



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: <b>C-04</b>	BOARD MEETING: September 17, 2019	PROJECT NO: E-034-19	PROJECT COST:
FACILITY NAME: McDonough County Hospital District dba McDonough District Hospital		CITY: Macomb	Original: \$0
TYPE OF PROJECT: Exemption			HSA: II

**PROJECT DESCRIPTION:** McDonough District Hospital proposes to discontinue a 12-bed acute mental illness category of service. There is no cost to this project and the completion date is September 18, 2019.

Health Facilities Planning Act (20 ILCS 3960/6)

(b) *The State Board shall establish by regulation the procedures and requirements regarding issuance of exemptions. An exemption shall be approved when information required by the Board by rule is submitted. Projects eligible for an exemption, rather than a permit, include, but are not limited to, change of ownership of a health care facility and discontinuation of a category of service.*

## EXECUTIVE SUMMARY

### PROJECT DESCRIPTION

- McDonough County Hospital District dba McDonough District Hospital proposes to discontinue a 12-bed acute mental illness category of service. There is no cost to this project and the completion date is September 18, 2019.
- In July of 2014 the State Board approved the Hospital for a 12-bed acute mental illness category of service to serve geriatric<sup>1</sup> patients at a cost of approximately \$2.6 million (Permit #14-018).

### WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because the project discontinues a category of service (20 ILCS 3960).

### PUBLIC HEARING/COMMENT:

- No public hearing was requested, and no letters of support or opposition were received by the State Board.

### SUMMARY:

- According to McDonough District Hospital President/CEO Brian E. Dietz, FACHE, *“The decision to close was based on the program's inability to meet projected volume and financial goals necessary to support a viable adult geropsychiatric service. The quality metrics of the program were exceptional thanks to a very committed group of professionals, but the financial losses were far too great for the hospital to continue to underwrite. During this fiscal year alone, the Senior Behavioral Health program is projected to lose close to \$700,000 in operational and facility costs. In summary, over the last four years, the initial projections regarding the demand for this program exceeded our actual experience and therefore created unsustainable financial losses to the hospital.”* Dietz did emphasize that McDonough Hospital District will continue to offer Psychiatry and Behavioral Health Services on an outpatient basis.” [Application for Permit page 15]

For the years 2015-2017 the average occupancy was 26% and the average daily census of the 12-bed unit was 3.2 patients per day. Since inception of the Senior Behavioral Health unit, only 38% of the patients have been residents of McDonough County (location of the hospital) and an additional 23% have been from Warren, Hancock, Fulton and Schuyler Counties.

<b>McDonough Hospital District 12-Bed AMI Unit Utilization 2015-2017</b>				
Year	2017	2016	2015	Ave.
Beds	12	12	12	12
Admissions	139	134	60	111
Patient Days	1,603	1,223	628	1,151
ALOS	11.5	9.1	10.5	10.4
ADC	4.4	3.3	1.7	3.2
Occupancy	36.60%	27.80%	14.30%	26.3%
Source: Hospital Profile Information 2015-2017.				

<sup>1</sup> 77 ILAC 1100.560 for acute mental illness category of service there is no distinction made between geriatric service and adolescent acute mental illness service. The Annual Hospital Profiles asks the Hospitals to identify the number of beds dedicated to adolescents.

The Applicants have provided all the information required by the State Board.

**STATE BOARD STAFF FINDS THE PROPOSED DISCONTINUATION OF A  
CATEGORY OF SERVICE IS IN CONFORMANCE WITH CRITERIA 77 ILAC  
1130.500, 77 ILAC 1130.525, 77 ILAC 1110.290 - DISCONTINUATION**

**STATE BOARD STAFF REPORT**  
**Project #E-034-19**  
**McDonough County Hospital District**

<b>APPLICATION/ CHRONOLOGY/SUMMARY</b>	
Applicants(s)	McDonough County Hospital District
Facility Name	McDonough County Hospital District
Location	525 East Grant, Macomb, Illinois
Exemption Holder	McDonough County Hospital District
Operating Entity/Licensee	McDonough County Hospital District
Owner of Site	McDonough County Hospital District
Application Received	July 29, 2019
Anticipated Completion Date	September 18, 2019

**I. Project Description**

McDonough County Hospital District dba McDonough Hospital District proposes to discontinue a 12-bed acute mental illness category of service. There is no cost to this project and the completion date is September 18, 2019.

**II. Applicant**

The Applicant is McDonough County District Hospital dba McDonough District Hospital is a 60-bed acute care hospital located in Macomb, Illinois. The Hospital is a governmental entity<sup>2</sup> and was open in 1958.

**III. Health Service Area**

There are 11 Health Service Areas in the State of Illinois. McDonough District Hospital is in the HSA II Health Service Area and the HSA II Acute Mental Illness Area. HSA II includes the Illinois Counties of Bureau, Fulton, Henderson, Knox, LaSalle, Marshall, McDonough, Peoria, Putnam, Stark, Tazewell, Warren, and Woodford. There are five hospitals including McDonough District Hospital in this HSA II AMI Planning Area. There are 140 AMI beds in this planning area. There is a calculated need for 107 AMI beds with a calculated excess of 33 AMI beds in this AMI planning area. There are no AMI beds in the 21-mile geographic service area.

---

<sup>2</sup> The hospital is a Hospital District (70 ILCS 910) that allows the hospital district to levy and collect a tax on taxable property within the District to support the hospital.

**TABLE ONE**  
**Hospitals with AMI service in the HSA AMI Planning Area**

Hospital	City	Miles	Beds	Utilization
McDonough District Hospital	Macomb	0	12	36.6%
Galesburg Cottage Hospital	Galesburg	49	16	74.2%
Methodist Medical Center of Illinois	Peoria	69	68	57.5%
OSF Saint Elizabeth Medical Center	Ottawa	166	26	64.2%
Proctor Community Hospital	Peoria	70	18	57.5%
Total			140	

1. Utilization for CY 2017 taken from IDPH Profiles.  
2. Miles taken from MapQuest

#### IV. Discontinuation

According to MDH President/CEO Brian E. Dietz, FACHE, *“The decision to close was based on the program's inability to meet projected volume and financial goals necessary to support a viable adult geropsychiatric service. The quality metrics of the program were exceptional thanks to a very committed group of professionals, but the financial losses were far too great for the hospital to continue to underwrite. During this fiscal year alone, the Senior Behavioral Health program is projected to lose close to \$700,000 in operational and facility costs. In summary, over the last four years, the initial projections regarding the demand for this program exceeded our actual experience and therefore created unsustainable financial losses to the hospital.”*

The proforma for the unit was based upon an average daily census of 8.5 patients age 65 and older. The 12-bed unit average daily census reached 5.2 since the unit opened in July 2015. In the spring of 2018, the age limit was lowered to 62 to increase the Senior Behavioral Health census.

- FY 2018 ended with a (\$533,698) loss of revenue.
- FY 2019 is projected to end with a (\$668,935) loss of revenue.

McDonough District Hospital employs two psychiatrists. One of the two psychiatrists resigned. With the psychiatrist resigning the Applicant would no longer meet CMSs Standard 482.62(b) Director of Inpatient Psychiatric Services; Medical Staff: *Inpatient psychiatric services must be under the supervision of a clinical director, service chief, or equivalent who is qualified to provide the leadership required for an intensive treatment program.*

**V. Impact on Access**

The Applicant does not believe the discontinuation of inpatient Senior Behavioral Health at McDonough District Hospital will have an adverse effect upon access to care for residents of the hospitals market area. McDonough District Hospital's service area includes all of McDonough County, and portions of Warren, Hancock, Fulton and Schuyler. Since inception of the Senior Behavioral Health unit, only 38% of the patients have been residents of McDonough County and an additional 23% have been from Warren, Hancock, Fulton and Schuyler Counties. Additionally, by the departure of one of the psychiatrists from the Hospital, the closure of Senior Behavioral Health will allow reallocation of our limited psychiatric resources to better serve those of all ages in need of psychiatric care in our immediate region of McDonough and surrounding counties.

**VI. Safety Net**

The Applicants stated the following:

“Given the low volume of patients from McDonough County utilizing the McDonough District Hospital Senior Behavioral Health Unit, the closure of the unit is not expected to place hardship or cause a negative material impact for any organization or agency servicing the needs of seniors in our community. Our remaining MDH employed psychiatrist will now have 40 hours per week in the outpatient psychiatric clinic setting so will be able to maintain our current outpatient psychiatric patient population.”

	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Net Patient Revenue</b>	<b>\$78,723,787</b>	<b>\$80,788,258</b>	<b>\$80,551,562</b>
<b>Charity (# of patients)</b>	<b>Year 2016</b>	<b>Year 2017</b>	<b>Year 2018</b>
Inpatient	185	117	132
Outpatient	502	1,280	1,656
<b>Total</b>	<b>687</b>	<b>1,397</b>	<b>1,788</b>
<b>Charity (cost in dollars)</b>			
Inpatient	207,620	122,359	157,427
Outpatient	563,380	695,111	823,608
<b>Total</b>	<b>771,000</b>	<b>817,470</b>	<b>981,035</b>
<b>Charity Care Expense % of Net Revenue</b>	<b>0.98%</b>	<b>1.01%</b>	<b>1.22%</b>

**TABLE TWO**  
**Charity Care and Medicaid Information**  
**McDonough District Hospital**  
**MEDICAID**

<b>Medicaid (# of patients)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>\$78,723,787</b>	<b>\$80,788,258</b>	<b>\$80,551,562</b>
Inpatient	273	333	222
Outpatient	21,021	36,835	36,724
<b>Total</b>	<b>21,294</b>	<b>37,168</b>	<b>36,946</b>
<b>Medicaid (revenue)</b>			
Inpatient	1,110,011	1,879,871	2,232,776
Outpatient	3,740,728	7,475,822	12,748,751
<b>Total</b>	<b>4,850,739</b>	<b>9,355,693</b>	<b>14,981,527</b>
<b>Medicaid Revenue % of Net Revenue</b>	<b>6.16%</b>	<b>11.58%</b>	<b>18.60%</b>

**VII. Applicable Rules**

**A) Section 1130.500 - General Requirements for Exemptions**

Only those projects specified in Section 1130.410 are eligible for exemption from permit requirements. Persons that have initiated or completed such projects without obtaining an exemption are in violation of the provisions of the Act and are subject to the penalties and sanctions of the Act and Section 1130.790.

- a) Application for Exemption  
 Any persons proposing a project for an exemption to permit requirements shall submit to HFSRB an application for exemption containing the information required by this Subpart, submit an application fee (if a fee is required), and receive approval from HFSRB.
- b) General Information Requirements  
 The application for exemption shall include the following information and any additional information specified in this Subpart:
  - 1) the name and address of the applicant or applicants (see Section 1130.220);
  - 2) the name and address of the health care facility;
  - 3) a description of the project, e.g., change of ownership, discontinuation, increase in dialysis stations;
  - 4) documentation from the Illinois Secretary of State that the applicant is registered to conduct business in Illinois and is in good standing or, if the

applicant is not required to be registered to conduct business in Illinois, evidence of authorization to conduct business in other states;

- 5) a description of the applicant's organization structure, including a listing of controlling or subsidiary persons;
- 6) the estimated project cost, including the fair market value of any component and the sources and uses of funds;
- 7) the anticipated project completion date;
- 8) verification that the applicant has fulfilled all compliance requirements with all existing permits that have been approved by HFSRB; and
- 9) the application-processing fee.

HFSRB NOTE: If a person or project cannot meet the requirements of exemption, then an application for permit may be filed.

**B) Section 1130.525 - Requirements for Exemptions Involving the Discontinuation of a Health Care Facility or Category of Service**

- a) **Submission of Application for Exemption**  
Prior to any person discontinuing a health care facility or category of service, the person shall submit an application for exemption to the HFSRB, submit the required application-processing fee (see Section 1130.230), and receive approval from HFSRB.
- b) **Application for Exemption**  
The application for exemption is subject to approval under Section 1130.560, and shall include a written response addressing the review criteria contained in 77 Ill. Adm. Code 1110.130. The application shall be available for review on the premises of the health care facility.
- c) **Opportunity for Public Hearing**  
*Upon a finding that an application to close a health care facility is complete, the State Board shall publish a legal notice on 3 consecutive days in a newspaper of general circulation in the area or community to be affected and afford the public an opportunity to request a hearing. If the application is for a facility located in a Metropolitan Statistical Area, an additional legal notice shall be published in a newspaper of limited circulation, if one exists, in the area in which the facility is located. If the newspaper of limited circulation is published on a daily basis, the additional legal notice shall be published on 3 consecutive days. The legal notice shall also be posted on the Health Facilities and Services Review Board's web site and sent to the State Representative and State Senator of the district in which the health care facility is located. [20 ILCS 3960/8.5(a-3)]*



### **C) Section 1110.290 - Discontinuation – Review Criteria**

These criteria pertain to the discontinuation of categories of service and health care facilities.

a) **Information Requirements – Review Criterion**

The applicant shall provide at least the following information:

- 1) Identification of the categories of service and the number of beds, if any, that are to be discontinued;
- 2) Identification of all other clinical services that are to be discontinued;
- 3) The anticipated date of discontinuation for each identified service or for the entire facility;
- 4) The anticipated use of the physical plant and equipment after discontinuation occurs;
- 5) The anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be retained;
- 6) For applications involving discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or the Illinois Department of Public Health (IDPH) (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation and that the required information will be submitted no later than 60 days following the date of discontinuation.

b) **Reasons for Discontinuation – Review Criterion**

The applicant shall document that the discontinuation is justified by providing data that verifies that one or more of the following factors (and other factors, as applicable) exist with respect to each service being discontinued:

- 1) Insufficient volume or demand for the service;
- 2) Lack of sufficient staff to adequately provide the service;
- 3) The facility or the service is not economically feasible, and continuation impairs the facility's financial viability;
- 4) The facility or the service is not in compliance with licensing or certification standards.

c) **Impact on Access – Review Criterion**

The applicant shall document whether the discontinuation of each service or of the entire facility will have an adverse impact upon access to care for residents of the facility's market area. The facility's market area, for purposes of this Section, is the established radii outlined in 77 Ill. Adm. Code 1100.510(d). Factors that indicate an adverse impact upon access to service for the population of the facility's market area include, but are not limited to, the following:

- 1) The service will no longer exist within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the applicant facility;
- 2) Discontinuation of the service will result in creating or increasing a shortage of beds or services, as calculated in the Inventory of Health Care Facilities, which is described in 77 Ill. Adm. Code 1100.70 and found on HFSRB's website;
- 3) Facilities or a shortage of other categories of service as determined by the provisions of 77 Ill. Adm. Code 1100 or other Sections of this Part.
- d) The applicant shall provide copies of notification letters sent to other resources or health care facilities that provide the same services as those proposed for discontinuation and that are located within the established radii outlined in 77 Ill. Adm. Code 1100.510(d). The notification letter must include at least the anticipated date of discontinuation of the service and the total number of patients that received care or the number of treatments provided (as applicable) during the latest 24 month period.

# E-034-19 McDonough District Hospital - Macomb

