



HSHS
St. Elizabeth's
Hospital

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SEP 10 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

September 10, 2018

VIA EMAIL and OVERNIGHT DELIVERY

Mr. Michael Constantino
Illinois Health Facilities & Services Review Board
525 West Jefferson Street
Second Floor
Springfield, IL 62761

**Re: Project #18-021 - St. Elizabeth's Hospital Radiation Oncology Clinic,
O'Fallon**

Response to Request for Additional Information

Dear Mr. Constantino:

This letter responds to your requests for additional information regarding the above project. The attached documents include the following:

Attachment A addresses the Need Determination criteria for non-clinical service areas other than categories of service relating to the linear accelerator and simulator.

Attachment B addresses the terms and conditions of space lease.

Attachment C contains the project's direct operation costs and effect on capital costs.

Thank you for your assistance on this matter.

Very truly yours,

Scott Berry

Attachments

One St. Elizabeth's Boulevard
O'Fallon, IL 62269
618.234.2120

An Affiliate of
Hospital Sisters
Health System

CRITERION 1110.270(b): Need Determination - Establishment

1. Service to the Planning Area Residents

The primary purpose of the project is to provide care to the residents of the planning area in which the proposed service will be physically located. The project is located in Hospital Planning Area F-1 which includes all of St. Clair and Madison counties. All of the Zip Codes in the attached designated service area for the project (from page 53 and 54 of the permit application) include St. Clair and Madison counties. The projected service area is based upon the historical service area of St. Elizabeth's Hospital.

2. Service Demand

The need for the proposed radiation therapy service is demonstrated by (a) the attached physician referral letter from area medical oncologists (2,400 treatments), (b) radiation treatments expected from St. Elizabeth's historical cancer surgeries (1,080 treatments), (c) radiation treatments expected from service to service area residents currently obtaining services in outside the area, primarily in Missouri (1056 treatments), and (d) increased rate of cancer incidence (87 treatments). These total **4,877** radiation treatments. The methodology for determining the number of treatments is addressed below.

Physician Referral Letter: Dr. Justin D. Floyd and Dr. Mark A. Walshauer have submitted the attached referral letter based on an average 100 patients annually receiving radiation therapy, and have committed to refer at least this number of patients to the proposed facility. The average cancer patient receives 24 radiation treatments. This results in projected treatments of 2,400 based on the referrals of these two physicians.

St. Elizabeth's Cancer Surgeries: St. Elizabeth's historically performs, on average, 160 cancer surgeries annually. Historical data show that 35% of St. Elizabeth's cancer surgery patients also receive radiation therapy. This results in 56 patients receiving radiation therapy and, with 24 treatments per patient, results in an additional 1,334 treatments.

Area Resident Outmigration: Based upon available information on radiation services provided to service area residents, St. Elizabeth's estimates that approximately 440 service area residents leave the area to obtain radiation treatments elsewhere, primarily in St. Louis, Missouri. St. Elizabeth's conservatively projects that 10% of these patients would use St. Elizabeth's radiation service if locally available. This would be 44 patients and, at 24 treatments per patient, would result in 1,056 treatments annually.

Increased Cancer Incidence and Identification Rates: Cancer incidence continues to increase according to The Advisory Board Cancer Incidence Estimator for the St. Elizabeth's service area. The growth in cancer incidence is estimated to be 0.45% according to this source. Based upon the above existing radiation treatments expected of physician referrals, St. Elizabeth's cancer surgeries and residents out-migrating (totaling 4,790 treatments), a 0.45% annual increase would result in an additional 87 treatments.

ATTACHMENT A

Based on 4,877 projected radiation treatments and an estimated one CT-Simulator scan per 17 radiation treatments, St. Elizabeth's anticipates that the utilization of the CT-Simulator would be 287 scans annually.

3. Impact of the Proposed Project on Other Area Providers

Within 24 months of project completion, the proposed project will not lower utilization of other area providers of radiation therapy services. The current provider of radiation therapy services in the area, with two linear accelerators, obtained approval from the Review Board this year to relocate its cancer program but with only one linear accelerator (Project #17-069, approved February 27, 2018). The applicants in Project #17-069 projected Year 2 utilization of 9,200 cases for the one linear accelerator, which is far above the state standard of 7,500. Section 11100.270(b)(3)(A) of the Review Board's regulations states that the proposed project will not "lower the utilization of other area providers below the utilization standards specified in Appendix B." The state standard for linear accelerators is 7,500. The proposed project will not lower existing providers below that standard.



MEDICAL ONCOLOGY & HEMATOLOGY

James L. Wade III, MD, FACP, FASCO
Benjamin T. Esperaz, MD, FACP
Philip A. Dy, MD
Perry P. Guaglianone, MD, FACP
Mario R. Velasco Jr., MD, FACP
Dolores A. Estrada-Garcia, MD
Hanna M. Saba, MD

Jana Grace M. Manalo, MD
Sebastian S. Kairouz, MD
Irene A. Dy, MD
Bassem N. Maslouf, MD
Mark A. Walshauer, MD, FACP
Justin D. Floyd, DO
Kristi M. Toennies, RN, MSN, FNP

RADIATION ONCOLOGY

Edward C. Elliott, MD, FACR, FCAP
Mary Anne de Paz, MD
Renata C. Moore, MD
Seong R. Cho, MD
Harold A. Yoon, MD
Casey E. Duncan, MD

UROLOGIC ONCOLOGY

Thomas H. Tarler, MD, PhD
Heidi M. Sexton, APN, ACNP

www.CancerCareSpecialists.org

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761
Attn: Courtney Avery, Administrator

RE: Project #18-021 - St. Elizabeth's Hospital Radiation Oncology Clinic, O'Fallon

Dear Ms. Avery:

We are physicians licensed to practice medicine in Illinois and specialize in medical oncology. We maintain offices at 13 Wolf Creek Drive Swansea, IL 62226 and at 1900 State Street Chester, IL 62233

In the 24-month period from June 2016 to June 2018, we have referred patients for consultation with radiation oncologists at The Cancer Center in Swansea, Illinois, and 200 of these patients received radiation cancer treatments at that facility, averaging 100 patients a year. A majority of these patients resided in the geographic service area of the proposed St. Elizabeth's Hospital radiation oncology clinic. We anticipate that our referrals for consultation to radiation oncologists at the proposed St. Elizabeth's Hospital radiation oncology clinic will result in the same annual patient volume of 100 patients a year, at least, within a 24-month period after project completion. We verify that these patient referrals have not been used to support another pending or approved certificate of need application for radiation cancer services.

A list of patient zip codes for the 12-month historical referrals is attached.

Respectfully submitted,

[Signature of Justin D. Floyd]

Justin D. Floyd, DO

[Signature of Mark A. Walshauer]

Mark A. Walshauer, MD

NOTARY:

Subscribed and sworn to me this 7th day of September, 2018.

[Signature of Notary Public]
Notary Public

Seal:



PATIENT ZIP CODES

Row Labels	Count of Zip
ALHAMBRA	1
62001	1
ALTON	1
62002	1
AVA	2
62907	2
AVISTON	4
62216	4
BARTELSON	2
62218	2
BECKEMEYER	5
62219	5
BELLEVILLE	23
62220	6
62221	5
62223	3
62226	9
BREESE	8
62230	8
CAHOKIA	1
62206	1
CARLYLE	9
62231	9
CAMPBELL HILL	2
62916	2
CASEYVILLE	2
62232	2
CENTRALIA	1
62801	1
CENTREVILLE	2
62207	2
CHESTER	2
62233	2
CISNE	1
62823	1

COLLINSVILLE	2
62234	2
COLUMBIA	1
62236	1
COULTERVILLE	2
62237	2
Cutler	2
62238	2
DUPO	2
62239	2
E SAINT LOUIS	1
62206	1
EAST SAINT LOUIS	7
62201	1
62205	5
62207	1
ELLIS GROVE	2
62241	2
EVANSVILLE	5
62242	5
FAIRVIEW	
HEIGHTS	4
62208	4
FREEBURG	4
62243	4
GRANITE CITY	1
62040	1
GREENVILLE	4
62246	4
HIGHLAND	10
62249	10
HILLSBORO	1
62049	1
HOFFMAN	1
62250	1
KEYESPORT	1
62253	1
LEBANON	1
62254	1

LENZBURG	2
62255	2
MADISON	1
62060	1
MARISSA	1
62257	1
MASCOUTAH	4
62258	4
MENARD	2
62259	2
MILLSTADT	2
62260	2
NASHVILLE	2
62263	2
NEW ATHENS	2
62264	2
NEW BADEN	2
62265	2
NEW DOUGLAS	2
62074	2
O FALLON	3
62269	3
OAKLEY	1
62501	1
PERCY	2
62272	2
PRAIRIE DU	
ROCHER	2
62277	2
POCAHONTAS	5
62275	5
RED BUD	2
62278	2
ROCKWOOD	2
62280	2
SAINT LOUIS	1
63102	1
SHATTUC	1
62231	1

SHILOH	1
62269	1
SMITHTON	2
62285	2
SPARTA	5
62286	5
STEELEVILLE	2
62288	2
SUMMERFIELD	1
62289	1
SWANSEA	7
62226	7
TAYLORVILLE	1
62568	1
TILDEN	1
62292	1
TRENTON	7
62293	7
TROY	1
62294	1
VENEDY	1
62214	1
WALSH	2
62297	2
WALSHVILLE	4
62091	4
WASHINGTON PK	3
62204	3
WATERLOO	1
62298	1
WILLISVILLE	2
62997	
WORDEN	1
62097	1
TOTAL	200



**Data and
Analytics | Market
Estimator - Cancer
Incidence**

Tumor Site	2017 Volume	2022 Volume	2027 Volume	5 Yr Growth	10 Yr Growth
Brain and Other Nervous System	22	22	22	1.0%	0.8%
Breast	296	298	296	0.7%	-0.1%
GI	240	250	256	3.8%	6.4%
Gynecologic	88	88	86	0.2%	-1.5%
Head and Neck	71	73	73	2.2%	2.4%
Hematological	144	150	154	4.0%	6.9%
Lung and Bronchus	215	229	238	6.4%	10.8%
Melanomas of the Skin	75	77	78	2.7%	4.3%
Thyroid	47	46	44	-2.7%	-6.0%
Urologic	306	319	324	4.4%	5.9%
Other	3	3	4	9.1%	17.5%
Overall Summary	1507	1555	1575	3.1%	4.5%

CRITERION 1120.140(b): TERMS OF DEBT FINANCING

The key terms and conditions of the applicant's letter of intent with the developer are included in the attached letter jointly signed by the applicant and developer.

September 6, 2018

Via Email and Overnight Delivery

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

**Project #18-021 - St. Elizabeth's Hospital Radiation Oncology Clinic, O'Fallon
Letter of Intent regarding Space Lease Terms**

Dear Ms. Avery:

This letter is to confirm that St. Elizabeth's Hospital and Green Mount Enterprises, LLC ("Developer") are parties to a confidential Letter of Intent ("LOI") dated April 23, 2018, which provides, among other things, that Developer will plan, design, construct and develop a medical office building ("Building") near the St. Elizabeth's Hospital campus in O'Fallon, Illinois. The LOI further provides that St. Elizabeth's Hospital enter into a space lease for a portion of the building. The terms and conditions of St. Elizabeth's Hospital's space lease include the following:

Landlord: Developer

Tenant: St. Elizabeth's

Premises: A portion of the Building consisting of approximately 11,750 rentable square feet.

Permitted Use: The Premises shall only be used for radiation oncology services, including, without limitation, such other services specifically related thereto.

Lease Term: Twenty (20) years.

Renewal Option: Two (2) renewal options for periods of ten (10) years each.

Base Rent: The Base Rent is estimated not to exceed \$29.00 per rentable square foot (excluding common area maintenance, operating expenses, taxes, insurance).

Base Rent Escalator: Base Rent will increase every two (2) years based on a commercially reasonable rental rate escalator agreed upon by St. Elizabeth's and Developer.

Respectfully Submitted,

“St. Elizabeth’s”

ST. ELIZABETH’S HOSPITAL OF THE
HOSPITAL SISTERS OF THE THIRD ORDER
OF ST. FRANCIS

By: 

Its: President & CEO

“Developer”

GREEN MOUNT ENTERPRISES, LLC

By: 

Its: President

CRITERION 1120.140(d) and (e): Direct Operating Costs and Effect on Capital Costs

Projected Operating Costs: The projected direct annual operating cost by the second year following project completion is \$1,113 per unit of service.

Total Effect of the Project on Operating Costs: The total projected annual capital costs for the first full year at target utilization (which is anticipated to be within two years following project completion) is \$1098 per unit of service.