

#21-012 Comment on the State Board Report



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VIA FEDERAL EXPRESS AND EMAIL

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

Mr. Mike Constantino
Supervisor, Project Review Section
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Silver Cross Hospital (Fifth and Sixth Floor Expansion), Project No. 21-012

Dear Ms. Avery and Mr. Constantino:

We are counsel to Silver Cross Hospital and Medical Centers (“Silver Cross Hospital”) and Silver Cross Health System (collectively with Silver Cross Hospital, the “Applicants”). As you know, on April 8, 2021, the Applicants filed a Certificate of Need Application (the “CON Application”) with the Illinois Health Facilities & Services Review Board (the “Review Board”) to add twenty-four (24) Medical/Surgical (“Med/Surg”) Beds (the “Project”) to address the increasing demand (and need) for Med/Surg Beds at Silver Cross Hospital and Medical Centers in New Lenox, Illinois (the “Hospital”) and the need for Med/Surg Beds in Planning Area A-13. Planning Area A-13 is currently showing a **need** for an additional 81 Med/Surg Beds (as of the March 18, 2021 inventory update). The CON Application was deemed complete by the Review Board on April 12, 2021. A public hearing was **not** requested for the Project and **no** opposition statements were filed.

On July 13, 2021, the Review Board Staff issued the State Agency Report for the Project. The State Agency Report determined that the Applicants were in compliance with fifteen (15) standards and out of compliance with three (3) standards. Pursuant to Section 6 of the Health Facilities Planning Act, 20 ILCS 3960/1 et seq., and the relevant regulations found at 77 Ill. Admin. 1100, et seq., we have found factual and legal errors in the State Agency Report, and wish to provide clarifying information as well, all as set forth below.

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Criterion 1110.120(b), Project Services Utilization

Criterion 1110.120(b) provides as follows:

“The applicant shall 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 Appendix B. The number of years projected shall not exceed the number of historical years documented.” (emphasis added).

As acknowledged in the State Agency Report, the anticipated completion date for this Project is January 31, **2023**. See pages 7 and 9 of the CON Application and page 2 of the State Agency Report. Two years after January 31, 2023 is January 30, **2025**. Unfortunately, throughout Criterion 1110.120(b), the State Agency Report cites **2023** as the applicable year to measure full utilization when the State Agency Report should be citing **2025**. See page 12 of the State Agency Report (“However, based on projected growth rates for FY 2022 and FY 2023, a negative finds results for this criterion.”). Table Six and Table Seven found on page 12 of the State Agency contain this same error and do not include any of the information submitted by the Applicants for 2024 and 2025. To state the obvious, the 24 Med/Surg beds cited in this Project will still be under construction for all of 2022 and part of 2023, so it is impossible to place in patients in those 24 Med/Surg beds during construction.

To make matters worse, the State Agency Report states that the two models employed by the Applicants in support of this Criterion are the same, when, in fact, the models are **not** the same. The “simple model” only looked at the average growth rate in the average daily census over the past 6 years and did **not** account for any of the new and expanded service lines that have been added to the Hospital (e.g., open heart surgery, thoracic surgery, vascular surgery, etc.) in 2020 or the new doctors that have joined the Hospital’s medical staff. The “advanced model” did account for those factors.

Even more perplexing, Table Six and Table Seven of the State Agency Report does not list out any actual or projected daily census numbers. Instead, Table Six and Table Seven just list out the number of **currently** licensed number of med/surg beds at the Hospital. The only differences between Table Six and Table Seven are the footnotes. The footnote for Table Six states that the “simple model assumes a 2.61% average daily census growth rate if 24 beds are added.” The footnote for Table Seven states that the “advanced model assumes a 2.61% average daily census growth rate if 24 beds are added.” Literally, the same Table and the same footnote (other than incorrectly noting that the advanced model used a 2.61% growth rate).

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So, in the aggregate, the State Agency Report only used the “simple model” submitted by the Applicant and then cut off the most conservative model two years early. Had the State Agency Report merely continued the “simple model” through 2025, as required by the Criterion, the State Agency Report would have noted that the CON Occupancy Rate would hit 89.11%. Given the rounding rules used the Review Board (and the desire to have balanced 12 bed units), even the “simple model” hits a 90% occupancy rate in 2025.

And as set in the CON Application, the advanced model shows a CON Occupancy Rate of 98.24% in 2025. In other words, the “advanced model” shows a higher projected census than the “simple model” in 2025 and the CON Occupancy Rate under the “advanced model” is far in excess of 90%.

Below and on the next page are the actual and projected average daily census numbers submitted by the Applicants under both the “simple model” and the “advanced model” for this Project:

Silver Cross Hospital Projected Med/Surg Utilization (Simple Model)							
Calendar Year	Actual ADC	Projected ADC	Actual Licensed Beds (and Project Not Approved)	Projected Beds if Project Approved	Actual CON Occupancy Rate	Projected CON Occupancy Rate (If Project Not Approved)	Projected CON Occupancy Rate (If Project Approved)
2013	150.1		185		81.1%		
2014	155.4		185		84.0%		
2015	160.7		185		86.8%		
2016	170.8		185		92.3%		
2017	169.1		191		88.5%		
2018	168.8		205		82.3%		
2019	174.8		207		84.4%		
2020	178.7		207		86.3%		
2021		183.35	204			89.87%	89.87%
2022		188.11	204			92.21%	92.21%
2023		193.00	204	204/228		94.61%	94.61%
2024		198.02	204	228		97.07%	86.85%
2025		203.17	204	228		99.59%	89.11%

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Silver Cross Hospital Projected Med/Surg Utilization (Advanced Model)							
Calendar Year	Actual ADC	Projected ADC	Actual Licensed Beds (and Project not approved)	Projected Beds if Project Approved	Actual CON Occupancy Rate	Projected CON Occupancy Rate (If Project Not Approved)	Projected CON Occupancy Rate (If Project Approved)
2013	150.1		185		81.1%		
2014	155.4		185		84.0%		
2015	160.7		185		86.8%		
2016	170.8		185		92.3%		
2017	169.1		191		88.5%		
2018	168.8		205		82.3%		
2019	174.8		207		84.4%		
2020	178.7		207		86.3%		
2021		205	204			100.49%	100.49%
2022		210	204			102.94%	102.94%
2023		216	204	204/228		105.88%	105.88%
2024		220	204	228		107.84%	96.49%
2025		224	204	228		109.80%	98.24%

So, the two models submitted by the Applicants supported between 203 and 224 Med/Surg beds by 2025, which generates a Med/Surg CON utilization rate of between 89.0% and 98.2% by 2025.

The Applicants also submitted the Affidavit of Dr. Christopher Udovich, Vice President and Chief Medical Officer at Silver Cross Hospital. See pages 86 and 87 of the CON Application. Dr. Udovich stated that he expected the Hospital's Med/Surg average daily census to reach between 200 and 220 Med/Surg beds given the accelerating admission trends, expanded service lines, and recently added service lines. Dr. Udovich's Affidavit correlates to a Med/Surg CON utilization rate of between 87.7% and 96.5%.

Finally, the fact that the A-13 planning area is current showing a need of 81 Med/Surg beds clearly demonstrates that the planning area needs beds and that the fastest growing hospital in the service area is the most logical hospital to add those beds.

Thus, the Applicants have easily satisfied Criterion 1110.120(b). For these reasons, the Applicants believe that the negative finding set forth in the State Agency Report on page 12 for Criterion 1110.120(b) should be changed to reflect conformance with the Criterion.

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Criterion 1110.200(b)(4), Service Demand-Expansion of a Category of Service

Criterion 1110.200(b)(4) provides as follows:

“Service Demand – Expansion of Existing Category of Service

The number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (b)(4)(A) and either subsection (b)(4)(B) or (C):

A) Historical Service Demand

- i) An average annual occupancy rate that has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest 2 years;
- ii) If patients have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest 2 years.”

When the Applicants filed the CON Application on April 8, 2021, the Applicants were just beginning to emerge from the grips of the battle with COVID. So, to state the obvious, it is very hard to simply look at the raw data for the past two years and apply that data to a Criterion that was clearly drafted without accounting for a once-in-a-century pandemic. Accordingly, it is important to adjust for the impact of COVID on the Hospital's med/surg average daily census over the past eighteen months – and to conduct a month-by-month analysis of the med/surg average daily census over the course of the pandemic to get a true sense of the enormous census growth that the Hospital has been experiencing.

To that end, the Governor's emergency order to cease all elective surgeries between March 17, 2020 and May 11, 2020, had a particularly strong impact on the Hospital's med/surg census during the months of March, April and May of 2020.

The following chart and graph demonstrate how the elective surgery moratorium (and the various COVID surges) impacted the Med/Surg CON occupancy at the Hospital on a month by month basis.

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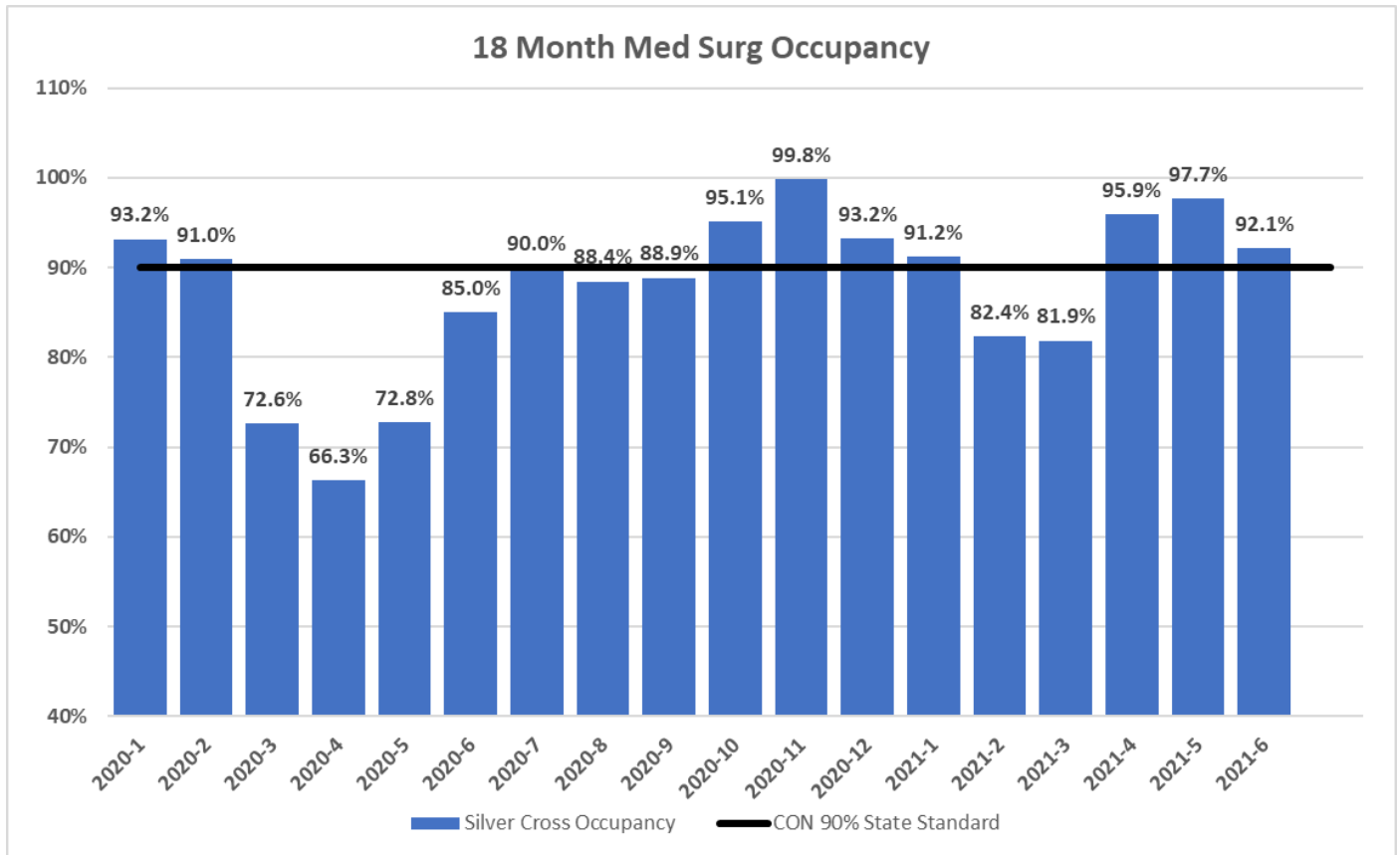
Silver Cross CY2020 - CY2021 YTD June Adult Med-Surg Utilization by Month									
CY 2020 - CY 2021: 18 months	Licensed Med/Surg Beds	Admissions	Inpatient Days	Observation Days	Total Days	Average Length of Stay (Inpatient and Observation)	ADC	Silver Cross Occupancy	Notes
2020-1	207	1,275	5,136	843	5,979	4.7	192.9	93.2%	
2020-2	207	1,200	4,652	810	5,462	4.6	188.4	91.0%	
2020-3	207	1,026	4,002	658	4,660	4.5	150.3	72.6%	Covid
2020-4	207	831	3,763	352	4,115	5.0	137.2	66.3%	Covid
2020-5	207	972	4,149	522	4,671	4.8	150.7	72.8%	Covid
2020-6	207	1,118	4,531	751	5,282	4.7	176.1	85.0%	
2020-7	207	1,279	4,926	850	5,776	4.5	186.3	90.0%	
2020-8	207	1,204	4,855	820	5,675	4.7	183.1	88.4%	
2020-9	207	1,137	4,753	766	5,519	4.9	184.0	88.9%	
2020-10	207	1,236	5,284	817	6,101	4.9	196.8	95.1%	
2020-11	207	1,227	5,550	647	6,197	5.1	206.6	99.8%	
2020-12	207	1,196	5,261	719	5,980	5.0	192.9	93.2%	
2021-1	207	1,110	5,014	839	5,853	5.3	188.8	91.2%	
2021-2	207	969	4,029	745	4,774	4.9	170.5	82.4%	
2021-3	207	1,156	4,340	913	5,253	4.5	169.4	81.9%	
2021-4	207	1,195	4,953	1,002	5,955	5.0	198.5	95.9%	
2021-5	207	1,140	5,162	1,104	6,266	5.5	202.1	97.7%	
2021-6	204	1,149	4,657	981	5,638	4.9	187.9	92.1%	
Total	207	20,420	85,017	14,139	99,156	4.9	181.3	87.6%	

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If the months of March, April and May of 2020 are removed from the Med/Surg CON occupancy rates at the Hospital for the past 18 months, the Hospital maintained a Med/Surg CON occupancy rate of 91.1% between January 1, 2020 and June 30, 2021.

The following chart and graph remove the months of March, April and May of 2020.

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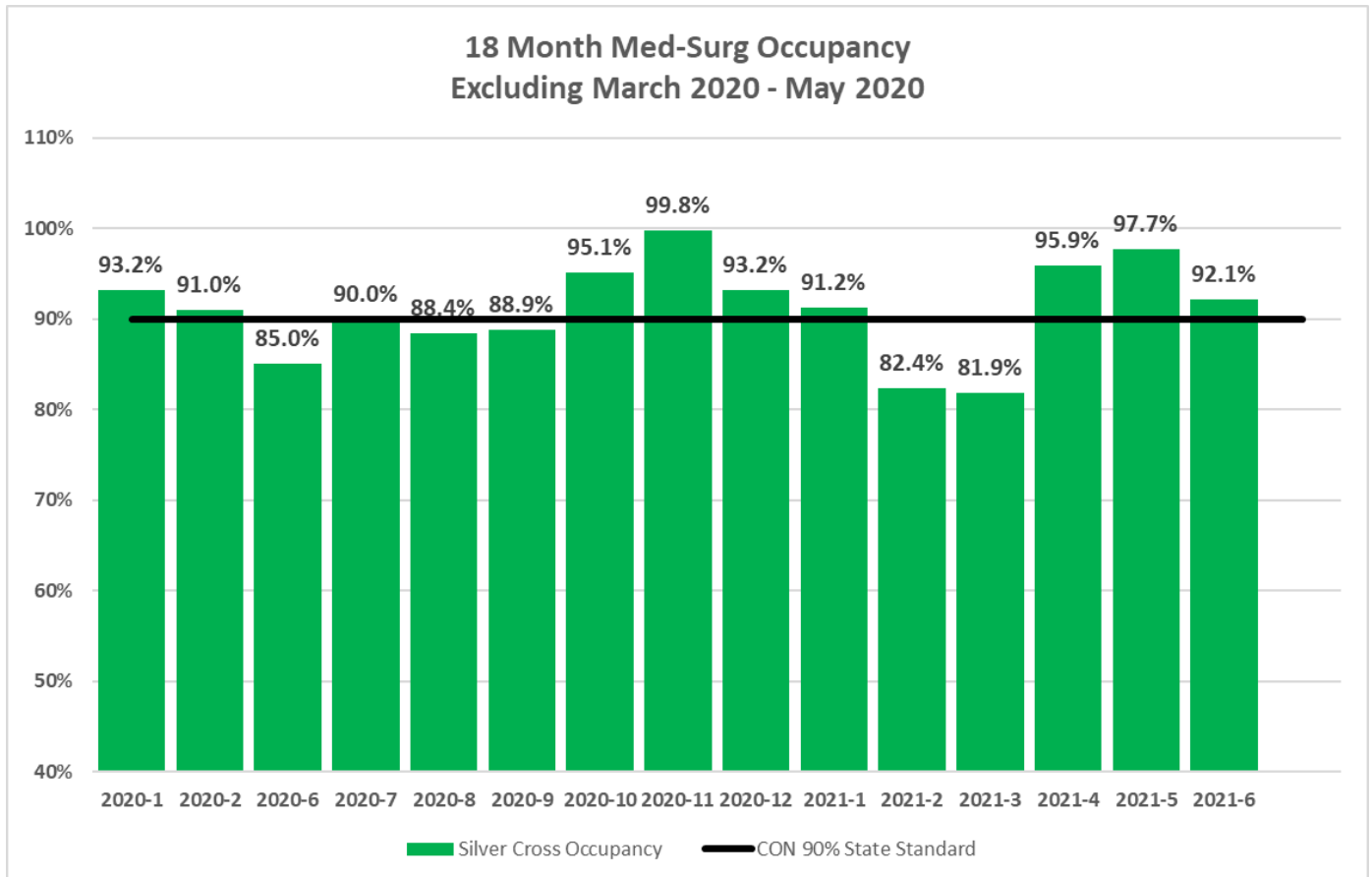
Silver Cross CY2020 - CY2021 YTD June Adult Med-Surg Utilization by Month: 3 Months Removed									
18 months wo Mar - May	Licensed Med/Surg Beds	Admissions	Inpatient Days	Observation Days	Total Days	Length of Stay (Inpatient and Observation)	ADC	Silver Cross Occupancy	Notes
2020-1	207	1,275	5,136	843	5,979	4.7	192.9	93.2%	
2020-2	207	1,200	4,652	810	5,462	4.6	188.4	91.0%	
2020-6	207	1,118	4,531	751	5,282	4.7	176.1	85.0%	March - May Removed
2020-7	207	1,279	4,926	850	5,776	4.5	186.3	90.0%	
2020-8	207	1,204	4,855	820	5,675	4.7	183.1	88.4%	
2020-9	207	1,137	4,753	766	5,519	4.9	184.0	88.9%	
2020-10	207	1,236	5,284	817	6,101	4.9	196.8	95.1%	
2020-11	207	1,227	5,550	647	6,197	5.1	206.6	99.8%	
2020-12	207	1,196	5,261	719	5,980	5.0	192.9	93.2%	
2021-1	207	1,110	5,014	839	5,853	5.3	188.8	91.2%	
2021-2	207	969	4,029	745	4,774	4.9	170.5	82.4%	
2021-3	207	1,156	4,340	913	5,253	4.5	169.4	81.9%	
2021-4	207	1,195	4,953	1,002	5,955	5.0	198.5	95.9%	
2021-5	207	1,140	5,162	1,104	6,266	5.5	202.1	97.7%	
2021-6	204	1,149	4,657	981	5,638	4.9	187.9	92.1%	
Total	207	17,591	73,103	12,608	85,711	4.9	188.4	91.1%	

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The above chart and graph also show the 2021 COVID surge in the February and March 2021 Med/Surg CON occupancy numbers for the Hospital. Except for February and March of 2021, the Hospital has maintained a med/surg CON occupancy in excess of 90% in 2021, as well.

So, when adjusting for the COVID pandemic, the Hospital's most recent Med/Surg CON occupancy rates are in excess of 90% and are consistent with a hospital experiencing extraordinary growth and high occupancy on a consistent basis.

For these reasons, the Applicants believe that the negative finding set forth in the State Agency Report on page 13 for Criterion 1110.200(b)(4) should be changed to reflect conformance with the Criterion.

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Summary Statement

The Applicants satisfied Criterion 1110.120(b) because: (a) the two projection models submitted by the Applicants support between 203 and 224 Med/Surg beds by 2025 (which generates a Med/Surg CON utilization rate of between 89.0% and 98.2% by 2025); and (b) the Affidavit of Dr. Christopher Udovich, Vice President and Chief Medical Officer at Silver Cross Hospital, submitted by the Applicants supports between 200 and 220 Med/Surg beds by 2025 (which generates a Med/Surg CON utilization rate of between 87.7% and 96.5% by 2025).

The Applicants satisfied Criterion 1110.200(b)(4) because: (a) the COVID-adjusted Med/Surg CON utilization rate at the Hospital between January 1, 2020 and June 30, 2021, exceeded 90% (which is indicative of a hospital experiencing high occupancy on a consistent basis); and (b) the COVID-adjusted Med/Surg CON utilization rate at the Hospital between January 1, 2021 and June 30, 2021, exceeded 90% (which is indicative of a hospital experiencing high occupancy on a consistent basis).

The Applicants reserve their right to supplement this Response.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Edward J. Green".

Edward J. Green

EJG:sxc

cc: Ms. Ruth Colby, President & CEO, Silver Cross Hospital