



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-13	BOARD MEETING: April 17, 2018	PROJECT NO: 18-003	PROJECT COST:
FACILITY NAME: Taylorville Memorial Hospital		CITY: Taylorville	Original:\$59,962,138
TYPE OF PROJECT: Substantive			HSA: III

PROJECT DESCRIPTION: The Applicants (Memorial Health Service and Taylorville Memorial Hospital) propose a major modernization of an existing 25-bed critical access hospital in Taylorville, Illinois. The cost of the project is \$59,962,138 and the scheduled completion date is June 30, 2022.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Memorial Health Service and Taylorville Memorial Hospital) propose a major modernization of an existing 25-bed critical access hospital in Taylorville, Illinois. The cost of the project is \$59,962,138 and the scheduled completion date is June 30, 2022.
- Additionally as part of this modernization the Applicants are discontinuing their 3-bed intensive care and 1-bed pediatric categories of service [#E-009-18]. The Applicants are proposing to add 4-medical surgical beds for a total of 25-medical surgical beds. The Chairwoman approved #E-009-18 on March 21, 2018

Beds	Existing	Proposed
Medical Surgical Beds	21	25
Pediatric Beds	1	0
Intensive Care Beds	3	0
Total Beds	25	25

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes a major modernization of a health care facility in excess of the capital expenditure minimum of \$13,171,046.

PURPOSE OF THE PROJECT:

- The Applicants state: *“The purpose of the project is to improve the health care and well-being of the market area population by replacing services including existing medical-surgical beds located in a 63 year old 5-story building constructed in 1954, with new, modern, appropriately sized and configured facilities.”*

BACKGROUND:

- In October 2006 the State Board approved a change of ownership (#E-074-06) of St Vincent Memorial Hospital (n/k/a Taylorville Memorial Hospital) a 25-bed critical access hospital with a 50-bed long term care category of service to Memorial Health System.
- In April 2008 the State Board approved the Applicants for a medical office building (Project #07-156) at a cost of approximately \$12 million.
- In September 2008 the State Board approved the Applicants for the discontinuation of the 5-bed obstetric category of service.
- In September 2009 the State Board approved the Applicants to establish an ambulatory care building at a cost of approximately \$21 million.
- In January 2015 the State Board approved the Applicants for the discontinuation of the long term care category of service at the hospital.

PUBLIC HEARING/COMMENT:

- A public hearing was offered but none was requested. No letters of opposition or support were received by the State Board Staff.

SUMMARY:

- Taylorville Memorial Hospital is a Critical Access Hospital and is considered a “necessary provider” by the Illinois Department of Public Health.
- The Applicants’ existing 5-story hospital building is 63 years old and was built to the standards of construction in place at that time. The building has been upgraded periodically over the years but still does not have the capacity to meet contemporary design standards for inpatient and outpatient hospital care. According to the Applicants, no matter how much would be invested in the existing facility, the result would still be a 1954 vintage, 5-story facility with long vertical travel distances and poorly designed for the treatment of medical-surgical inpatients and the variety of outpatients accessing the hospital's services. (See Page 12-13 of this report)
- There is one category of service that is being modernized as part of this project; medical surgical beds. The Applicants are proposing 25 medical surgical beds. Historical utilization for past two years (2015 and 2016) will justify 27 medical surgical beds. The State Board does not have utilization or gross square footage standards for the remaining clinical services being proposed to be modernized by this project.

CONCLUSIONS:

- **The Applicants addressed twenty one (21) criteria and did not meet the following:**

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
77 ILAC 1120.140(c) Reasonableness of Project Costs	The Applicants’ modernization and contingency costs exceeded the State Board Standard by \$98,918.

STATE BOARD STAFF REPORT
Taylorville Memorial Hospital
PROJECT #18-003

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	Memorial Health System and Taylorville Memorial Hospital
Facility Name	Taylorville Memorial Hospital
Location	201 E. Pleasant, Taylorville, Illinois
Application Received	January 12, 2018
Application Deemed Complete	January 18, 2018
Review Period Ends	May 18, 2018
Permit Holder	Memorial Health System and Taylorville Memorial Hospital
Operating Entity	Taylorville Memorial Hospital
Owner of the Site	Memorial Health System
Project Financial Commitment Date	April 17, 2020
Gross Square Footage	95,299 GSF
Project Completion Date	June 30, 2022
Expedited Review	Yes
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The Applicants (Memorial Health Service and Taylorville Memorial Hospital) propose a major modernization of an existing 25-bed critical access hospital in Taylorville, Illinois. The cost of the project is \$59,962,138 and the scheduled completion date is June 30, 2022.

II. Summary of Findings

- A. State Board Staff finds the proposed project is in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project **is not** in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

Memorial Health System (Parent) is incorporated as a not-for-profit corporation under the laws of the State of Illinois and is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code. Memorial Health System is the sole corporate member of the following Illinois hospitals and ASTC:

- Memorial Medical Center, Springfield, Illinois
- Taylorville Memorial Hospital, Taylorville, Illinois
- Abraham Lincoln Memorial Hospital, Lincoln Illinois
- The Passavant Memorial Area Hospital Association, Jacksonville, Illinois
- Orthopaedic Surgery Center of Illinois, Springfield, Illinois

Taylorville Memorial Hospital is located in Health Service Area III that includes the Illinois Counties of Adams, Brown, Calhoun, Cass, Christian, Greene, Hancock, Jersey, Logan, Macoupin, Mason, Menard, Montgomery, Morgan, Pike, Sangamon, Schuyler, and Scott. In addition the hospital is located in the E-01 Hospital Planning Area that includes Logan, Menard, Mason, Sangamon, Christian and Cass Counties; Brown County Townships of Ripley, Cooperstown, and Versailles; Schuyler County Townships of Littleton, Oakland, Buena Vista, Rushville, Browning, Hickory, Woodstock, Bainbridge and Frederick. There are seven hospitals in the E-01 Hospital Planning Area.

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- Abraham Lincoln Hospital, Lincoln
 - Mason District Hospital, Havana
 - Memorial Medical Center, Springfield
 - Pana Community Hospital, Pana
 - Sarah D. Culbertson Memorial Hospital, Rushville
 - St. John's Hospital, Springfield
 - Taylorville Memorial Hospital, Taylorville
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Financial commitment will occur after permit issuance.

Taylorville Memorial Hospital is a 25-bed critical access hospital. Additionally the hospital has been approved for the swing bed program¹. To be designated a Critical Access Hospital a hospital must meet the following criteria:

- Be located in a state that has established a State Flex Program;
- Be located in a rural area or be treated as rural under a special provision that allows qualified hospital providers in urban areas to be treated as rural for purposes of becoming a CAH;
- Furnish 24-hour emergency care services, using either on-site or on-call staff;
- Provide no more than 25 inpatient beds that can be used for either inpatient or swing bed services; however, a CAH may also operate a distinct part rehabilitation or psychiatric unit, each with up to 10 beds;
- Have an average annual length of stay of 96 hours or less (excluding beds that are within distinct part units [DPU]); and
- Be located either more than 35 miles from the nearest hospital or CAH or more than 15 miles in areas with mountainous terrain or only secondary roads OR prior to January 1, 2006 were State certified as a “necessary provider” of health care services to residents in the area.

Congress passed the Medicare Rural Hospital Flexibility Grant Program/original balanced budget act in 1997, the critical access hospital program was created and rural hospitals could convert to CAH status if they could meet the thirty-five (35) miles or greater definition. Subsequently, CMS/Congress learned that most small hospitals were located less than thirty-five (35) miles from another facility, especially in the Midwest, so they passed the **necessary provider provision** in 1999 as part the Balanced Budget Refinement Act. The necessary provider provision allowed the states to determine their

¹ The Social Security Act (the Act) permits certain small, rural hospitals to enter into a swing bed agreement, under which the hospital can use its beds, as needed, to provide either acute or SNF care. As defined in the regulations, a swing bed hospital is a hospital or critical access hospital (CAH) participating in Medicare that has CMS approval to provide post-hospital SNF care and meets certain requirements. Medicare Part A (the hospital insurance program) covers post-hospital extended care services furnished in a swing bed hospital. Under the Medicare program, rural hospitals with 100 or fewer licensed routine care beds are eligible to participate in the swing bed program, meaning that a bed can be used for either an acute care patient or a postacute patient who has been discharged from a medically necessary three-day minimum acute stay and requires skilled nursing care. Swing bed hospitals include both critical access hospitals (CAHs) and those paid under the Prospective Payment System (PPS), but the financial incentives for providing SNF care in a swing bed differ dramatically between the two types of hospitals. [CMS Website]

own criteria to become a CAH and also had to develop a plan for implementing the CAH program, called the Rural Health Plan, which then had to be approved by CMS.

Since all Illinois small rural hospitals are less than thirty-five (35) miles from another hospital (regardless of state lines,) each Illinois hospital applying for CAH status had to be approved by IDPH as a “necessary provider” of health care services for its community. All small hospitals had to first be located in a state or federal designated area and then meet one of the following criteria to be designated as a necessary provider:

- In a health professional shortage area (HPSA); or
- In a state physician shortage area (PSA);
- In an county where there was a greater percentage of residents 65 years or older than the state average; or
- In a county where there were a greater percentage of residents 200% or more of the federal poverty level than the state average.

The original IDPH plan for implementation of the CAH program (Rural Health Plan) was approved by CMS in May 1999. The plan was updated in 2009. Congress passed the Medicare Modernization Act in 2005 which discontinued the “necessary provider” program for the states, grandfathered all the CAHs approved under the “necessary provider” provision, and changed the criteria for CAH conversion to thirty-five (35) miles or greater by any type of road and fifteen (15) miles or greater by secondary road. Federal criteria for conversion to CAH status required a hospital to be part of a network and in Illinois, the hospital were approved based on the hospital being part of an EMS network. There were fifty-two (52) hospitals approved as a “necessary provider” critical access hospital prior to December 31, 2005. White County Hospital in Carmi closed in December 2005. There are fifty-one (51) CAHs in Illinois. See Table at the end of this report for complete list of Illinois Critical Access Hospitals. [Source: IDPH Center for Rural Health and Illinois Critical Access Hospital Network]

Taylorville Memorial Hospital’s designation as a Critical Access Hospital allows for reimbursement for inpatient and outpatient services provided to Medicare patients. Cost base reimbursement provides significant financial advantages to Taylorville Memorial Hospital which allows payment at 101% of allowable costs on all of the Medicare patients served. However, since sequestration,² Taylorville Memorial Hospital only receives 99% reimbursement for allowable costs associated with Medicare patients.

IV. Project Detail

The proposed project is a major modernization of Taylorville Memorial Hospital. The project includes replacement of an existing 63-year old 5-story building currently housing medical-surgical beds, selected outpatient and other support services. Once the new two story building is completed, the existing 5-story hospital building will be demolished. The project will expand one category of service

² **Budget sequestration** is a procedure in United States law that limits the size of the [federal budget](#). Sequestration involves setting a hard cap on the amount of government spending within broadly defined categories; if Congress enacts annual [appropriations legislation](#) that exceeds these caps, an across-the-board spending cut is automatically imposed on these categories, affecting all departments and programs by an equal percentage. The amount exceeding the budget limit is held back by the Treasury and not transferred to the agencies specified in the appropriation bills.¹¹ The word sequestration was derived from [a legal term](#) referring to the seizing of property by an agent of the court, to prevent destruction or harm, while any dispute over said property is resolved in court.

(Medical-Surgical/Pediatrics) by replacing 21 Medical Surgical beds, 1 pediatric bed and 3 ICU beds with 25 medical surgical beds. The Pediatric and ICU Categories of Service will be discontinued (#E-009-18). Other services to be relocated into new space include clinical service areas other than categories of service (laboratory, pharmacy, rehabilitation (PT, OT, ST) as well as other clinical support services and non-clinical services (environmental services, materials management, information systems, administration, dietary and other support services.)

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

The Applicants are funding this project with cash in the amount of \$11,992,428 and a bond issue of \$47,969,710. The Applicants note that they have applied for a New Market Tax Credit (NMTC)³ to help with the financing of this project. If the New Market Tax Credit funding is ultimately approved, it would reduce the amount of "Cash and Securities" and/or the "Bond Issues (project related)" required. The NMTC determination will be made sometime in mid-2018, after IHFSRB action on this Certificate of Need application. Therefore, if NMTC funding is approved for the project, the Applicant will submit to the IHFSRB an Alteration of Post-Permit Projects (77 ILAC 1130.750) to revise the "Project Sources and Uses of Funds" reflecting the impact of the new infusion of NMTC funding.

TABLE ONE
Use and Sources of Funds ⁽¹⁾

Use Of Funds	Clinical	Nonclinical	Total	% of Total
Preplanning Costs	\$315,539	\$368,186	\$683,725	1.14%
Site Survey and Soil Investigation	\$103,748	\$121,058	\$224,806	0.37%
Site Preparation	\$671,274	\$783,274	\$1,454,548	2.43%
New Construction Contracts	\$16,760,841	\$19,557,341	\$36,318,182	60.57%
Modernization Contracts	\$202,619	\$236,425	\$439,043	0.73%
Contingencies	\$1,706,477	\$1,991,198	\$3,697,675	6.17%
Architectural/Engineering Fees	\$1,407,575	\$1,642,425	\$3,050,000	5.09%
Consulting and Other Fees	\$457,739	\$534,111	\$991,850	1.65%
Movable or Other Equipment (not in construction contracts)	\$2,595,967	\$3,029,098	\$5,625,065	9.38%
Bond Issuance Expense (project related)	\$69,225	\$80,775	\$150,000	0.25%
Net Interest Expense During Construction (project related)	\$1,476,800	\$1,723,200	\$3,200,000	5.34%
Other Costs To Be Capitalized	\$1,904,723	\$2,222,521	\$4,127,244	6.88%

³ The New Markets Tax Credit Program was established as part of the [Community Renewal Tax Relief Act of 2000](#). The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities.¹⁴ The credit equals 39% of the investment paid out (5% in each of the first three years, then 6% in the final four years, for a total of 39%) over seven years (more accurately, six years and one day of the seventh year). A Community Development Entity must have a primary mission of investing in low-income communities and persons. [Source journal of accountancy.com/Issues/2001/Aug Community Renewal Tax Relief Act Of 2000.htm]

TABLE ONE
Use and Sources of Funds ⁽¹⁾

Use Of Funds	Clinical	Nonclinical	Total	% of Total
Total Uses Of Funds	\$27,672,527	\$32,289,612	\$59,962,138	100.00%
Cash and Securities	\$5,534,505	\$6,457,922	\$11,992,428	
Bond Issues (project related)	\$22,138,021	\$25,831,689	\$47,969,710	
Total Sources Of Funds	\$27,672,527	\$32,289,611	\$59,962,138	

1. A detailed itemization of these costs can be found at pages 46-48 of the Application for Permit.

VI. Background of the Applicants

Criterion 1110.1430(b)(1) & (3) - Background of Applicant

To address this criterion the applicants must provide a list of all facilities currently owned in the State of Illinois and an attestation documenting that no adverse actions⁴ have been taken against the applicants by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities and Services Review Board; and authorization to the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

1. The Applicants provided the necessary attestation that no adverse action has been taken against any facility owned or operated by the Applicants and authorization allowing the State Board and IDPH access to all information to verify information in the application for permit. [Application for Permit pages 73-74]
2. The Applicants have provided licensure and accreditations for all facilities wholly owned by Memorial Health System. [Application for Permit pages 73-78]
3. Certificates of Good Standing for Memorial Health Services and Taylorville Memorial Hospital have been provided as required. Both entities are in good standing. [Application for Permit pages
4. The site is owned by Memorial Health Services. An attestation by the President and CEO Edward Curtis was provided as documentation of the ownership of the site. [Application for Permit page 38]
5. The Applicants provided evidence that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that*

⁴ "Adverse action is defined as 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." (77 IAC 1130.140)

proposed development within Special Flood Hazard Areas would meet the requirements of this Order. [Application for Permit page 42-43]

6. The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1). [Application for Permit page 44]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 ILAC 1110.1430(b)(1) & (3))

VII. Discontinuation

A) Criterion 1110.130(a) Discontinuation

To demonstrate compliance with this criterion the Applicants must provide the reasons for the discontinuation and the impact the discontinuation will have on access.

The Applicants addressed this criterion in this certificate of need application for permit as well as filing an Exemption (#E-009-18) that addresses the discontinuation of the intensive care and pediatric services at Taylorville Memorial Hospital.

The Applicants are proposing to discontinue their three bed ICU category of service and one bed pediatric service. The reason for the discontinuation of these services is to re-categorize these beds as medical surgical beds to designate all 25-beds as medical surgical beds because of the hospital's Critical Access Hospital designation and the scope of services being provided. The intensive care and pediatric categories of service at the hospital have been well below State Board Standard utilization over the past five years. The pediatric utilization State standard is 65% for a bed complement of 1-30 beds and for ICU service it is 60% for any number of beds.

There are four hospitals within 45-minutes of the Taylorville Memorial Hospital. Impact letters were sent to all four hospitals. Memorial Medical Center and Decatur Memorial Hospital responded stating that they had sufficient capacity to accommodate the patients at their hospital. All medical records will be maintained at Taylorville Memorial Hospital and the existing space housing these four beds will be demolished as soon as the modernization is complete.

**TABLE TWO
Hospitals within 45 minutes of the Proposed Project**

Facilities	City	Minutes	Pediatric		Intensive Care	
			Beds	Occ.	Beds	Occ.
HSHS St. John's Hospital	Springfield	36	32	42.7%	48	71.10%
Memorial Medical Center (Affiliate)	Springfield	36	7	16.9%	49	80.40%
HSHS St. Mary's Hospital	Decatur	38	14	8.8%	14	46.50%
Decatur Memorial Hospital	Decatur	41	18	26.8%	32	67.68%

III. Purpose of the Project, Safety Net Impact, and Alternatives to the Project

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 Applicants provided the following information.

The purpose of the project is to improve the health care and well-being of the market area population by replacing services including existing medical-surgical beds located in a 63 year old 5-story building constructed in 1954, with new, modern, appropriately sized and configured facilities. In addition to replacing the existing medical/surgical beds, the project will replace other services including laboratory, pharmacy, rehabilitation (PT/OT/Other), sleep lab, stress testing, respiratory therapy and behavioral health day program for seniors. Other non-clinical areas will also be replaced including administration, environmental services, materials management, information systems, plant operations, physical plant, mechanic and other support offices. As stated earlier the Applicants were approved to replace many of its core clinical services in September of 2009 as permit #09-017, including surgery, radiology, imaging and emergency department as well as creating a new front entrance and main lobby.

This project will retain the newest 2011 facilities and replace the rest of the hospital with new construction. All the services being replaced will be located on ground level except for a new 25-bed medical surgical unit, a behavioral health day program for seniors and a rehabilitation space for medical surgical and swing bed patients which will be located on the 2nd floor in new construction. The new facilities will be connected to the building completed in 2011. Once the new two story building construction is completed, the hospital will demolish the old 1954, 5-story hospital building. The hospital will retain its current plant operations building and connect it back to the new construction via a newly constructed "Plant Ops Connection."

The market area for this project is Christian county and northern Montgomery County. The market area for this project includes those zip codes in which 0.5% or more of Taylorville Memorial Hospital's medical and surgical cases reside. These zip codes are shown in the patient origin chart below for its medical and surgical patients during the recent 12-month period of January 1, 2016 through December 31, 2016. Of these zip codes, 87.7% (January 1, 2016 through December 31, 2016) are located within Christian County. [See Application for Permit pages 79-83]

TABLE THREE
Patient Origin Information

City	County	Zip Code	Discharges	% of Total Cases	Cumulative %
Taylorville	Christian	62568	551	61.2%	61.2%
Pana	Christian	62557	59	6.6%	67.8%
Kincaid	Christian	62540	41	4.6%	72.3%
Nokomis	Montgomery	62075	40	4.4%	76.8%
Edinburg	Christian	62531	33	3.7%	80.4%
Morrisonville	Christian	62546	28	3.1%	83.6%
Stonington	Christian	62567	23	2.6%	86.1%
Tovey	Christian	62570	16	1.8%	87.9%
Palmer	Christian	62556	14	1.6%	89.4%
Shelbyville	Shelby	62565	10	1.1%	90.6%
Assumption	Christian	62510	7	0.8%	91.3%
Owaneco	Christian	62555	7	0.8%	92.1%
Tower Hill	Shelby	62571	5	0.6%	92.7%
Mount Auburn	Christian	62547	4	0.4%	93.1%
Total, These Zip Codes			838	93.1%	
Total, Medical/Surgical Patients				900	

B) Criterion 1110.230 (b) – Safety Net Impact Statement

To demonstrate compliance with this criterion the Applicants must document:

- 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.
- 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.
- How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

A Safety Net Impact Statement was provided as required and is included at the end of this report.

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

To demonstrate compliance with this criterion the Applicants must identify all of the alternatives considered to the proposed project.

The Applicants provided the following response:

1. Do Nothing (\$0)

Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level ambulatory building, main entrance and lobby constructed in 2011. (CON Permit #09-017). The 5-story building was designed as an inpatient hospital facility with more than 100 beds 63 years ago. The 5-story building is not configured as a Critical Access Hospital, which is required by the federal government to operate no more than 25 inpatient beds and offer significant outpatient services. The facility has aged infrastructure systems related to heating, ventilation and air conditioning. The existing departments are also poorly configured and located, creating inefficiencies for staff and long ingress, egress and internal travel distances, which is not conducive to the treatment of outpatients. While this alternative has no cost, it is also the most impractical alternative as it fails to address the deteriorating infrastructure and does nothing to solve the problems of trying to provide modern inpatient and outpatient health care in outdated facilities. The do nothing alternative was rejected because it does not meet the facilities current or projected needs.

2. Modernize the Existing Facility (\$19,642,000)

The second alternative considered was to "Modernize the Existing Facility". The estimated cost of this alternative is \$19,642,000. The existing 5-story building is 63 years old and was built to the standards of construction in place at that time. The building has been upgraded periodically over the years but still does not have the capacity to meet contemporary design standards for inpatient and outpatient hospital care. For example, the current floor-to-ceiling heights are 11 feet in the 1954 building on the floor where the medical-surgical unit is located. Contemporary construction requirements for floor-to-ceiling heights are 14 feet to accommodate additional mechanical, electrical, heating, air conditioning and other infrastructure and clinical equipment. The applicant engaged architectural, civil engineering and construction firms to assess the extent of infrastructure problems which estimated the cost of addressing these issues alone at over \$10,000,000. The report dated September 9, 2014 noted the following issues in the 1954 structure:

- *The chilled water/fan coil system serving the original building is beyond its useful life. The system is not under control and does not provide code required outside ventilation air.*
- *The original building has outdated pneumatic temperature controls.*

- *The domestic hot water heaters in the Power Plant are in need of replacement due to age and condition.*
- *The original building is experiencing leaks in the cast iron sanitary system due to age and degradation of the piping material.*
- *The original building has had backbone infrastructure installed to provide the code required three branches, but the distribution still requires updating.*
- *The original building has had the galvanized hot water mains replaced with copper piping, however, the cold water piping is still galvanized and subject to leaks.*

No matter how much would be invested in this facility, the result would still be a 1954 vintage, 5-story facility with long vertical travel distances and poorly designed for contemporary treatment of medical-surgical inpatients and the variety of outpatients accessing the hospital's services. For these reasons this alternative was rejected.

3. Complete Facility Replacement (\$77,500,000)

The cost of this alternative would be \$77,500,000. This alternative would involve replacing portions of the hospital that are in newer buildings less than five years old. These include surgery, emergency, general imaging, new entrance and lobby. (CON Permit #09-017). The "Complete Facility Replacement" alternative was rejected because the newer portions of the hospital are already located in single-story, ground level building that meets contemporary design standards, are functioning well and meet current and projected patient needs for those services.

4. Proposed Project - Partial Replacement with New Construction (\$59,962,138)

The proposed project utilizes the newest single-story, ground-level portion of the hospital constructed in 2011 while replacing the oldest and least functional 5-story building constructed in 1954 that currently houses medical-surgical beds, selected outpatient and other support services. The new construction will include a single-story and a two-story building addition. Once the new space is completed, the existing 5-story hospital building will be demolished. The project will expand one category of service (Medical-Surgical/Pediatrics) by replacing 22 Medical Surgical/Pediatrics beds and 3 ICU beds with 25 modern medical surgical beds. The ICU Category of Service will be discontinued. Other services to be relocated into new space include clinical service areas other than categories of service (medical laboratory, outpatient rehabilitation, outpatient testing, stress testing, sterile processing, pharmacy, telehealth, MD specialists support clinic, dietary and other support services) and non-clinical services (environmental services, materials management, information systems, administration and other support services and public spaces.) Upon completion, Taylorville Memorial Hospital will be transformed to a new, modern, appropriately sized and configured critical access hospital providing improved access in newly constructed single-story and two-story buildings. The new facility will incorporate the most contemporary design, patient safety and infrastructure features. Inpatient facilities will include modern, all-private medical surgical patient rooms in a contemporary environment for the patients receiving care in these areas. Outpatient areas will be more accessible to patients with shorter exterior and shorten interior travel times for patients. For these reasons, this alternative was selected. [See Application for Permit pages 84-85]

IX. Project Size, Projected Utilization, 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 project is in conformance with State Board Standards published in Part 1110 Appendix B.

The State Board has a gross square footage standard for medical surgical beds of 500-660 per gross square feet per bed. The State Board does not have gross square footage standards for the remaining clinical services being proposed by this project. The Applicants have successfully addressed this criterion.

**TABLE FOUR
Project Size**

Departments/Areas	Total Gross Square Feet	State Board Standard	Difference	Met Standard
Medical /Surgical (25 beds)	13,611	660/gsf/bed 16,500	-2,889	Yes
Laboratory	3,751			
Outpatient Rehabilitation (OT/PT/Other)	8,621			
Diagnostics and Testing	5,641			
Stress Testing	758			
Sterile Processing	2,244			
Pharmacy	2,488			
Tele-health	123		No Standards	
MD specialists clinic &support	1,450			
Medical Records	1,443			
Rehabilitation for Medical Surgical and Swing Bed Patients	1,663			
Senior Life Solutions Behavioral Health Day Program	2,189			

B) Criterion 1110.234(b) – Projected Utilization

To demonstrate compliance with this criterion the applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Part 1110 Appendix B. The number of years projected shall not exceed the number of historical years documented.

The State Board has a utilization standard for a medical surgical bed complement of 1-25 beds of 60%. Over the past two years the Applicants have averaged approximately 76% in their 21 bed medical surgical and expect to continue to meet the State Board’s utilization standard of 60% for the foreseeable future. No other clinical services **being proposed by this project** have utilization standards that have been established by the State Board. Based upon the information reviewed the Applicants have met the requirements of this criterion.

In 2016 the Applicants reported diagnostic/interventional equipment of 3 x-ray machines, 1 nuclear medicine machine, 1 mammography, 2 ultrasound machines, 1 CT machine and 1 MRI machine. This equipment is located in the ambulatory care building which was

approved by the State Board in September of 2009. The Applicants have met the State Board's utilization standards for this equipment in 2016. [See 2016 Hospital Profile at the end of this report]

Please note that current State Board Guidance states *“All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. HFSRB shall periodically evaluate the guidelines to determine if revisions should be made. Any revisions will be promulgated in accordance with the provisions of the Illinois Administrative Procedure Act [5 ILCS 100].”*

C) Criterion 1110.234 (e) – Assurances

To demonstrate compliance with this criterion the applicants submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

The Applicants provided the necessary assurance that the proposed 25 medical surgical beds will be at the State Board target occupancy of 60% within two years after project completion. [Application for Permit page 103]

X. Medical/Surgical, Obstetric, Pediatric and Intensive Care

A) Criterion 1110.530 (b) (1) (3) - Background of Applicants

This criterion has been addressed 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 established or added is necessary to serve the planning area's population.

The proposed project is for the expansion and modernization of the medical surgical category of service at the hospital and the calculated bed need or excess is not considered in the review of the Application for Permit.

2) Service to Planning Area Residents

The Applicants provided the patient origin information for the period 01/01/2016 thru 12/31/2016. As the Table below demonstrates 87% of the patients resided in Christian County (the location of Taylorville Memorial Hospital) in the E-01 Hospital Planning Area.

TABLE FIVE
Patient Origin

City	County	Zip Code	Discharges	% of Total Cases	Cumulative %
Taylorville	Christian	62568	551	61.2%	61.2%
Pana	Christian	62557	59	6.6%	67.8%
Kincaid	Christian	62540	41	4.6%	72.3%
Nokomis	Montgomery	62075	40	4.4%	76.8%
Edinburg	Christian	62531	33	3.7%	80.4%
Morrisonville	Christian	62546	28	3.1%	83.6%
Stonington	Christian	62567	23	2.6%	86.1%
Tovey	Christian	62570	16	1.8%	87.9%
Palmer	Christian	62556	14	1.6%	89.4%
Shelbyville	Shelby	62565	10	1.1%	90.6%
Assumption	Christian	62510	7	0.8%	91.3%
Owaneco	Christian	62555	7	0.8%	92.1%
Tower Hill	Shelby	62571	5	0.6%	92.7%
Mount Auburn	Christian	62547	4	0.4%	93.1%
Total, These Zip Codes			838	93.1%	
Total Medical/Surgical Patients				900	

4) Service Demand – Expansion of Existing Category of Service

The occupancy standard for a bed complement of 1-25 medical surgical beds is 60%. Over the past two years the 21-bed medical surgical category of service has averaged approximately 76% at the hospital.

TABLE SIX
Utilization of Medical Surgical Beds

Medical Surgical Beds	2015	2016
Existing Beds	21	21
Patient Days	5,903	5,794
Average Daily Census	16.17	15.87
Occupancy	77.00%	75.57%
Number of Beds Justified	26.95	26.45

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

C) Criterion 1110.560(e)(1), (2), (3) & (4) - Category of Service Modernization

To demonstrate compliance with this criterion the Applicants must document that the inpatient bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized. Projects involving the replacement or modernization of a category of service or hospital shall meet or exceed the occupancy standards for the categories of service, as specified in 77 Ill. Adm. Code 1100.

Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level ambulatory building, main entrance and lobby constructed in 2011. (CON Permit #09-017). The 5-story building was designed as an inpatient hospital facility with more than 100 beds, 63 years ago. The Applicants engaged architectural, civil engineering and construction firms to assess the extent of infrastructure problems which estimated the cost of addressing these issues alone at over \$10,000,000. The report dated September 9, 2014 noted the following issues in the 1954 structure:

- The chilled water/fan coil system serving the original building is beyond its useful life. The system is not under control and does not provide code required outside ventilation air.
- The original building has outdated pneumatic temperature controls.
- The domestic hot water heaters in the Power Plant are in need of replacement due to age and condition.
- The original building is experiencing leaks in the cast iron sanitary system due to age and degradation of the piping material.
- The original building has had backbone infrastructure installed to provide the code required three branches, but the distribution still requires updating.
- The original building has had the galvanized hot water mains replaced with copper piping, however, the cold water piping is still galvanized and subject to leaks.

The Medical Surgical unit will be located on the 2nd floor in new construction and will include a total of 25 modern, private medical/surgical patient rooms including 2 ADA, 3 bariatric and 1 isolation patient room. As stated earlier in this report, the Hospital has been designated as a Critical Access Hospital and utilizes these medical surgical beds as swing beds for the treatment of patients who qualify for extended care in the hospital rather than being transferred to an area nursing home.

The 21-bed medical surgical unit has averaged over 76% the past two years. The Applicants can justify 27 M/S beds at the target occupancy of 60%.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION MODERNIZATION (77 ILAC 1110.530(e)(1), (2), (3) & (4))

D) 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.

Necessary staff already exists within the facility and has been caring for this same patient population in the same beds that will merely be re-categorized from ICU to Medical Surgical beds.

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

E) Criterion 1110.530(g) - Performance Requirements

The State Board rules require a hospital located in a metropolitan statistical area to have at a minimum 100 medical surgical beds. Taylorville Memorial Hospital is not located in a metropolitan statistical area and has been designated a Critical Access Hospital. By rule a Critical Access Hospital cannot have more than 25 acute care beds.

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

F) Criterion 1110.530(h) - Assurances

To demonstrate compliance with this criterion the Applicants' 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.

The Applicants provided the necessary attestation at page 103 of the Application for Permit.

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

XI. Clinical Services Other than Categories of Service

A) Criterion 1110.3030 (b) - Background of Applicant

This criterion was addressed earlier in this report.

B) Criterion 1110.3030 - Service Modernization

To demonstrate compliance with this criterion the Applicants must document that the proposed project meets one of the following:

- 1) Deteriorated Equipment or Facilities
- 2) Necessary Expansion

As documented above the proposed Application for Permit is for the modernization and replacement of the 1954 structure housing the departments below. The State Board does not have utilization or gross square footage standards for these departments.

1. Laboratory

The medical laboratory will be located on 1st floor in new construction and will include Histology, Microbiology, Blood Bank, Open Lab for Urinalysis, Hematology, Chemistry, Coagulation, Blood Gas, Phlebotomy, clinical supply and record storage, pathologist work room, manager office, break room, toilet and other clinical support space. The medical laboratory is staffed by 20 FTE's to accommodate inpatient and outpatient volumes of 20,000 and 80,000 lab tests respectively.

2. Outpatient Rehabilitation (OT/PT/Other)

Outpatient rehabilitation will be located on 1st floor in new construction. The space will serve outpatient general and cardiac rehabilitation patients and will include a rehab gym, 4 individualized patient therapy rooms, cardiac monitoring, hydro treadmill, hydro equipment, 4 adult exam rooms, 1 pediatric exam room, speech therapy, occupational therapy, group class room, manager, dietitian, cardiac rehab offices, tech observation and tech work areas, equipment storage, staff break room, reception, waiting, toilets and other storage, support and circulation space. This space will accommodate outpatient volumes including 11,450 physical therapy, 1,300 speech therapy, 1,200 occupational therapy, and 1,950 cardiac rehabilitation visits annually.

3. Diagnostics and Testing

This centralized area for outpatient diagnostics and testing services will be located on 1st floor in new construction. It will include a satellite phlebotomy work area to serve infusion patients, 4 infusion stations for patient requiring intravenous medication, catheter changes, and other infusion services, 2 nursing stations, 3 sleep lab rooms, control room, a pulmonary function testing and treatment area, 1 basic x-ray room, 2 exam rooms, nourishment, medications, clean and soiled holding, toilets and other clinical support space. TMH provides 8,340 outpatient x-rays, 2,500

outpatient respiratory treatments, 2,313 outpatient infusion treatments, and 355 outpatient sleep lab studies per year. The outpatient testing area will occupy 5,641 dgsf, which was determined to be the appropriate space required to serve these volumes based on architect recommendations.

4. Stress Testing

The stress testing area will be located on 1st floor partially in new construction and partially in modernized/renovated space. It will include a one-room stress testing area, toilet, storage room and an office. The hospital provides 199 outpatient stress tests per year. This area will occupy a total of 758 dgsf (350 dgsf in new construction and 408 dgsf in modernized space) which was determined by the Applicants to be the appropriate space required to serve these volumes.

5. Sterile Processing

Sterile processing will be located on 1st floor in new construction. The space will include a soiled workroom, decontamination, clean assembly packaging, sterilizing area, sterilizer closet, sterile storage, staff work station, scope decontamination, cleaning and drying, cart staging, manager office, staff break room, toilet and other support space. This space will support 80 inpatient and 960 outpatient surgeries per year performed at hospital.

6. Pharmacy

Pharmacy will be located on 1st floor in new construction. The space will include receiving, storeroom, order entry/pharmacy technician workspace, pharmaceuticals work/pick station, non-sterile compounding, ante room, sterile compounding, sterile drug storage, chemotherapy/IV prep, unit dose packaging room, controlled substance closet, pharmacy office, break room and other support space. The hospital fills 228,000 pharmacy prescriptions per year.

7. Telehealth

The telehealth room will be located on 1st floor in new construction. Taylorville Memorial Hospital partners with Southern Illinois University Medical School to provide telehealth services to local patients that prefer to receive services in this manner rather than driving to Springfield to see physicians specializing in pulmonology, otolaryngology, plastic and reconstructive surgery and other medical and surgical specialist.

8. MD Specialists Clinic and Support

The MD specialist clinic and support space will be located on 1st floor in new construction. The space is used for out-of-town specialists who come to Taylorville to conduct satellite clinics to provide services closer to the homes of their patients that reside in the Taylorville area. Specialists include two oncologists from Decatur that provide chemotherapy treatments in clinic twice a week. A cardiologist from Springfield holds clinic once a month. A

congestive heart failure (CHF) clinic is held twice a month. The CHF clinic started in June of 2017 and has treated 37 patients in the first 6 months. A podiatrist also holds clinic twice a month. Other medical and surgical specialists are scheduled as needed. The space includes two exam rooms, a nursing station, patient holding area, MD office, infusion area, clean holding, patient holding, patient toilet, reception area and circulation space. The area occupies 1,450 dgsf which was determined to be the appropriate space required to serve these specialty clinic patients.

9. Medical Records

Medical records will be located on 1st floor in new construction. This space will include reception, transcriptionists, coders, medical record storage, physician work area, medical staff coordinator and Health Information Management manager offices and other support space. This department provides support for 275 adult inpatients, 38,000 outpatient visits, and 14,625 emergency room visits per year. Medical Records will occupy 1,443 dgsf which was determined to be the appropriate space required to serve these volumes

10. Inpatient Rehabilitation Department for Medical Surgical and Swing Bed

Patients This unit will be located on the 2nd floor in new construction and will include an Activities of Daily Living (AOL) kitchen and dining area, rehabilitation therapy gym, two individualized tech work areas and an AOL bathroom which will be used to serve adjacent medical surgical inpatient unit and swing bed patients. There will be no rehabilitation beds in this department. Note that the applicant is a Critical Access Hospital and will provide physical, occupational and other AOL therapy to both traditional medical surgical patients and swing bed patients who qualify for extended care in the hospital rather than being transferred to an area nursing home. This space is needed to accommodate 3,600 inpatient physical therapy treatments, 650 inpatient speech therapy treatments, and 2,000 inpatient occupational therapy treatments per year. The rehabilitation space will occupy 1,663 dgsf which was determined to be the appropriate space required to serve these volumes.

11. Senior Life Solutions - Behavioral Health Day Program

Senior Life Solutions will be located on 2nd floor in new construction. Senior Life Solutions is an existing day-therapy program that helps seniors cope with depression, sleeping problems, anxiety, anger or behavioral issues. 1,957 seniors come to therapy three times a week for an average length of stay of 6 hours per day. The program will include two group therapy rooms, tech area, toilet, waiting, director, RN, and MD offices and an assessment/ nourishment/ serving area. The program will occupy 2,189 dgsf which was determined to be the appropriate space required to serve these volumes. See schematics in Attachment 8 - Second Floor Departmental Plan Area A.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 ILAC 1110.3030 (d))

XII. Financial Viability

This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community

A) Criterion 1120.120 – Availability of Funds

B) Criterion 1120.130 – Financial Viability

To demonstrate compliance with these criteria the Applicants must document that funds are available and the Applicants are financially viable.

The Applicants are funding this project with cash in the amount of \$11,992,428 and a loan in the amount of \$47,969,710. Both S & P Global Ratings⁵ and Moody’s Investors Services⁶ have assigned “AA-” long term rating and A1 respectively on Memorial Health System debt. The Applicants have qualified for the financial waiver by providing evidence of an “A” or better bond rating.

TABLE SEVEN
Memorial Health System
Audited Financial Statements
Year ended September 30th
(in thousands)

	2017	2016
Cash	\$166,851	\$116,377
Current Assets	\$582,746	\$545,110
PPE	\$585,139	\$611,557
Total Assets	\$1,668,712	\$1,614,204
Current Liabilities	\$167,081	\$164,296
LTD	\$423,529	\$450,709
Net Assets	\$978,653	\$874,650
Total Revenue	\$995,756	\$1,006,420
Patient Service Revenue	\$852,117	\$866,548
Total Expenses	\$968,382	\$970,359
Income from Operations	\$27,374	\$36,061
Excess of Revenues over Expenses	\$74,660	\$54,106

⁵ Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on S&P Global Ratings' analysis of the following considerations:

- The likelihood of payment--the capacity and willingness of the obligor to meet its financial commitments on an obligation in accordance with the terms of the obligation;
- The nature and provisions of the financial obligation, and the promise we impute; and
- The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

⁶ **A1:** the A1 rating comes after the Aaa, Aa1, Aa2, and Aa3 ratings. The A rating itself denotes that whatever securities are being rated are "upper-medium grade and are subject to low credit risk." The modifier 1 indicates that "the obligation ranks in the higher end of its generic rating category."

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS AND FINANCIAL VIABILITY (77 ILAC 1120.120 and 77 ILAC 1120.130)

XIII. ECONOMIC FEASIBILITY

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140(b) – Terms of Debt Financing

To demonstrate compliance with these criteria the Applicants document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

Edgar J. Curtis President and CEO and Robert W. Kay, Senior Vice President and CFO attested *as authorized representatives of Memorial Health System and Taylorville Memorial Hospital; in accordance with 77 Illinois Administrative Code Section 1120.140 Subsection B. hereby attest to the following:*

- *The selected form of financing for this project will be at the lowest net cost available to the co-applicants.*
- *The project does not involve (in total or in part) the leasing of equipment.*

Based upon the information provided in the Application for Permit; the Applicants have met the requirements of these two criteria.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140 (a) (b))

C) Criterion 1120.140 (c) - Reasonableness of Project Costs

To demonstrate compliance with this criterion the Applicants must document that costs are reasonable when compared to the State Board Standards in Part 1120 Appendix A.

Only the clinical costs are considered when evaluating the reasonableness of project costs. The clinical new construction gross square footage is **43,574 GSF** and the clinical modernization gross square footage is **408 GSF**.

The State Board RS Means Standard for new construction and contingency costs per gross square footage for this project is \$442.56 per GSF and inflated to the midpoint of construction (6/30/2020) by 3% would be \$469.51 per GSF. The modernization and contingency costs would be 70% of \$469.51 or \$328.68 per GSF.

The Applicants modernization and contingency costs are in excess of the State Board Standard by \$98,919. [$\$571.11 \times 408 \text{ GSF} = \$233,012$] – [$\$328.66 \times 408 \text{ GSF} = \$134,093$] = \$98,919.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT NOT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COST (77 ILAC 1120.140(c))

TABLE EIGHT
Reasonableness of Project Costs

Description	Project Costs		State Standard		Difference Between Project Costs and State Standard	Met Standard
	Total	% or per GSF	Total	% or per GSF		
Preplanning Costs	\$315,539	1.48%	\$382,786	1.80%	(\$67,247)	Yes
Site Survey, Soil Investigation, Site Preparation	\$775,022	3.80%	\$933,497	5.00%	(\$158,475)	Yes
New Construction Contracts and Contingencies	\$18,436,925	\$423.12 per GSF	\$20,458,429	\$469.51 per GSF	(\$2,021,504)	Yes
Modernization Contracts and Contingencies	\$233,012	\$571.11 per GSF	\$134,093	\$328.66 per GSF	\$98,919	No
Contingencies	\$1,706,477	10.06%	\$2,800,491	15.00%	(\$1,094,014)	Yes
Architectural/Engineering Fees	\$1,407,575	7.54%	\$1,644,821	8.81%	(\$237,246)	Yes
Consulting and Other Fees	\$457,739					
Movable or Other Equipment (not in construction contracts)	\$2,595,967			No Standards		
Bond Issuance Expense (project related)	\$69,225					
Net Interest Expense During Construction (project related)	\$1,476,800					
Other Costs To Be Capitalized	\$1,904,723					

D) Criterion 1120.140(d) - Projected Operating Costs

The applicants provided the necessary information as required. The projected operating cost per patient day is \$1,045.00. The State Board does not have a standard for these costs.

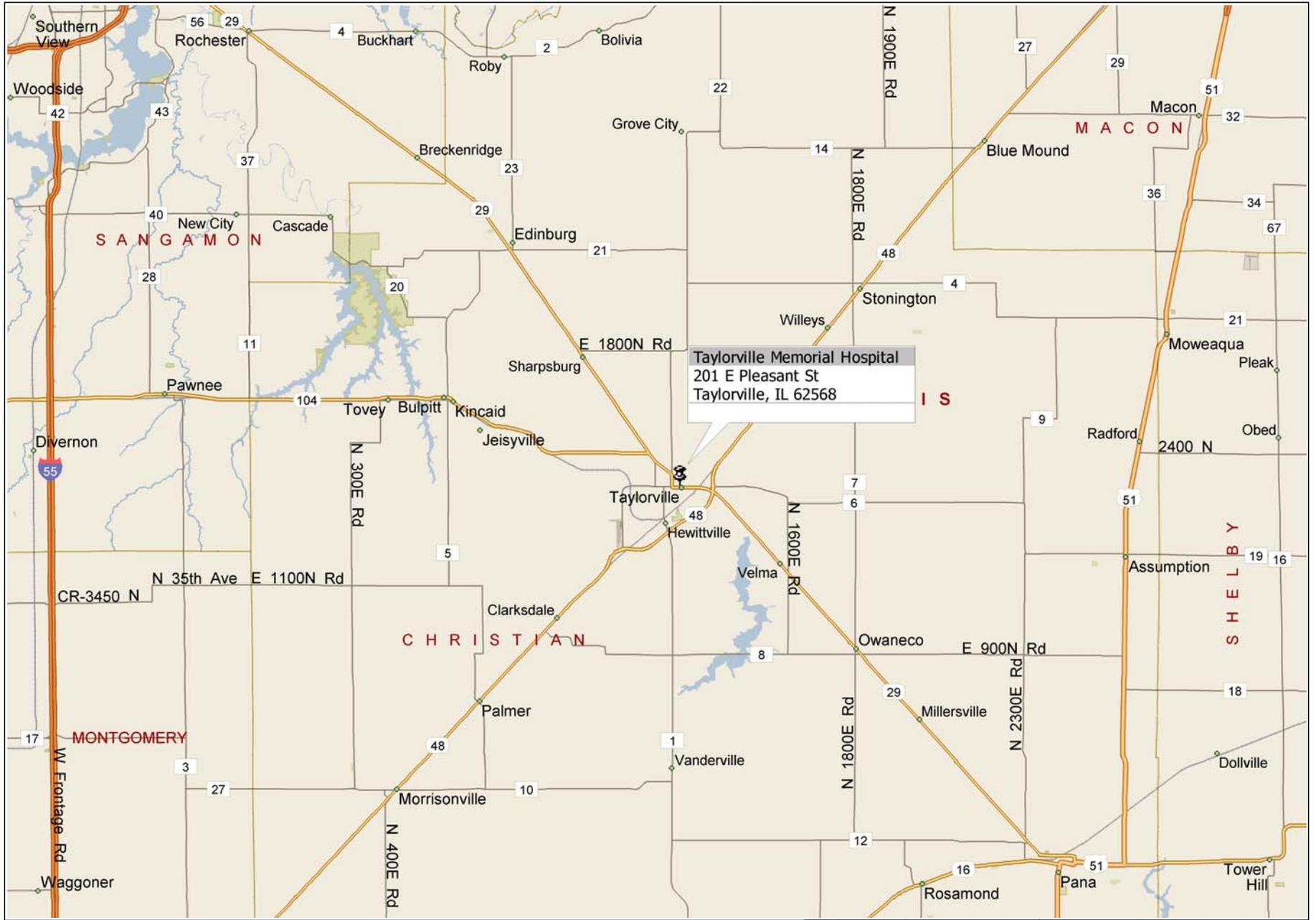
STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))

E) Criterion 1120.140(e) – Total Effect of Project on Capital Costs

The applicants provided the necessary information as required. The projected capital cost for the Children’s Hospital is \$230.00 per patient day. The State Board does not have a standard for these costs.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140(e))

18-003 Taylorville Memorial Hospital - Taylorville



Taylorville Memorial Hospital
201 E Pleasant St
Taylorville, IL 62568

<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	KIM BOURNE	White	99.5%	Hispanic or Latino:	0.1%
ADMINSTRATOR PHONE:	217-824-1600	Black	0.2%	Not Hispanic or Latino:	99.8%
OWNERSHIP:	TAYLORVILLE MEMORIAL HOSPITAL	American Indian	0.0%	Unknown:	0.1%
OPERATOR:	TAYLORVILLE MEMORIAL HOSPITAL	Asian	0.1%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R	Hawaiian/ Pacific	0.0%	IDPH Number:	5447
CERTIFICATION:	Critical Access Hospital	Unknown	0.3%	HPA	E-01
FACILITY DESIGNATION:	General Hospital			HSA	3
ADDRESS	201 East Pleasant Street	CITY:	Taylorville	COUNTY:	Christian County

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2016	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	21	21	21	807	2,978	200	3.9	8.7	41.3	41.3
0-14 Years				1	3					
15-44 Years				36	69					
45-64 Years				154	469					
65-74 Years				164	567					
75 Years +				452	1,870					
Pediatric	1	1	1	1	2	9	11.0	0.0	3.0	3.0
Intensive Care	3	3	3	145	392	27	2.9	1.1	38.2	38.2
Direct Admission				145	392					
Transfers - Not included in Facility Admissions				0	0					
Obstetric/Gynecology	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Maternity				0	0					
Clean Gynecology				0	0					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			9	215	2,616		12.2	7.1		
Total AMI	0			0	0	0	0.0	0.0	0.0	
Adolescent AMI		0	0	0	0	0	0.0	0.0		0.0
Adult AMI		0	0	0	0	0	0.0	0.0		0.0
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	25			1,168	5,988	236	5.3	17.0	68.0	

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	82.7%	5.7%	0.0%	9.9%	0.5%	1.2%	1,168
	966	66	0	116	6	14	
Outpatients	38.7%	25.5%	0.0%	28.8%	2.8%	4.2%	37,271
	14439	9506	0	10738	1026	1562	

<u>Financial Year Reported:</u>	10/1/2015 to		9/30/2016		<u>Inpatient and Outpatient Net Revenue by Payor Source</u>				Charity Care Expense	Total Charity Care Expense 474,000
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals				
Inpatient Revenue (\$)	86.4%	1.9%	0.0%	11.7%	0.1%	100.0%				
	7,345,580	165,192	0	991,426	4,316	8,506,514	10,825			
Outpatient Revenue (\$)	43.9%	7.4%	0.0%	48.5%	0.2%	100.0%				
	14,900,097	2,509,700	0	16,455,508	69,596	33,934,901	463,175		Total Charity Care as % of Net Revenue 1.1%	

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	0		Level I	Level II	Level II+	Kidney:	
Number of Live Births:	0	Beds	0	0	0	Heart:	
Birthing Rooms:	0	Patient Days	0	0	0	Lung:	
Labor Rooms:	0	Total Newborn Patient Days			0	Heart/Lung:	
Delivery Rooms:	0					Pancreas:	
Labor-Delivery-Recovery Rooms:	0					Liver:	
Labor-Delivery-Recovery-Postpartum Rooms:	0					Total:	
C-Section Rooms:	0	Inpatient Studies			20,098		
CSections Performed:	0	Outpatient Studies			76,425		
	0	Studies Performed Under Contract			0		

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	17	0	17	0	17	0	14.5	14.5	0.0	0.9
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	1	98	0	99	1	105	1.1	117.2	118.3	1.1	1.1
Gastroenterology	1	425	0	426	1	428	0.5	180.1	180.6	0.5	0.4
Neurology	1	61	0	62	1	61	0.13	18.22	18.35	0.1	0.3
OB/Gynecology	0	19	0	19	0	31	0	17.88	17.88	0.0	0.6
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	221	0	221	0	222	0	110.7	110.7	0.0	0.5
Orthopedic	17	10	0	27	21	6	54.32	5.47	59.79	2.6	0.9
Otolaryngology	0	33	0	33	0	41	0	24.45	24.45	0.0	0.6
Plastic Surgery	0	65	0	65	0	91	0	47.73	47.73	0.0	0.5
Podiatry	0	30	0	30	0	37	0	40.15	40.15	0.0	1.1
Thoracic	0	0	0	0	0	0	0	0	0	0.0	0.0
Urology	0	17	0	17	0	17	0	7.81	7.81	0.0	0.5
Totals	20	996	30	1016	24	1056	56.05	584.21	640.26	2.3	0.6

SURGICAL RECOVERY STATIONS	Stage 1 Recovery Stations	5	Stage 2 Recovery Stations	10
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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	0	0	0	0	0	0	0	0.0	0.0
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	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	0	0	0	0	0	0	0	0.0	0.0

Multipurpose Non-Dedicated Rooms

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:	Basic
Number of Emergency Room Stations	9
Persons Treated by Emergency Services:	14,541
Patients Admitted from Emergency:	530
Total ED Visits (Emergency+Trauma):	14,541

Free-Standing Emergency Center

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

Outpatient Service Data

Total Outpatient Visits	37,271
Outpatient Visits at the Hospital/ Campus:	37,271
Outpatient Visits Offsite/off campus	0

Cardiac Catheterization Labs

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

Cardiac Catheterization Utilization

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

Cardiac Surgery Data

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

Diagnostic/Interventional Equipment

	Owned Contract		Examinations		
			Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	3	0	1,265	8,334	0
Nuclear Medicine	1	0	45	322	0
Mammography	1	0	5	5,626	0
Ultrasound	2	0	134	2,515	0
Angiography	0	0			
Diagnostic Angiography			0	0	0
Interventional Angiography			0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0
Computerized Axial Tomography (CAT)	1	0	482	5,644	0
Magnetic Resonance Imaging	1	0	77	1,354	0

Therapeutic Equipment

	Owned Contract		Therapies/Treatments
Lithotripsy	0	0	0
Linear Accelerator	0	0	0
Image Guided Rad Therapy			0
Intensity Modulated Rad Thrpy			0
High Dose Brachytherapy	0	0	0
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	0	0