STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. ● SPRINGFIELD, ILLINOIS 62761 ●(217) 782-3516 FAX: (217) 785-4111

| DOCKET NO: | BOARD MEETING: | PROJECT NUMBER: |
|---|---|---|
| E-01 | January 26, 2021 | #18-033 |
| **PERMIT HOLDERS(S):** Morris Hospital and Healthcare Centers | | |
| **FACILITY NAME and LOCATION:** Morris Hospital and Healthcare Centers, Morris, Illinois | | |

**DESCRIPTION:** The State Board is being asked to consider an Alteration to Permit #18-033 in accordance with 77 IAC 1130.750 – Alteration of the Project. This is the first alteration to this project.

**STATE BOARD STAFF REPORT**
**PERMIT ALTERATION REQUEST**
**Project #18-033**

## I. Project Description and Background Information

In December of 2018 Morris Hospital & Healthcare Centers was approved for the modernization of clinical areas (emergency department, imagining, noninvasive cardiac diagnostic, infusion therapy, phlebotomy, surgery and preadmission testing) along with support areas and infrastructure upgrades. The approved permit amount is $36,009,124 and the approved total gross square feet is 56,157. The approved completion date is December 31, 2022 (Permit #18-033).

## II. Alteration to Permit

Morris Hospital & Healthcare Centers is asking the State Board to allow the hospital to reduce the total gross square feet by 29% from 56,157 GSF to 39,912 GSF or 16,245 GSF and the total permit amount by 16.8% from $36,009,124 to $29,956,283 or $6,052,841. Additionally, originally the project was to be funded with cash of $5,454,092 and a bond issue of $30,555,032. If this alteration is approved Project #18-033 will be funded in its' entirety by the bond issuance.

The table below outlines the approved permit amount and the alteration request.

**TABLE ONE**
**Approved Project Costs and Alteration Request**

| Uses of Funds | Approved Permit Amount | Alteration Request | Difference | % Difference to Total Permit Amount |
|---|---|---|---|---|
| Preplanning Costs | $357,294 | $350,000 | -$7,294 | -0.02% |
| Site Survey and Soil Investigation | $80,000 | $82,000 | $2,000 | 0.01% |
| Site Preparation | $800,000 | $1,245,232 | $445,232 | 1.24% |
| New Construction Contracts | $1,684,800 | $2,132,541 | $447,741 | 1.24% |
| Modernization Contracts | $18,164,839 | $17,751,362 | -$413,477 | -1.15% |
| Contingencies | $2,893,206 | $417,521 | -$2,475,685 | -6.88% |
| Architectural/Engineering Fees | $1,667,370 | $1,959,385 | $292,015 | 0.81% |
| Consulting and Other Fees | $942,567 | $895,439 | -$47,128 | -0.13% |
| Movable and Other Equipment (not in construction contracts) | $6,208,703 | $2,572,544 | -$3,636,159 | -10.10% |
| Bond Issuance Exp. | $950,000 | $855,000 | -$95,000 | -0.26% |
| Net Interest During Construction | $2,260,346 | $1,695,260 | -$565,086 | -1.57% |
| **Total Uses of Funds** | **$36,009,124** | **$29,956,283** | **-$6,052,841** | **-16.81%** |

| TABLE ONE<br>Approved Project Costs and Alteration Request | | | | |
|---|---|---|---|---|
| **Uses of Funds** | **Approved Permit Amount** | **Alteration Request** | **Difference** | **% Difference to Total Permit Amount** |
| Sources of Funds | | | | |
| Cash | $5,454,092 | $0 | -$5,454,092 | -15.15% |
| Bond Issuance | $30,555,032 | $29,956,283 | -$598,749 | -1.66% |
| **Total Sources of Funds** | **$36,009,124** | **$29,956,283** | **-$6,052,841** | **-16.81%** |

Table Two outlines the approved gross square footage and proposed gross square footage.

| TABLE TWO<br>Approved Gross Square Footage and Proposed Alteration | | | | | | |
|---|---|---|---|---|---|---|
| | | | Approved | Proposed | | |
| Reviewable | New | Modernize | Total GSF | Alteration | Difference | % Difference |
| Emergency Department | 1,250 | 10,421 | 11,671 | 11,671 | 0 | |
| General Radiology | | | | | | |
| General/Fluoroscopy/ Bone | 198 | 4,997 | 5,195 | 5,195 | 0 | |
| CT | 1,061 | 2,536 | 3,597 | 3,597 | 0 | |
| Mammography | 1,436 | 360 | 1,796 | 1,796 | 0 | |
| Ultrasound | 455 | 3,142 | 3,597 | 3,597 | 0 | |
| Nuclear Medicine | | 3,375 | 3,375 | 0 | -3,375 | |
| OR | | 2,731 | 2,731 | 0 | -2,731 | |
| Procedure | | 527 | 527 | 527 | 0 | |
| Non-Invasive Diagnostics | | 4,298 | 4,298 | 4,298 | 0 | |
| Infusion Therapy | | 1,678 | 1,678 | 1,678 | 0 | |
| Phlebotomy | | 959 | 959 | 959 | 0 | |
| PAT | | 415 | 415 | 415 | 0 | |
| Total Reviewable Area | 4,400 | 35,439 | 39,839 | 33,733 | -6,106 | -15.3% |
| Non-Reviewable | | | | | | |
| Administration | 0 | 6,217 | 6,217 | 0 | -6,217 | |
| Education | 0 | 3,108 | 3,108 | 0 | -3,108 | |
| Public Areas | 9 | 6,159 | 6,168 | 6,168 | 0 | |
| Conference | 0 | 825 | 825 | 0 | -825 | |
| Infrastructure Upgrade, | 0 | 0 | 0 | 0 | 0 | |
| Total Non-Reviewable | 9 | 16,309 | 16,318 | 6,168 | -10,150 | -62.2% |
| **Total** | **4,409** | **51,748** | **56,157** | **39,901** | **-16,256** | **-28.9%** |

## III. State Board Staff Review

By statute the State Board only reviews changes in the total permit amount. Changes in individual line items are not reviewed. Should the State Board approve this alteration the total approved permit amount will be $29,956,283 and the approved gross square footage will be 39,912 GSF.

## IV. Alteration Rules

The Health Facilities Planning Act (20 ILCS 3960) states: *"Projects may deviate from the costs, fees, and expenses provided in their project cost information for the project's cost components, provided that the final total project cost does not exceed the approved permit amount. Project alterations shall not increase the total approved permit amount by more than the limit set forth under the Board's rules."*

The Limits are outlined below.

**Section 1130.750 -Alteration of Post-Permit Projects**

a) Applicability

1) Permit holders shall report all alterations to HFSRB before executing the alteration. Some proposed alterations require HFSRB approval and some are prohibited. Proposed alterations that are not cited under these two categories require only written notification to HFSRB prior to execution.

2) Any change after the permit is issued may constitute an alteration. Permit holders shall report all alterations to HFSRB before the alteration is executed.

3) The alteration requirements are applicable only to projects with open permits (approved projects that are not yet completed).

4) Alteration provisions are valid only for the projects defined and approved in the permit.

5) A project with a permit can be altered any time between the date of permit issuance and project completion.

6) All alterations requiring HFSRB action shall be reviewed and approved on a cumulative basis. More than one alteration can be reviewed and approved during the life of a project; however, the limits on alterations shall be applied cumulatively for a single permit.

b) Limits on Allowable Alterations Requiring HFSRB Approval
The cumulative effect of alterations to a project shall not exceed the following:

1) a change in the approved number of beds or stations, provided that the change would not independently require a permit or exemption from HFSRB;

2) abandonment of an approved category of service established under the permit;

3) any increase in the square footage of the project up to 5% of the approved gross square footage;

4) any decrease in square footage greater than 5% of the project;

5) any increase in the cost of the project not to exceed 7% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 7% of the total project cost;

6) any increase in the amount of funds to be borrowed for those permit holders that have not documented a bond rating of "A-" or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application).

c) Prohibited Alterations

Notwithstanding the provisions of subsection (b), the following alterations are not allowed and, if incurred, invalidate the permit:

1) an increase in the total project cost that exceeds 7% of the permit amount;

2) an increase in the project's gross square footage that exceeds 5% of the project's approved gross square footage, unless that increase is required or mandated by local, State or federal building or life safety requirements that were not in effect at the time of permit issuance;

3) any other change in the project's scope or funding that would independently require a CON permit or exemption.

## V. Other information

Attached is a copy of the Hospital alteration request.

MORRIS
HOSPITAL
& HEALTHCARE CENTERS

December 29, 2020

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

RE: REQUEST FOR A DECLARATORY RULING
CON Permit #18-033

Dear Ms. Avery

On December 4, 2018, the Illinois Health Facilities and Services Review Board (the "Board") approved the CON Permit # 18-033 for the extensive modernization of Morris Hospital & Healthcare Centers ("Morris Hospital").

In accordance with 77 Ill. Admin. Code §1130.810(f), we are hereby requesting that the Board consider our permit alteration request as a declaratory ruling. Our declaratory ruling request asks this Board to (1) apply 77 Ill. Admin. Code §1130.750(b)(4) not only as plainly written, but with its intent and the current facts and circumstances of the COVID-19 pandemic; and (2) find that the permit alteration request should be approved.

1) Apply 77 Ill. Admin. Code §1130.750(b)(4) not only as plainly written, but with its intent and the current facts and circumstances of the COVID-19 pandemic.

Allowable alterations that require Board approval include the alterations listed under 77 Ill. Admin. Code §1130.750 (b) (4) ("Alteration Decrease Rule"). The Alteration Decrease Rule limits the Board in approving alterations that exceed *"any decrease in square footage greater than 5% of the project."*

The project was for an extensive modernization of an aged physical plant. In defining this project Morris Hospital had assembled a team of consultant specialists that spent several years examining the physical plant as well as trends in healthcare delivery, project alternatives and most effective use of financial resources. The resulting project was for a modernization of the Morris Hospital to be carried out in multiple phases over a four-year timeframe. The

multiple phases, required to do construction in-place in an ongoing operational facility, included the prioritization of the primary purposes of the project including the total replacement of the Emergency Department and upgrade of infrastructure systems. This project has been proceeding with enthusiasm. Of the 5 defined phases, phase 1 and phase 2 have been completed and phase 3 is close to being closed out. This work has included replacement of the Emergency Department Woman's Health Center, Infusion Therapy, Lab Services, Diagnostic Imaging, Cardio Diagnostics and related infrastructure and site work upgrades.

With the onset of the COVID-19 pandemic in February of this year, Morris Hospital, like many community hospitals, has experienced a significant negative financial impact. Since February 2020, Morris Hospital has experienced an 11% reduction in Net Patient Revenue compared to 2019. Inpatient Admissions, Surgeries, and Outpatient visits were 23% to 25% below budget projections for February through November of 2020. This has been primarily due to the restrictions placed upon all Illinois hospitals banning and/or limiting elective admissions and procedures per the Governor's Executive orders. While some of these restrictions have been relaxed, limitations on admissions and procedures remain in-place (see **Attachment 1- IDPH Covid-19 Elective Surgeries and Procedures, April 24, 2020; IDPH Elective Inpatient Surgeries and Procedures June 3, 2020**). Consequently, with the current surge of COVID-19 cases in Illinois, Morris Hospital wants to exercise fiscal conservatism to protect the long-term health of the system.

In light of the pandemic, Morris Hospital has reexamined its financial and strategic facilities plans. We are in need of concluding the project upon the completion of the current phase. It is intended that additional work may be redefined and started at a future currently undefined date. Per the Board's rules, this reduction of scope in the project does require an application for alteration, a decrease greater than 5 percent of the square footage of the project, consisting mostly of non-clinical service areas – Administrative Offices and Education.

It is our understanding that the intent behind the limit in reduction of square footage is to prevent a permit holder from excessively reducing scope in order to meet the limits on project costs and allowed increases to those costs. It is important to note that our request for alteration includes the reduction in scope as well as reductions in project costs and duration.[1]

[1] In fact in Project #12-034, a similar decrease was presented to the Board. The decrease in square footage exceeded the 5% threshold and the project costs were decreased on a parallel track. The Board approved the excess decrease in square footage in this project. The financial implications of not approving the alteration was a primary factor considered by the Board. COVID-19 was not present during Board review of that alteration.

For a project of this size, the decrease in the scope of work are proportional to the decrease of the project costs. Furthermore, the Board rules also delineate clear prohibited alterations in 77 Ill. Admin. Code §1130.750(c)(1)-(3). Any reference to a decrease in gross square footage as discussed here is omitted.

2) If the Board applies the intent and facts and circumstances of the pandemic in addition to the plain reading of the Alteration Decrease Rule, the Board shall conclude that the permit alteration request is approved.

The permit alteration request sets out the specific details that surround this project and how this facility as many others in Illinois must modify their projects to meet the unforeseen consequences of the COVID-19 pandemic. If the Board applies the intent and facts and circumstances of the pandemic in addition to the plain reading of the Alteration Decrease Rule, the Board shall conclude that the permit alteration request is approved (see **Attachment 2- Permit Alteration Request**).

We respectfully request an approval of our permit alteration request in light of the intent of the Alteration Decrease Rule and the consequences that the COVID-19 pandemic has had on this project. Thank you for your consideration.

Sincerely,

Thomas J. Dohm, FACHE
Vice President, Professional Services
Morris Hospital and Healthcare Centers
150 West High Street
Morris, IL 60450

Phone: 815.942.8244
Fax: 815.942.3154
tdohm@morrishospital.org

State of Illinois Illinois Department of Public Health

# COVID-19 Elective Surgeries and Procedures

## Current Status

During the COVID-10 pandemic, surgeries and procedures (collectively referred to as "procedures") for life-threatening conditions or those with a potential to cause permanent disability have been and continue to be allowed.

Due to the COVID-19 pandemic, hospitals and Ambulatory Surgical Treatment Centers (ASTCs) have deferred nonessential procedures to conserve resources for the care of COVID-19 patients. Some procedures that could reasonably be delayed for a time have now been postponed to the extent that potential harm could result from further delay. It is important to be flexible and allow facilities to provide care for patients needing non-emergent, nonCOVID-19 healthcare.[1]

## New Guidance

Beginning on May 11, 2020, hospitals and ASTCs may begin to perform procedures, provided that specific criteria have been met.

A. **Outpatient Procedures.** For purposes of this policy guidance, an elective outpatient procedure is defined as an elective procedure in which the likely and expected course for the patient undergoing the procedure is that the patient will enter and leave the facility on the same day that the procedure is to be performed. Such procedures may be performed at ASTCs or at hospitals. Clinical decision-making on whether a case is suitable for outpatient procedure should take into account a classification such as the Elective Surgery Acuity Scale (ESAS).[2] For a facility to perform outpatient procedures, all criteria listed in Section (D) below must be satisfied.

B. **Inpatient Procedures.** For purposes of this policy guidance, an elective inpatient procedure is defined as an elective procedure in which the patient being considered for that procedure is likely to remain in the hospital for more than 23 hours, starting from the time of registration and ending at the time of departure. For a hospital to perform inpatient procedures, all criteria listed in both Section (C) and Section (D) below must be satisfied.

C. **Regional Requirements for Elective Inpatient Procedures.** Elective inpatient procedures should be informed by surveillance of epidemiologic trends, regional hospital utilization, and the hospital's own capacity. Experience during the pandemic in early 2020 has shown that a regional health system becomes seriously stressed when regional bed or ICU availability drops below 20%. Within a particular hospital, if all three of the following resource conditions are fulfilled, then elective inpatient procedures are permissible at that hospital. If any of the three resource conditions are not fulfilled, then elective procedures are not permissible.

    1. Hospital availability of adult medical/surgical beds exceeds 20% of operating capacity for adult medical/ surgical beds

2. Hospital availability of ICU beds exceeds 20% of operating capacity for ICU beds
3. Hospital ventilator availability exceeds 20% of total ventilators

These resource requirements are subject to change from time to time, as deemed appropriate by the Director of the Illinois Department of Public Health based on evolving conditions in the COVID-19 pandemic. ***Elective procedures may be suspended again as determined by the Director of the Illinois Department of Public Health in the event of the following circumstances:***

***a) rapid resurgence or a second wave of COVID-19***

***b) decrease in statewide hospital COVID-19 testing levels***

**D. Facility requirements for Elective Outpatient and Inpatient Procedures.** Elective inpatient and outpatient procedures at a facility are permissible if the facility fulfills all of the following conditions:

1. **Case setting and prioritization.** Each facility should convene and charge a Surgical Review Committee (SRC), composed of surgery, anesthesiology, and nursing personnel, to provide defined, transparent, and responsive oversight of the prioritization of elective inpatient cases. This committee can lead the development and implementation of guidelines that are fair, transparent, and equitable for the hospital or system in consideration of rapidly evolving local and regional issues. The SRC should rely heavily on elective case triage guidelines for surgical care that have been developed by professional societies. [2,3,4,5] The SRC should review regularly a list of previously postponed and canceled cases, prioritizing based on clinical considerations and taking into account the resources and staff necessary for each procedure.[4]

2. **Preoperative Testing for COVID-19.** Facilities must test each patient within 72 hours of a scheduled procedure with a preoperative COVID-19 RT-PCR test and ensure COVID-19 negative status. Patients must self-quarantine until the day of surgery after being tested. A temperature check must also be completed on the day of arrival at the facility with results of less than 100.4 degrees prior to proceeding with an elective procedure. When clinically acceptable, providers should consider using telemedicine for preoperative visits. In such cases, face-to-face components of the exam can happen after the result of the preoperative COVID-19 test result is known to be negative.

3. **Protective equipment.** Facilities may resume procedures only if there is adequate personal protective equipment with respect to the number and type of procedures that will be performed, and enough to ensure adequate supply if COVID-19 activity increases in the community within the next 14 days.

4. **Infection control.** Facility cleaning policies in all areas along the continuum of operative care must follow established infection control procedures. When possible, facilities should establish non-COVID care zones for screening, temperature checks, and preoperative waiting areas. Facilities should also minimize time in waiting areas, space chairs at least 6 feet apart, and maintain low patient volumes. Visitors should generally be prohibited; if they are necessary for an aspect of patient care or as a support for a patient with a disability, they should be pre-screened in the same way as patients (as described above, Section D.2). Facilities must have the ability to routinely screen all staff and others who will work in the facility (physicians, nurses, housekeeping, delivery and other people who would enter the patient area) with COVID-19 RT-PCR testing.

5. **Support services.** Other areas of the facility that support perioperative services must be ready to commence operations with uniformly heightened infection control practices, including sterile processing, the clinical laboratory, and diagnostic imaging.

**E. Pediatric Procedures.** Elective procedures for pediatric patients, whether outpatient or inpatient, are not subject to the requirements in Section (C) but are subject to the requirements in Section (D).

# References:


1. Centers for Medicare & Medicaid Services (CMS), *Opening Up America Again: Recommendations – Re-opening Facilities to Provide Non-emergent Non-COVID-19 Healthcare: Phase I*, March 19, 2020, https://www.cms.gov/files/document/ covid-flexibility-reopen-essential-non-covid-services.pdf.
2. American College of Surgeons, *COVID-19: Elective Case Triage Guidelines for Surgical Care*, March 24, 2020, https://www. facs.org/covid-19/clinical-guidance/elective-case.
3. American College of Surgeons, *COVID-19: Guidance for Triage of Non-Emergent Surgical Procedures*, March 17, 2020, https://www.facs.org/covid-19/clinical-guidance/triage.
4. Prachand, V. N., Milner, R., Angelos, P., Posner, M. C., Fung, J. J., Agrawal, N., Jeevanandam, V., & Matthews, J. B. (2020). Medically-Necessary, *Time-Sensitive Procedures: A Scoring System to Ethically and Efficiently Manage Resource Scarcity and Provider Risk During the COVID-19 Pandemic*. Journal of the American College of Surgeons, S1072-7515(20)30317-3. Advance online publication. https://doi.org/10.1016/j.jamcollsurg.2020.04.011
5. American College of Gastroenterology, American Gastroenterological Association, American Association for the Study of Liver Diseases and the American Society for Gastrointestinal Endoscopy. Gastroenterology professional society guidance on endoscopic procedures during the COVID-19 pandemic. March 31, 2020. https://webfiles.gi.org/links/media/Joint_GI_Society_Guidance_on_Endoscopic_Procedures_During_COVID19_FINAL_3312020.pdf

IDPH
ILLINOIS DEPARTMENT OF PUBLIC HEALTH

*Questions about COVID-19?*
*Call 1-800-889-3931 or email dph.sick@illinois.gov*
*Illinois Department of Public Health -*

JB Pritzker, Governor
Ngozi O. Ezike, MD, Director

State of Illinois
Illinois Department of Public Health

# COVID-19

*www.dph.illinois.gov*

6/3/2020

TO: Illinois Hospital Administrators

FROM: Ngozi O. Ezike, M.D. Director

DATE: June 3, 2020

SUBJECT: Elective Inpatient Surgeries and Procedures

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Per IDPH guidance for COVID-19 *Elective Surgeries and Procedures* distributed April 24, 2020, assessment of regional capacity for elective inpatient procedures[1] will be informed by surveillance of epidemiologic trends, regional hospital bed capacity and availability, and each hospital's bed capacity and availability. Experience during the COVID-19 pandemic has shown a regional health system becomes seriously stressed when medical/surgical bed or ICU bed availability drops below 20%.

Accordingly, IDPH has issued guidance that individual hospitals must meet **ALL** three of the following requirements to perform elective **inpatient** procedures:

- Hospital availability of adult medical/surgical beds exceeds 20% of operating capacity for adult medical/surgical beds;
- hospital availability of ICU beds exceeds 20% of operating capacity for ICU beds; and
- hospital ventilator availability exceeds 20% of total ventilators.

IDPH will calculate a hospital's availability/capacity as follows:

Every Wednesday night, IDPH will run a report from EMResource to determine if any hospital fails to meet the above requirements. Specifically, the report will show if a hospital is below the 20% threshold in any of the above three categories, calculated as a rolling average of the previous seven days. Beginning June 5, 2020, IDPH will notify hospitals every Friday if they are under the 20% threshold in any of the three categories.

**Attachment 1**

If a hospital is notified by IDPH it has fallen below 20% in any of the three categories during the preceding seven-day period, it should evaluate the current census, number of scheduled procedures from the relevant seven-day period, and other relevant factors to determine why the 20% threshold was not maintained. The hospital should institute measures to meet the 20% thresholds, including measures to decrease scheduled cases, such as rescheduling procedures, placing patients in an "oncall" status, and/or cancelling procedures for the upcoming week. The hospital should send a situational update to IDPH at DPH.HospitalReports@illinois.gov within 48 hours of being notified of falling below established thresholds. IDPH will review the hospital's situational update and provide consultation when needed.

Hospitals not performing elective inpatient procedures may receive a notification. If your hospital is below the 20% thresholds, but is not performing elective inpatient procedures, inform IDPH of such at DPH.HospitalReports@illinois.gov.

It is vital to each region that hospitals meet the three specified requirements to perform elective inpatient procedures in order to accommodate a potential influx of patients during the COVID-19 pandemic. IDPH appreciates your attention to hospital bed availability and surge capacity and your willingness to be responsive during the COVID-19 pandemic to provide high-quality patient care to the communities we serve.

[1] Inpatient elective procedures are defined in the guidance as an elective procedure in which the patient being considered for that procedure is likely to remain in the hospital for more than 23 hours, starting from the time of registration and ending at the time of departure.

MORRIS
HOSPITAL
& HEALTHCARE CENTERS

December 29, 2020

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

**RE: PERMIT ALTERATION REQUEST**
**CON Permit #18-033**

Dear Ms. Avery:

Morris Hospital & Healthcare Centers is requesting an Alteration for permit #18-033. The Board approved this permit on December 4, 2018. This permit is for the modernization of the Hospital's Emergency Department, infrastructure projects and other areas, both clinical and non-clinical. The permit approved a project scope of 56,157 GSF and a project cost of $36,009,124. The current Project Completion Date is December 31, 2022.

**This requested alteration is for a reduction in the scope (i.e., Square Footage) of the project per the Board's rules, Section 1130.750 Alteration of Post-Permit Projects.**

**Explanation for Reduction in Scope**

As a modernization project within an existing hospital facility, this project was planned to be executed in 5 distinct phases such as not to interfere with ongoing operations. Upon receiving Board approval on December 4, 2018, the Hospital has been proceeding with dispatch. To date, we have completed or are about to complete the highest priority components of the project. These components of the project focus on patient care (clinical space), patient experience, and our community health system's financial strength in an extremely competitive market. These include:

- Relocation, expansion, and modernization of the Emergency Department
- Development of a new Women's Health Center
- Relocation and expansion of a new Infusion Therapy Center
- Modernization and expansion of the Lobby
- Infrastructure improvements
- Renovation and expansion of Diagnostic Imaging
- Relocation and expansion of Cardio Diagnostics
- Modernization of Cath Lab support areas



150 West High Street Morris, IL 60450 815.942.2932 www.morrishospital.org

With the onset of the Covid-19 pandemic in February of this year, Morris Hospital, like many community hospitals, has experienced a significant negative financial impact. This has been primarily due to the restrictions placed upon all Illinois hospitals banning and/or limiting elective admissions and procedures per the Governor's Executive orders. While some of these restrictions have been relaxed, limitations on admissions and procedures remain in-place (IDPH Covid-19 Elective Surgeries and Procedures, March 24, 2020).

Since February 2020, we have experienced an 11% reduction in Net Patient Revenue compared to 2019. Inpatient Admissions, Surgeries, and Outpatient visits were 23% to 25% below budget projections for February through November of 2020. Additionally, with the current surge of Covid-19 cases in Illinois, the Hospital wants to exercise fiscal conservatism to protect the long-term health of the system.

In light of the pandemic Morris Hospital has reexamined its financial and strategic facilities plans. We are proposing to conclude the project upon the completion of the current phase. It is intended that additional work may be redefined and started at a future currently undefined date. The primary deferred components of the project are to include:

- OR Support Areas – limited renovation
- Nuclear Medicine
- Administrative Areas
- Education and Conference Areas

Attached are two Exhibits, detailing the impact of this alteration on Project Costs and Scope (Square Footage). In summary, the specific impact of the permit alteration requested include:

| Approved Permit GSF | Proposed GSF | Difference GSF | Percent |
|---|---|---|---|
| **Total Project** | | | |
| 56,157 | 39,912 | -16,245 | -29% |
| Clinical | | | |
| 39,839 | 33,733 | -6,106 | -15% |
| Non-Clinical | | | |
| 16,318 | 6,159 | -10,159 | -62% |

**This request is to reduce the project's square footage by a total of 16,245 SF which is to consist of an 15 percent reduction in Clinical areas and a 62 percent reduction in Non-Clinical areas.**

With the reduction in scope, the following changes in the project's parameters are also anticipated:

- **Estimated Project Cost**
  - Approved: $36,009,124
  - Anticipated: $29,956,283
  - Reduction of 16.8% percent

- **Project Completion Date**
  - Approved: December 31, 2022
  - Anticpated: December 31, 2020
  - Reduction of 104 weeks

Enclosed is a check for $1.000.00, the processing fee as required by the Board's rules, Section 1130.230.

Morris Hospital & Healthcare Centers wishes to thank the Board for considering this application for Alteration, and respectfully requests that it be approved.

Sincerely,

Thomas J. Dohm, FACHE
Vice President, Professional Services
Morris Hospital and Healthcare Centers
150 West High Street
Morris, IL 60450

Phone: 815.942.8244
Fax: 815.942.3154
tdohm@morrishospital.org

Exhibit 1

## Project Costs

| Project Costs and Sources of Funds | | | |
|---|---|---|---|
| **USE OF FUNDS** | **PERMIT APPROVED** | **EXPENDED TO DATE** | **TOTAL DUE TO ALTERATION** |
| Preplanning Costs | $357,293 | 332,500 | $350,000 |
| Site Survey and Soil Investigation | 80,000 | 77,900 | 82,000 |
| Site Preparation | 800,000 | 1,182,970 | 1,245,232 |
| Off Site Work | 0 | 0 | 0 |
| New Construction Contracts | 1,684,800 | 2,025,914 | 2,132,541 |
| Modernization Contracts | 18,164,838 | 16,863,794 | 17,751,362 |
| Contingencies | 2,893,206 | 396,645 | 417,521 |
| Architectural/Engineering Fees | 1,667,370 | 1,861,416 | 1,959,385 |
| Consulting and Other Fees | 942,567 | 850,667 | 895,439 |
| Movable or Other Equipment (not in construction contracts) | 6,208,703 | 2,443,917 | 2,572,544 |
| Bond Issuance Expense (project related) | 950,000 | 812,250 | 855,000 |
| Net Interest Expense During Construction (project related) | 2,260,346 | 1,610,497 | 1,695,260 |
| Fair Market Value of Leased Space or Equipment | 0 | 0 | 0 |
| Other Costs To Be Capitalized | 0 | 0 | 0 |
| Acquisition of Building or Other Property | 0 | 0 | 0 |
| **TOTAL USES OF FUNDS** | **$36,009,124** | **$28,458,468** | **$29,956,283** |
| **SOURCE OF FUNDS** | **PERMIT APPROVED** | **EXPENDED TO DATE** | **TOTAL DUE TO ALTERATION** |
| Cash and Securities | 5,454,092 | 0 | 0 |
| Pledges | | | |
| Gifts and Bequests | | | |
| Bond Issues (project related) | 30,555,032 | $28,458,468 | $29,956,283 |
| Mortgages | | | |
| Leases (fair market value) | | | |
| Governmental Appropriations | | | |
| Grants | | | |
| Other Funds and Sources | | | |
| **TOTAL SOURCES OF FUNDS** | **$36,009,124** | **$28,458,468** | **$29,956,283** |

Exhibit 2

**Project Scope**

| | Gross Square Feet Approved in Permit | | | Alteration Scope | | |
|---|---|---|---|---|---|---|
| Clinical Service Areas | New | Modernized | Total SF | Completed or to be Completed | Alteration Reduction | Difference in Percent |
| **REVIEWABLE** | | | | | | |
| Emergency Department | 1,250 | 10,421 | 10,421 | 10,421 | 0 | 0% |
| General Radiology (General/Fluoroscopy/ Bone Densitometry) | 198 | 4,997 | 4,997 | 4,997 | 0 | 0% |
| CT | 1,061 | 2,536 | 2,536 | 2,536 | 0 | 0% |
| Mammography (incl. Stereotactic) | 1,436 | 360 | 360 | 360 | 0 | 0% |
| Ultrasound | 455 | 3,142 | 3,142 | 3,142 | 0 | 0% |
| Nuclear Medicine | | 3,375 | 3,375 | 0 | -3,375 | -100% |
| OR | | 2,731 | 2,731 | 0 | -2,731 | -100% |
| Procedure | | 527 | 527 | 527 | 0 | 0% |
| Non-Invasive Diagnostics | | 4,298 | 4,298 | 4,298 | 0 | 0% |
| Infusion Therapy | | 1,678 | 1,678 | 1,678 | 0 | 0% |
| Phlebotomy | | 959 | 959 | 959 | 0 | 0% |
| PAT | | 415 | 415 | 415 | 0 | 0% |
| **Total Clinical Service Areas** | **4,400** | **35,439** | **39,839** | **33,733** | **-6,106** | **-15.3%** |
| **NON-REVIEWABLE** | | | | | | |
| Administration | 0 | 6,217 | 6,217 | 0 | -6,217 | -100% |
| Education | 0 | 3,108 | 3,108 | 0 | -3,108 | -100% |
| Public Areas (lobby, etc.) | 9 | 6,159 | 6,159 | 6,159 | 0 | 0% |
| Conference | 0 | 825 | 825 | 0 | -825 | -100% |
| Infrastructure Upgrades | NA | NA | NA | NA | NA | 0% |
| **Total Non-Clinical Service Areas** | **9** | **16,309** | **16,318** | **6,159** | **-10,159** | **-62.2%** |
| **Total Project** | **4,409** | **51,748** | **56,157** | **39,912** | **-16,245** | **-28.9%** |