populations. Within Planning Area A-10 (McHenry County), there are three (3) census tracts that have been identified as being Medically Underserved Area/Population, a designation that is made to document unusual local conditions and barriers to accessing health services.



V. Project Uses and Sources of Funds

There is no cost to this project.

VI. Background of the Applicant

A) Criterion 1110.530(b)(1) to (3) – Background of the Applicant

To demonstrate compliance with this criterion, the applicants must provide

- 1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**
 - 2. A certified listing of any adverse action¹ taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.**
 - 3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
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1. The applicants provided copies of the licenses and JCHAO certification for the three (3) hospitals owned by Centegra Health System and one (1) ASTC. [see Application for permit pages 35-46]
 2. The applicants attest that no adverse actions have been taken against any facility owned and/or operated by the applicants in the three (3) years preceding filing of this application. Authorization permitting HFSRB and IDPH access to any documents necessary to verify information submitted has been provided at Application for Permit page 47.
 3. All required reports have been provided to the State Board and the Illinois Department of Public Health as required.
 4. Flood Plain and Historic Preservation documentation was not required for this project because the project does not involve demolition of any structure; construction of new buildings or modernization of existing buildings.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANT (77 ILAC 1110.530(b) (1) to (3))

¹ Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.

VII. Purpose of the Project, Safety Net Impact Statement, Alternatives

These three (3) criteria are informational only. No determination on whether the applicant has met the requirements of the three (3) criteria is being made by the State Board Staff.

A) Criterion 1110.230 (a) - Purpose of the Project

To demonstrate compliance with this criterion, the applicants must 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 applicant shall define the planning area or market area, or other, per the applicant's definition.

The applicants stated the following:

“This project will improve the health care and result in increased well-being of the market area population by increasing Centegra Hospital - Huntley's authorized bed capacity in the Intensive Care Category of Service to accommodate the high occupancy experienced in the hospital's Intensive Care Unit (ICU) since it became operational on August 9, 2016, as well as a portion of Centegra Hospital - Woodstock's Intensive Care utilization after that hospital discontinues its Intensive Care Category of Service. This increase in Intensive Care bed capacity will be accomplished by redistributing (converting) 4 beds in the Medical/Surgical (M/S) Category of Service to the Intensive Care (ICU) Category of Service. These beds are in a Step-Down Unit that is adjacent to the hospital's ICU.

This CON application is being submitted simultaneously with an application for a Certificate of Exemption (COE) to discontinue the M/S and Intensive Care Categories of Service at Centegra Hospital - Woodstock. Physician referral letters have been provided as part of this application, documenting that physicians plan to admit a portion of their patients historically admitted to Centegra Hospital - Woodstock to the expanded ICU at Centegra Hospital - Huntley. Both Centegra Hospital - Huntley and Centegra Hospital - Woodstock, together with Centegra Hospital - McHenry, are owned and operated by Centegra Health System, all of which are located in the same county, McHenry, and the same planning area for acute care services (Planning Area A-10). The hospitals have a unified medical staff, which permits members of their medical staffs to admit and treat patients at each of the three hospitals, and the three hospitals utilize a common medical record, which permits medical professionals to access and utilize the medical records at any of the hospitals.

The expansion of ICU beds at Centegra Hospital - Huntley will improve Centegra Health System's ability to provide Intensive Care services to residents of Planning Area A-10, including the uninsured and underinsured residents of these areas, because it is part of the implementation of a comprehensive Facilities Plan for all three of Centegra Health System's hospitals. Centegra Health System has continuously evaluated where and how it provides services to patients. The recent Facilities Plan reflects the impact of changing reimbursement rates, increasing bad debt at Centegra's facilities, and today's uncertain health care climate. Centegra Hospital- Huntley is located in Planning Area A-10, McHenry County, for the Intensive Care Category of Service, as is Centegra Hospital - Woodstock. During the first 10.5 months after Centegra Hospital - Huntley became operational on August 9, 2016 (FY17), 89.6% of its Intensive Care admissions came from zip codes primarily located in Planning Area A-10, McHenry County.” This project proposes to increase Centegra Hospital - Huntley's Intensive Care bed capacity by 4 authorized beds in order to accommodate both the high occupancy experienced in the hospital's Intensive Care Unit (ICU) since it became operational on August 9, 2016, and also a portion of Centegra Hospital - Woodstock's Intensive Care utilization after that hospital discontinues its Intensive Care Category of Service. This CON application is being submitted simultaneously with an application for a Certificate of Exemption (COE) to discontinue the M/S and Intensive Care Categories of Service at Centegra Hospital - Woodstock. Physician referral letters have been provided as part of this application, documenting that physicians plan to admit a portion of their patients historically admitted to

Centegra Hospital - Woodstock to the expanded ICU at Centegra Hospital - Huntley. As noted at the beginning of this Attachment, the increase in Centegra Hospital - Huntley's bed capacity in the Intensive Care Category of Service is part of the implementation of a comprehensive Facilities Plan for all three of Centegra Health System's hospitals. Centegra Health System has continuously evaluated where and how it provides services to patients. The recent Facilities Plan reflects the impact of changing reimbursement rates, increasing bad debt at Centegra's facilities, and today's uncertain health care climate. As a result, this project will improve Centegra Health System's ability to provide Intensive Care services to residents of Planning Area A-10, including the uninsured and underinsured residents of this area." This project proposes to increase the Intensive Care Category of Service capacity at Centegra Hospital - Huntley by redistributing 4 beds in the M/S Category of Service to 4 beds in the Intensive Care (ICU) Category of Service.

The expanded Intensive Care Category of Service will serve the same patient population and continue to provide the same Health Safety Net Services within Planning Area A-10 as those currently provided by Centegra Hospital - Huntley and Centegra Hospital - Woodstock. By increasing the number of Intensive Care beds available to the patient population, this project will address the health care and well-being of residents of Planning Area A-10 as well as others currently served by the Intensive Care Category of Service at both Centegra Hospital - Huntley and Centegra Hospital - Woodstock. Within Planning Area A-10, there are 3 census tracts that have been designated as having a federally-designated Medically Underserved Population, a designation that is made to document unusual local conditions and barriers to accessing health services.

This project will have a positive impact on the patients residing in the areas of Centegra Hospital - Huntley's Intensive Care Category of Service. Centegra Health System's goal in expanding the Intensive Care Category of Service at Centegra Hospital - Huntley is to provide additional access to residents of its planning area. This expansion will allow the health system to more effectively and efficiently provide intensive care services to its patients."

TABLE TWO			
Planning Area A-10			
Zip Code	City	Cases	Percent
60142	Huntley	180	36.1%
60014	Crystal Lake	80	16.0%
60156	Lake in the Hills	72	14.4%
60102	Algonquin	35	7.0%
60152	Marengo	32	6.4%
60098	Woodstock	25	5.0%
60033	Harvard	9	1.8%
60050	McHenry	3	0.6%
60051	McHenry	3	0.6%
60180	Union	3	0.6%
60012	Crystal Lake	2	0.4%
60013	Cary	1	0.2%
60081	Spring Grove	1	0.2%
60097	Wonder Lake	1	0.2%
Sub Total			89.6%
Other		52	10.4%
Total		499	100.0%

B) Criterion 1110.230 (b) Safety Net Impact Statement

To demonstrate compliance with this criterion the applicants must document

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

A Safety Net Impact Statement is not required to be provided for non substantive projects. Non substantive projects are all projects not classified as substantive or emergency projects. See Appendix I at the end of this report for Charity Care Information.

Substantive projects shall include no more than the following:

➤Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.

➤Projects proposing a new service or discontinuation of a service, which shall be reviewed by the Board within 60 days.

➤Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]

Emergency Projects means projects that are emergent in nature and must be undertaken immediately to prevent or correct structural deficiencies or hazardous conditions that may harm or injure persons using the facility, as defined at 77 Ill. Adm. Code 1110.40(a). [20 ILCS 3960/12(9)]

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

To demonstrate compliance with this criterion the applicants must document all alternative considered by the applicants.

The following alternatives to the proposed project were considered and rejected by the applicants. The applicants stated the following

1. Do not increase the bed capacity of Centegra Hospital - Huntley's Intensive Care Category of Service; continue to operate an 8-bed ICU with an adjacent 4-bed Step-Down M/S Unit. Capital Costs for this alternative: \$0

This alternative was rejected for the following reasons.

“It would prevent Centegra Hospital - Huntley from accommodating its current Intensive Care caseload at the target occupancy level of 60%. Centegra Hospital - Huntley became operational on August 9, 2016, and during its first 10.5 months of operation (its first fiscal year, August 9, 2016-June 30, 2017), it experienced 65% occupancy in its 8-bed ICU. Since it experienced this occupancy level during its initial months of operation, the hospital's Intensive Care utilization can be expected to increase in the future, as fill-up often does not occur as soon as a service becomes operational. It would limit Centegra Hospital - Huntley's ability to accommodate Intensive Care patients that its physicians intend to refer from Centegra Hospital - Woodstock once Centegra Hospital - Woodstock discontinues its Intensive Care Category of Service. The discontinuation of Centegra Hospital - Woodstock's Intensive Care Category of Service is the subject of an application for a Certificate of Exemption (COE) that is being submitted simultaneously with this Certificate of Need (CON) application.

Referral letters from physicians who are members of the medical staff of both Centegra Hospital - Huntley and Centegra Hospital - Woodstock, stating that they intend to refer 226 patients admitted to Centegra Hospital - Woodstock's ICU during FY17 to Centegra Hospital - Huntley's ICU. These admissions would result in 836 additional patient days in Centegra Hospital - Huntley's ICU, or an additional average daily census of 2.3 patients. The resulting average daily census, based on Items 1) and 2), would be 6.95, which would be 87% occupancy of the 8 Intensive Care beds, an occupancy level that far exceeds the Illinois CON occupancy standard of 60% for the Intensive Care Category of

Service. It would be difficult to operate an ICU with such high occupancy since it would be impossible to handle the many unpredicted admissions to this category of service.”

2. Increase Centegra Hospital - Huntley's bed capacity by 4 beds in the Intensive Care Category of Service, but retain the existing bed capacity of the M/S Category of Service. Capital Costs for this alternative: \$1,251,945.

“This alternative was rejected due to the incremental capital costs associated with adding 4 M/S beds in order to retain Centegra Hospital - Huntley's existing M/S bed capacity. In addition, this would be an unneeded capital expenditure because the utilization of Centegra Huntley's M/S Category of Service during its period of operation does not warrant retention of these 4 M/S beds, even when additional M/S referrals are estimated due to the anticipated discontinuation of Centegra Hospital - Woodstock's M/S Category of Service. The 4-bed M/S Step-Down Unit adjacent to the hospital's ICU would be an appropriate location for the additional 4 Intensive Care beds, as a result of which this alternative would be implemented by constructing 4 new M/S beds adjacent to an existing M/S unit on the fifth floor. This space is currently part of Physical Therapy which would need to vacate its existing space in order to construct the 4 M/S beds to be built in the vacated space. 3. The proposed project improves the quality of Centegra Hospital - Huntley's Intensive Care by increasing its Intensive Care bed capacity so it can provide Intensive Care Services to its patients in an ICU that operates only slightly above the Illinois CON occupancy target of 60% by the second full fiscal year of operation.”

VIII. Size of the Project, Projected Utilization and Assurances

A) Criterion 1110.234 (a) - Size of the Project

To demonstrate compliance with this criterion the applicants must document that the size of the reviewable space is within the requirements of Part 1110 Appendix B.

The applicants are proposing a twelve (12) bed intensive care unit in 7,933 dgsf of space This appears reasonable when compared to the State Board Standard of 685 dgsf per bed or 8,220 dgsf. All costs are clinical for this project.

TABLE THREE Size of the Project							
Reviewable	Cost	Existing	Proposed	New Construction	Modernization	As Is	Vacated (1)
Medical Surgical	0	58,555	55,798			55,798	2,757
Intensive Care 2nd Floor (12 Beds)	0	5,176	7,933	0	0	7,933	0
Total Reviewable	0	63,731	63,731	0	0	63,731	2,757
Non Reviewable							
Total Non reviewable	0	0	0	0	0	0	0
Total	0	63,731	63,731	0	0	63,731	2,757
1. The space being vacated by this Medical/Surgical Unit, which is a 4-bed Step-Down Unit, will be converted to a 4-bed Intensive Care Unit (ICU). No capital costs are required for this conversion since the Step-Down Unit is adjacent to the ICU, meets all standards for an ICU, has monitoring equipment and currently shares some support services with the ICU.							

State Board Staff Notes: For hospitals, area determinations for departments and clinical service areas are to be made in departmental gross square feet (dgsf). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required by the Hospital Licensing Act, applicable federal certification, and any additional spaces required by the applicant's operational program. [Part 1110 Appendix B]

STATE BOARD STAFF FINDS THE PROPOSED CRITERION IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.234 (a))

B) Criterion 1110.234 (b) – Projected Utilization

To demonstrate compliance with this criterion the applicants must document that the proposed project must be at target occupancy within two years after project completion.

The target occupancy for intensive care beds is sixty percent (60%) Centegra Hospital - Huntley became operational on August 9, 2016. During the hospital's FY17 (August 9, 2016- June 30, 2017), the most recent period for which utilization data are available, Centegra Hospital - Huntley's Intensive Care Service experienced 499 admitted patients (both patients admitted directly to the ICU plus patients transferred into the ICU from other units of the hospital) and 1,702 total patient days, consisting of 1,664 inpatient days plus 38 observation days for patients in the ICU. This resulted in a historic Average Daily Census (ADC) of 5.22, which is 65.3% occupancy of its 8 authorized beds. During the first six months of CY 2017, Centegra Hospital - Huntley Intensive Care patients experienced an average length of stay (ALOS) of 3.71. This ALOS was similar to the FY17 ALOS in Centegra Hospital -Woodstock's ALOS of 3.75. As a result, it was determined that a conservative ALOS of 3.7 would be appropriate for calculating projected utilization of Centegra Hospital - Huntley's ICU after the hospital's Intensive Care bed capacity is expanded.

The expected ADC of 5.22 is expected to continue during the first complete fiscal year of operation of the expanded ICU, which will have 12 authorized Intensive Care beds. This will result in a total of 1,905 patient days for the entire year (5.22 x 365 days). The sixteen (16) Physician Referral letters document that an additional 226 patients historically seen at Centegra Hospital - Woodstock will be referred to the expanded ICU at Centegra Hospital-Huntley once Centegra Hospital-Woodstock's Intensive Care Category of Service is discontinued. Applying the 3.7 day ALOS to at the 226 referrals from Centegra Hospital - Woodstock's Intensive Care Category of Service results in an additional 836 patient days during a non-leap year. During the first complete fiscal year of operation of the expanded Intensive Care Service, Centegra Hospital - Huntley is projected to experience 2,741 patient days, an ADC of 7.51. This utilization is the sum of 1,905 annual patient days based on historic utilization at Centegra Hospital- Huntley's ICU plus 836 annual patient days based on physician referrals from Centegra Hospital - Woodstock's ICU. The projected ADC of 7.51 will result in 62.6% occupancy of the 12-bed ICU, which exceeds the Illinois CON occupancy target of 60%. During the second complete fiscal year of the expanded Intensive Care Service, Centegra Hospital - Huntley is projected to experience slightly increased utilization for two reasons. First, the projected patient days will increase slightly during the second fiscal year, reflecting projected population growth in McHenry County (Planning Area A-10) of 1.07% per year. Second, the second complete fiscal year of operation of the expanded Intensive Care Service will be FY20, which is a

leap year. As a result, the projected ADC for the first fiscal year will increase to 2,749 because of the additional (366) day in a leap year. During the second complete fiscal year of operation of the expanded Intensive Care Service, Centegra Hospital - Huntley is projected to experience 2,778 patient days, an ADC of 7.59. This utilization is projected to consist of the following: first, multiplying the first year's ADC by the projected compounded annual population growth rate of 1.07% ((7.51 ADC x 1.07%)) + 7.51 ADC = 7.59 ADC); and, second, adjusting the project ADC to reflect 366 days in the FY20 leap year (7.59 x 366 = 2,778). The projected utilization (ADC of 7.59) will result in 63.3% occupancy of the 12-bed ICU, which exceeds the Illinois CON occupancy target of 60%.

TABLE FOUR					
Projected Utilization					
	Service	Historical	Projected Utilization	Projected Occ.	State Standard
YEAR 1	Intensive Care	5.22 ADC	7.51 ADC	62.60%	60%
YEAR2	Intensive Care	5.22 ADC	7.59 ADC	63.20%	60%

*Centegra Hospital - Huntley became operational on August 9, 2016 and the most recent data available is for August 9, 2016, through June 30, 2017, which is its first 326 days of operation. That is approximately 10.5 months of data.

STATE BOARD STAFF FINDS THE PROPOSED CRITERION IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.234 (b))

C) Criterion 1110.234 (e) – Assurances

To demonstrate compliance with this criterion the applicants must document that the proposed service will be at target occupancy within two (2) years of project completion.

The applicants have provided the necessary assurance at page 76 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED CRITERION IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.234 (e))

IX. Intensive Care Beds

A) Criterion 1110.530 - Background of Applicant

This criterion was addressed successfully earlier in this report.

B) Criterion 1110.530 (c) (2) (4) - Planning Area Need

To demonstrate compliance with this criterion the applicants must document that the number of beds to be added is necessary to serve the planning area's population.

2) Service to Planning Area Residents

To demonstrate compliance with this sub-criterion the applicants must document the additional beds will provide service to planning area residents.

The primary purpose of this project is to provide necessary Intensive Care and Medical/Surgical (M/S) Services to residents of Planning Area A-10, which is McHenry County. This application proposes to expand Centegra Hospital - Huntley's authorized Intensive Care beds by redistributing (i.e. converting) 4 beds in the M/S Category of Service to the Intensive Care Category of Service.

Centegra Hospital - Huntley and Centegra Hospital - Woodstock are both located in the same planning area (Planning Area A-10) for the Intensive Care and M/S Categories of Service. The hospitals are located 7.7 miles apart, and the travel time between them is approximately 16 minutes.

Patient origin data is provided below for the first 10.5 months of operation of Centegra Hospital - Huntley. Centegra Hospital – Huntley is a new hospital that became operational on August 9, 2016 and has not yet experienced a full twelve (12) months of operation. The most recent data available are from its opening date through June 30, 2017. During this period of time, 89.6% of the hospital's Intensive Care patients resided in zip codes primarily located in Planning Area A-10, McHenry County. This includes both direct admissions to the Intensive Care Unit (ICU) and patients transferred to the ICU.

Zip Code	City	Cases	Percent
60142	Huntley	180	36.1%
60014	Crystal Lake	80	16.0%
60156	Lake in the Hills	72	14.4%
60102	Algonquin	35	7.0%
60152	Marengo	32	6.4%
60098	Woodstock	25	5.0%
60033	Harvard	9	1.8%
60050	McHenry	3	0.6%
60051	McHenry	3	0.6%
60180	Union	3	0.6%
60012	Crystal Lake	2	0.4%
60013	Cary	1	0.2%

TABLE FIVE			
Planning Area A-10			
Zip Code	City	Cases	Percent
60081	Spring Grove	1	0.2%
60097	Wonder Lake	1	0.2%
Sub Total			89.6%
Other		52	10.4%
Total		499	100.0%

4) Service Demand – Expansion of Existing Category of Service

To demonstrate compliance with this sub-criterion the applicants must document that the number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service.

Historical Utilization

Target occupancy for intensive care bed is sixty percent (60%). Centegra Hospital – Huntley for the first 10.5 months (August 9, 2016 – June 30, 2017 - 326 days) of service operated at sixty-five percent (65%).

$$\begin{aligned} \text{Patient Days } 1,664 \text{ days} + 38 \text{ observation days} &= 1,702 \text{ days or } 5.22\text{ADC} \\ 5.22 \text{ days}/8 \text{ ICU beds} &= 65.25\% \end{aligned}$$

Projected Referrals

During the most recent 12 month period, from July 1, 2016 to June 30, 2017 (FY17), 458 patients were admitted to Centegra Hospital - Woodstock's Intensive Care Category of Service, resulting in 1,718 patient days. Sixteen (16) physicians are proposing to refer two hundred twenty-six (226) patients to Centegra Hospital – Huntley intensive care unit should the proposed project be approved. [See Appendix II at the end of this report]

TABLE SIX		
Physician Name	Total Cases	Referral Cases
Alan Simmons	16	11
Clare Legursky	11	9
Damian Durka	15	11
George Thomas	13	8
Ifzal Bangash	14	14
Jenie Nepomuceno	18	15
Joseph Emmons	17	16
Karen Judy	33	31
Kerwin Chan	11	9
Kun Wang	10	9
Lisa Glosson	8	8
Marcel Hoffman	19	18

TABLE SIX		
Physician Name	Total Cases	Referral Cases
Robert Brizzolara	11	9
Stephen Dreznin	13	12
Tanveer Ahmad	43	38
Yasmeen Hasan	9	8
	261	226

Based upon the information provided by the applicants it appears that the additional intensive care beds will serve the residents of the A-10 Planning Area (McHenry County) and there appears to be sufficient demand to support the number of beds (4 beds) being requested by the applicants.

STATE BOARD STAFF FIND THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.530 (c) (2) (4))

C) Criterion 1110.530 (f) - Staffing Availability

To demonstrate compliance with this criterion the applicants must document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.

This project proposes to increase the bed capacity of Centegra Hospital - Huntley's Intensive Care Category of Service from eight (8) beds to twelve (12) beds. At the same time as Centegra Hospital - Huntley's bed capacity is being increased, the Intensive Care Category of Service at Centegra Hospital - Woodstock will be discontinued. Centegra Health System, the owner and operator of both Centegra Hospital - Woodstock and Centegra Hospital - Huntley, considered the relevant clinical and professional staffing needs for the proposed project as well as licensure and Joint Commission staffing requirements.

Centegra Hospital - Huntley's ICU is currently in compliance with licensure and Joint Commission staffing requirements. When the ICU is expanded to twelve (12) beds, it will continue to meet all licensing requirements set forth by the State of Illinois as well as all staffing standards established by the Joint Commission. No additional staff will need to be recruited to operate these beds as part of the ICU because, in addition to the current Intensive Care and Step-Down Unit staffing for this unit, Centegra Health System has secured approval from staff members in Centegra Hospital - Woodstock's ICU to relocate to the ICU at Centegra Hospital - Huntley when the ICU at Centegra Hospital - Woodstock is discontinued.

STATE BOARD STAFF FIND THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.530 (f))

D) Criterion 1110.530 (g) - Performance Requirements

To demonstrate compliance with this criterion the applicants must document that the intensive care unit will meet the minimum unit size of four (4) beds.

The applicants are proposing twelve (12) intensive care beds at Centegra Hospital - Huntley Hospital. The applicants have successfully addressed this criterion.

STATE BOARD STAFF FIND THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PERFORMANCE REQUIREMENTS (77 ILAC 1110.530 (g))

E) Criterion 1110.530 (h) - Assurances

To demonstrate compliance with this criterion the applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

Michael Eesley, CEO of Centegra Health System stated the following:

"I am an applicant representative of the co-applicants for this project (i.e., Northern Illinois Medical Center d/b/a Centegra Hospital - Huntley, Centegra Health System, Northern Illinois Medical Center d/b/a Centegra Hospital - McHenry and Memorial Medical Center - Woodstock d/b/a Centegra Hospital - Woodstock) who has signed the CON application that includes the expansion of the Intensive Care Category of Service at Centegra Hospital - Huntley. In accordance with 77 Ill. Adm. Code 1110.530(h), I hereby attest to the understanding of the co-applicants for this project that, by the second year of operation after this project is completed, Centegra Hospital - Huntley will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the Intensive Care Category of Service. The occupancy standard for a hospital's Intensive Care Category of Service is 60% occupancy of the authorized beds on an annual basis (77 Ill. Adm. Code 1100.540(c))."

STATE BOARD STAFF FIND THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCE (77 ILAC 1110.530 (h))

Appendix I

Centegra Hospital - McHenry CHARITY CARE			
	FY14	FY15	FY16
Net Patient Revenue	\$247,541,588	\$268,241,543	\$314,958,842
Amount of Charity Care (charges)	\$16,612,923	\$11,336,629	\$8,516,834
Cost of Charity Care	\$4,817,748	\$3,280,820	\$2,400,936
% of Charity Care Cost to Net Patient Revenue	1.94%	1.22%	.76%

Centegra Hospital - Woodstock CHARITY CARE			
	FY14	FY15	FY16
Net Patient Revenue	\$130,979,938	\$123,892,358	\$130,641,946
Amount of Charity Care (charges)	\$8,897,081	\$7,292,581	\$5,655,030
Cost of Charity Care	\$2,766,992	\$2,267,993	\$1,646,558
% of Charity Care Cost to Net Patient Revenue	2.11%	1.83%	1.26%

Appendix II							
Summary of Physician Sixteen (16) Referral Letters							
Physician	City	County	#	Physician	City	County	#
Alan Simmons, MD				Joseph Emmons, MD			
60098	Woodstock	McHenry	7	60098	Woodstock	McHenry	10
60014	Lakewood	McHenry	2	60033	Harvard	McHenry	3
60034	Hebron	McHenry	2	60152	Marengo	McHenry	2
60152	Marengo	McHenry	2	60014	Lakewood	McHenry	1
51301	Spencer IA		1	60034	Hebron	McHenry	1
60033	Harvard	McHenry	1	Total			17
60123	Elgin		1				
Total			16				
Clare Legursky, MD				Karen Judy, MD			
60098	Woodstock	McHenry	7	60098	Woodstock	McHenry	17
60012	Bull Valley	McHenry	2	60152	Marengo	McHenry	5
60033	Harvard	McHenry	1	60014	Lakewood	McHenry	4
60142	Huntley	McHenry	1	60033	Harvard	McHenry	3
Total			11	60142	Huntley	McHenry	2
				60013	Cary	McHenry	1
				60051	McHenry	McHenry	1
				Total			33
Damian Durka, MD				Kerwin Chan, MD			
60098	Woodstock	McHenry	4	60098	Woodstock	McHenry	5
60014	Lakewood	McHenry	3	60142	Huntley	McHenry	2
60152	Marengo	McHenry	3	60033	Harvard	McHenry	1
60010	Barrington	Lake	1	60097	Wonder Lake	McHenry	1
60012	Bull Valley	McHenry	1	60123	Elgin	Kane	1
60156	Lake in the Hills	McHenry	1	60156	Lake in the Hills	McHenry	1
60201	Evanston	Cook	1	Total			11
60542	N. Aurora	Elgin	1				
Total			15				

Appendix II							
Summary of Physician Sixteen (16) Referral Letters							
Physician	City	County	#	Physician	City	County	#
George Thomas, MD				Kun Wang, MD			
60098	Woodstock	McHenry	4	60098	Woodstock	McHenry	5
60033	Harvard	McHenry	2	60014	Lakewood	McHenry	3
60050	Johnsburg	McHenry	2	60102	Algonquin	McHenry	1
60152	Marengo	McHenry	2	60152	Marengo	McHenry	1
60014	Lakewood	McHenry	1	Total			10
60041	Ingleside	Lake	1				
98373	P. Washington	Unknown	1				
Total			13				
Ifzal Bangash MD				Lisa Glosson, MD			
60098	Woodstock	McHenry	7	60098	Woodstock	McHenry	3
60014	Lakewood	McHenry	2	60014	Lakewood	McHenry	2
60033	Harvard	McHenry	2	60033	Harvard	McHenry	2
60152	Marengo	McHenry	2	60152	Marengo	McHenry	1
60142	Huntley	McHenry	1	Total			8
Total			14				
Marcel Hoffman, MD				Jenie Nepomuceno, MD			
60098	Woodstock	McHenry	13	60098	Woodstock	McHenry	7
60014	Lakewood	McHenry	2	60014	Lakewood	McHenry	4
60152	Marengo	McHenry	2	60152	Marengo	McHenry	3
60033	Harvard	McHenry	1	60033	Harvard	McHenry	1
60034	Hebron	McHenry	1	60034	Hebron	McHenry	1
Total			19	60051	Johnsburg	McHenry	1
				60097	Wonder Lake	McHenry	1
				Total			18

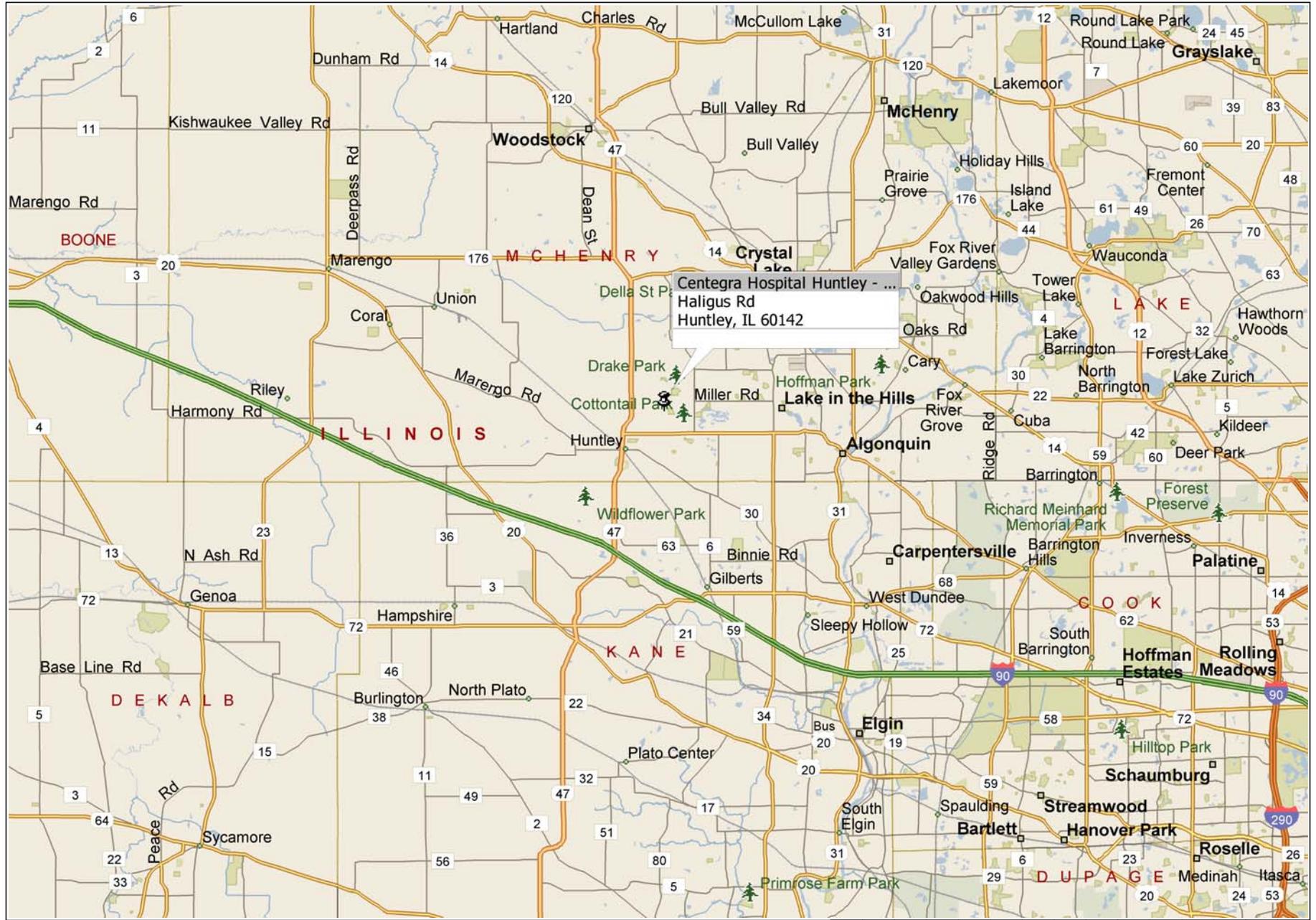
Appendix II							
Summary of Physician Sixteen (16) Referral Letters							
Physician	City	County	#	Physician	City	County	#
Robert Brizzolara, MD				Yasmeen Hasan, MD			
60098	Woodstock	McHenry	7	60098	Woodstock	McHenry	8
60014	Lakewood	McHenry	1	60050	Johnsburg	McHenry	1
60033	Harvard	McHenry	1	Total			9
60034	Hebron	McHenry	1				
60050	Johnsburg	McHenry	1				
Total			11				
Stephen Dreznin, MD							
60014	Lakewood	McHenry	5				
60098	Woodstock	McHenry	5				
60152	Marengo	McHenry	2				
60050	Johnsburg	McHenry	1				
Total			13				
Tanveer Ahmad, MD							
60098	Woodstock	McHenry	20				
60152	Marengo	McHenry	12				
60033	Harvard	McHenry	2				
60180	Union	McHenry	2				
60013	Cary	McHenry	1				
60014	Lakewood	McHenry	1				
60034	Hebron	McHenry	1				
60050	Johnsburg	McHenry	1				
60142	Huntley	McHenry	1				

Appendix II							
Summary of Physician Sixteen (16) Referral Letters							
Physician	City	County	#	Physician	City	County	#
60175	St. Charles	DuPage	1				
61065	Poplar Grove	Boone	1				
Total			43				

Appendix III

A-10 Hospital Planning Area (McHenry County)					CON Authorized 12/31/2016								
Hospital	City	Health Service Area	Hospital Planning Area	County	Medical-Surgical	Intensive Care	Pediatric	Obstetrics/Gynecology	Long Term Care	Neonatal ICU	Rehab	Acute Mental Illness	Total CON Authorized Beds
Hospitals					291	53	0	31	45	0	22	34	476
Centegra Hospital - McHenry	McHenry	8	A-10	McHenry	116/73%	18/69.5%	0	23/37.8%	0	0	22/81.4%	0	179
Centegra Hospital - Woodstock	Woodstock	8	A-10	McHenry	60/59.8%	12/46.3%	0	0	0	0	0	34/70.8%	106
Centegra Hospital - Huntley ⁽¹⁾	Huntley	8	A-10	McHenry	100/13.4%	8/21.3%	0	20/9.0%	0	0	0	0	128
Mercy Harvard Memorial Hospital ⁽²⁾	Harvard	8	A-10	McHenry	15/29.1%	3/2.3%	0	0	45/56.6%	0	0	0	63
Mercy - Crystal Lake ⁽³⁾	Crystal Lake	8	A-10	McHenry	11	2	0	0	0	0	0	0	13
1. Centegra Hospital- Huntley – licensed as hospital July 2016, data not for entire calendar year.													
2. Mercy Harvard Memorial Hospital approved to discontinue eleven (11) medical surgical beds and two (2) intensive care beds June 2017 as Permit #17-002.													
3. Mercy Hospital – Crystal Lake approved to establish a thirteen (13) bed hospital June 2017 as Permit #17-002.													

17-037 Centegra Hospital Huntley - Huntley



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