



STATE OF ILLINOIS
 HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM NUMBER: G-07	BOARD MEETING: March 29, 2016	PROJECT NUMBER: E-008-16
EXEMPTION APPLICANT(S): Franciscan Alliance, Inc. and Franciscan Alliance, Inc. d/b/a St. James Health-Chicago Heights		
FACILITY NAME and LOCATION: Franciscan St. James Health-Chicago Heights		

1. Public Act 99-0154

Public Act 99-0154 became law July 29, 2015 and is effective immediately. This Act requires that a discontinuation of a health care facility or a category of service be exempt from certificate of need and that if all of the information required by the State Board is submitted, the exemption from the certificate of need **must** be approved.

The Act states upon a finding that an application to discontinue a health care facility is complete and provides the requested information, as specified by the State Board, an exemption shall be issued. No later than **30 days** after the issuance of the exemption, the health care facility must give written notice of the discontinuation of the health care facility to the State Senator and State Representative serving the legislative district in which the health care facility is located. The Illinois Health Facility Planning Act 20 ILCS 3960/5.4) requires that a Safety Net Impact Statement be provided when the application proposes to discontinue a health care facility.

The applicants have provided all of the necessary information as required by PA 99-0154; therefore the State Board has to approve this discontinuation.

2. The Transaction

The applicants are proposing to discontinue Franciscan St. James Health-Chicago Heights hospital located at 1423 Chicago Heights, Illinois. The hospital is discontinuing the following beds/category of services:

- 200 Medical/Surgical beds
 - 20 ICU beds
 - 22 Obstetrics beds
 - 10 Pediatrics beds
 - 30 Comprehensive Physical Rehabilitation beds
- 312 Totals

Additionally the hospital is discontinuing the emergency department and many of the outpatient services currently provided in the hospital. The other "clinical services" anticipated to be discontinued include: LDRs, C-Section rooms, newborn nursery, laboratory, surgery, recovery, endoscopy, emergency department, imaging, respiratory therapy, physical therapy, occupational therapy, and EKG.

Franciscan Alliance, Inc. also operates Franciscan St. James Health-Olympia Fields located approximately 4 ½ miles from St James Chicago Heights. Franciscan Alliance, Inc. has submitted an application for permit to modernize the Olympia Fields hospital as Project #16-005. Discontinuation is anticipated to occur within 45 days following the completion of the proposed modernization of Franciscan St. James Health-Olympia Fields (FSJH-OF). That project is scheduled to be completed on October 31, 2018.

3. Reasons for Discontinuation

The reasons for discontinuation include the age of the hospital's physical plant (approximately 105 years old), the cost to make needed improvements to the physical plant (estimated in the \$50-70M range), the significant operating costs associated with the continued operating of two hospitals with largely redundant services located only 4½ miles apart, the low occupancy rates of the hospitals, and an over-bedding in the area.

In conjunction with the discontinuation of the Chicago Heights hospital the applicants are expanding its Chicago Heights outpatient center (Franciscan Express Care Chicago Heights) to accommodate a portion of historical outpatient and Emergency Department's caseload. According to the applicants, accessibility issues will be greatly diminished, and in many cases eliminated all-together and the proposed discontinuation will not have an undue adverse effect upon access to care for residents of the facility's market area. Franciscan Express Care Chicago Heights is approximately four (4) minutes from the the Chicago Heights hospital.

The future use/disposition of the Chicago Heights physical plant has not yet been determined, and the applicants will continue to investigate the potential re-use of the facility and site as the Olympia Fields project proceeds. Due to the age of the building, it is anticipated that, at minimum, portions of the physical plant will be demolished. Portions of the vacated areas will be used for outpatient functions, such as a primary care clinic and other outpatient services. Selected non-clinical/administrative functions currently located at Olympia Fields will be moved to the Chicago Heights campus, and administrative functions currently occupying space in the Chicago Heights Medical Office Building (located on the hospital campus) will be moved to the vacated hospital building to facilitate Franciscan Health, Inc.'s physician recruitment initiatives. A limited amount of equipment currently in use at the Chicago Heights facility will be relocated to the Olympia Fields facility, particularly beds and furniture. Other equipment will be sold, donated, or discarded.

A portion of the Chicago Heights campus will be available for re-development upon the conclusion of this project.

All medical records will be maintained by and accessible through FSJH-OF, consistent with all applicable laws, licensure and accreditation requirements, and industry standards.

4. Safety Net Impact Statement

The applicants amended (received March 2, 2016) their safety net impact statement and provided the following information:

“Franciscan St. James Health is one of the largest providers of safety net services in the southern suburbs. In 2014 in excess of \$19M (cost) in charity care was provided through the two hospitals, representing a 150% increase over 2012. Similarly, \$27.7M in Medicaid services was provided in 2014, representing a 130% increase over 2012.

Care to the financially-disadvantaged segments of the community are provided consistent with a 100 year history of doing so, and remaining true to the mission of “Continuing Christ’s ministry in the Franciscan tradition,” reflecting values of respect for life, compassionate concern, and joyful service.

Access to safety net services will not be eliminated through the proposed project.

The project addressed through this COE application is limited to the “discontinuation” of Franciscan St. James Health-Chicago Heights as a licensed hospital. Through that process, Franciscan St. James Health will no longer operate inpatient units, an Emergency Department, a surgical suite, and selected other primarily inpatient-related services on the Chicago Heights hospital campus.

Great care is being taken, however, to ensure that accessibility to the services most often used and needed by area residents, and particularly access to physicians, remains accessible, and in some cases, accessibility is being enhanced. Specifically, inpatient services are and will continue to be readily available in the area, with Franciscan St. James Health-Olympia Fields adding Medical/Surgical and ICU beds and establishing obstetrics and comprehensive physical rehabilitation services to ensure that easy accessibility remains. The two Franciscan St. James hospitals are located approximately 4½ miles apart.

Patients that have historically used Franciscan St. James Health-Chicago Heights’s Emergency room will be able to continue to access services through the physician-staffed urgent care center located less than two miles to the north of the Chicago Heights hospital, and the Emergency Department at Franciscan St. James Health-Olympia Fields. Historically, over 80% of the patients seeking care at the FSJH-CH Emergency Department have not been in need of ED services, with an urgent care center or a physician’s office being a more appropriate setting. Access to physicians’ services will be improved through the expanding of the urgent care center’s hours of operation to 24/7, as well as the expanding of the facility. Access to physicians’ services will be improved through the establishment of a primary care clinic in the hospital building. This clinic will provide a “home base” for area residents without a private physician.

Access to physicians’ services will be further improved through the modernization of the Medical Office Building located on the Chicago Heights campus. The renovation of the

MOB will support Franciscan St. James Health's efforts to recruit additional physicians to the community.

Programs and clinics, addressing specific identified needs of the community, such as diabetes care, bariatric/obesity services, and chronic heart failure management will be developed on the campus.

Franciscan St. James Health-Olympia Fields is a member of Franciscan Alliance, Inc., a 14-hospital system. Historically, Franciscan Alliance has subsidized its two Illinois hospitals. It is anticipated that following the consolidation of inpatient services currently provided at the Olympia Fields hospital and Chicago Heights facility, the level at which Franciscan Alliance, Inc. has had to subsidize the hospital(s) will be reduced. Individual hospitals within Franciscan Alliance, Inc. do not subsidize one another.

Every three years, Franciscan St. James Health, in cooperation with other community resources, leads a community needs assessment that provides a framework for community-based health care programming. Franciscan St. James is currently working under a needs assessment conducted in late 2012/early 2013, and which identified three areas of focus: diabetes health and awareness, cardiovascular disease awareness and education, and access to care. Addressing these issues, during 2014:

- Approximately 580 individuals with previously undiagnosed diabetes were identified and referred to the St. James Diabetes Center or to another provider for education, nutritional counseling, and follow-up care.
- A process for identifying patients suffering from Chronic Obstructive Pulmonary Disease (COPD) or Chronic Heart Failure (CHF), and at risk of being readmitted was developed. A multi-disciplinary team was established to develop plans of care and discharge plans and to transition patients to appropriate treatment settings.
- The Franciscan Primary Care Clinic was established to provide post-discharge care and immediate follow-up visits to patients without a primary care provider. This clinic, which provides services at a reduced cost, is designed to serve as a bridge between hospitalization and the establishment of a relationship with a primary care provider. Approximately 3,400 patients benefited from this program last year. In addition, Franciscan St. James developed a program to link area residents needing transportation to health care services with providers, and also developed a program to transport area residents to its hospitals, without any cost to the patient.

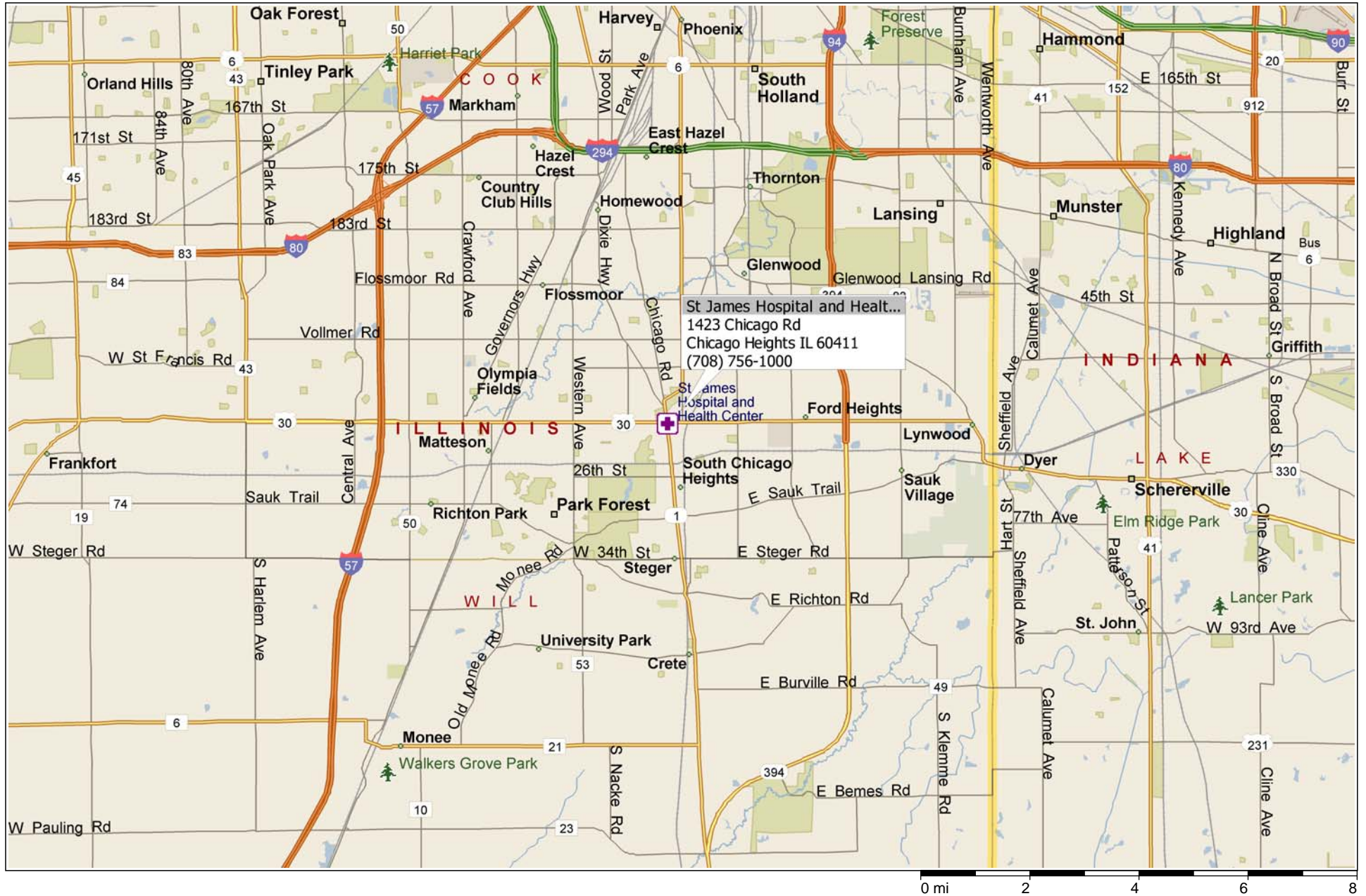
Of a more general nature, Franciscan St. James is a sponsor of and participant in numerous community-based health fairs throughout the region, and provides direct monetary support to 45-50 not-for-profit agencies and groups annually. Those groups and agencies provide improved education, housing, social support, and health care services to the communities in the south suburbs.”

TABLE ONE			
St. James Health – Chicago Heights			
Safety Net Information per PA 96-0031			
Net Patient Revenue	\$117,758,359	\$126,005,182	\$118,708,824
CHARITY CARE			
Charity (# of patients)	2012	2013	2014
Inpatient	1,908	839	832
Outpatient	9,663	7,004	7,594
Total	11,571	7,843	8,426
Charity (cost In dollars)			
Inpatient	\$2,155,106	\$3,938,211	\$4,642,803
Outpatient	\$2,200,415	\$4,887,321	\$5,765,061
Total	\$4,355,521	\$8,825,532	\$10,407,864
Charity Care % of Net Revenue	3.70%	7.00%	8.77%
MEDICAID			
Medicaid (# of patients)			
Inpatient	1,451	1,208	1,689
Outpatient	20,098	10,175	15,521
Total	21,549	11,383	17,210
Medicaid (revenue)			
Inpatient	\$7,442,170	\$12,426,923	\$10,394,352
Outpatient	\$4,474,901	\$5,974,701	\$17,327,847
Total	\$11,917,071	\$18,401,624	\$27,722,199
Medicaid as of % of Net Revenue	10.12%	14.60%	23.35%

5. Public Hearing

A public hearing was held on February 9, 2016. A number of individuals were attendance both in support and opposition to the proposed discontinuation.

E-008-16 St James Chicago Heights



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<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Arnold Kimmel	White	47.5%	Hispanic or Latino:	3.4%
ADMINSTRATOR PHONE	708-756-1000	Black	51.0%	Not Hispanic or Latino:	95.3%
OWNERSHIP:	FRANCISCAN ALLIANCE, INC.	American Indian	0.0%	Unknown:	1.3%
OPERATOR:	FRANCISCAN ALLIANCE, INC.	Asian	0.2%		
MANAGEMENT:	Church-Related	Hawaiian/ Pacific	0.1%	IDPH Number:	2436
CERTIFICATION:	None	Unknown	1.3%	HPA	A-04
FACILITY DESIGNATION:	General Hospital			HSA	7
ADDRESS	1423 Chicago Road	CITY:	Chicago Heights	COUNTY:	Suburban Cook County

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	<u>Authorized CON Beds 12/31/2014</u>	<u>Peak Beds Setup and Staffed</u>	<u>Peak Census</u>	<u>Admissions</u>	<u>Inpatient Days</u>	<u>Observation Days</u>	<u>Average Length of Stay</u>	<u>Average Daily Census</u>	<u>CON Occupancy Rate %</u>	<u>Staffed Bed Occupancy Rate %</u>
Medical/Surgical	230	117	81	4,796	21,184	5,032	5.5	71.8	31.2	61.4
0-14 Years				70	176					
15-44 Years				886	3,030					
45-64 Years				1,635	7,161					
65-74 Years				856	4,239					
75 Years +				1,349	6,578					
Pediatric	10	10	5	70	176	184	5.1	1.0	9.9	9.9
Intensive Care	20	20	14	818	2,823	4	3.5	7.7	38.7	38.7
Direct Admission				464	547					
Transfers				354	2,276					
Obstetric/Gynecology	22	22	15	1,809	4,544	131	2.6	12.8	58.2	58.2
Maternity				1,809	4,544					
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			0	0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	30	30	19	317	3,959	10	12.5	10.9	36.2	36.2
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	312			7,456	32,686	5,361	5.1	104.2	33.4	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>	<u>Charity Care</u>	<u>Totals</u>
Inpatients	33.3%	21.8%	0.5%	32.9%	0.8%	10.7%	
	2578	1689	41	2550	59	832	7,749
Outpatients	18.5%	19.0%	1.1%	51.8%	0.3%	9.3%	
	15081	15521	921	42200	219	7594	81,536

<u>Financial Year Reported:</u>	1/1/2014 to	12/31/2014	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	<u>Medicare</u>	<u>Medicaid</u>	<u>Other Public</u>	<u>Private Insurance</u>	<u>Private Pay</u>	<u>Totals</u>			
Inpatient Revenue (\$)	53.2%	7.8%	0.0%	37.9%	1.1%	100.0%		10,407,864	
	35,774,414	5,250,405	28,895	25,461,129	730,080	67,244,923	4,642,803		
Outpatient Revenue (\$)	20.1%	12.8%	0.3%	64.9%	1.9%	100.0%			
	10,339,276	6,575,734	142,369	33,410,715	995,807	51,463,901	5,765,061	8.8%	

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	932		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	920		Beds	0	28	Heart:	0
Birthing Rooms:	0		Patient Days	0	2,480	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		2,480	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	8		<u>Laboratory Studies</u>			Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	2		Inpatient Studies		191,142	Total:	0
C-Section Rooms:	2		Outpatient Studies		113,068		
CSections Performed:	260		Studies Performed Under Contract		1,021		

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	0	0	0	56	83	104	154	258	1.9	1.9
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	9	9	546	459	1191	786	1977	2.2	1.7
Gastroenterology	0	0	0	0	0	0	0	0	0	0.0	0.0
Neurology	0	0	0	0	17	0	76	0	76	4.5	0.0
OB/Gynecology	0	0	0	0	77	263	147	420	567	1.9	1.6
Oral/Maxillofacial	0	0	0	0	3	1	4	2	6	1.3	2.0
Ophthalmology	0	0	1	1	4	66	6	77	83	1.5	1.2
Orthopedic	0	0	0	0	538	572	1802	1278	3080	3.3	2.2
Otolaryngology	0	0	0	0	40	10	72	24	96	1.8	2.4
Plastic Surgery	0	0	0	0	0	4	0	5	5	0.0	1.3
Podiatry	0	0	0	0	7	30	11	47	58	1.6	1.6
Thoracic	0	0	0	0	2	0	8	0	8	4.0	0.0
Urology	0	0	0	0	245	227	410	264	674	1.7	1.2
Totals	0	0	10	10	1535	1715	3831	3057	6888	2.5	1.8

SURGICAL RECOVERY STATIONS	Stage 1 Recovery Stations	12	Stage 2 Recovery Stations	18
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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	2	2	517	3	388	2	390	0.8	0.7
Laser Eye Procedures	0	0	1	1	0	31	0	50	50	0.0	1.6
Pain Management	0	0	1	1	2	1	4	1	5	2.0	1.0
Cystoscopy	0	0	1	1	0	89	0	180	180	0.0	2.0

Multipurpose Non-Dedicated Rooms

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

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	115
Patients Admitted from Trauma	0
Emergency Service Type:	Basic
Number of Emergency Room Stations	22
Persons Treated by Emergency Services:	40,494
Patients Admitted from Emergency:	6,977
Total ED Visits (Emergency+Trauma):	40,609

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	104,040
Outpatient Visits at the Hospital/ Campus:	73,942
Outpatient Visits Offsite/off campus	30,098

Cardiac Catheterization Labs

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

	Examinations				
	Owned	Contract	Inpatient	Outpt	Contract
General Radiography/Fluoroscopy	6	0	12,737	17,097	0
Nuclear Medicine	4	0	382	561	0
Mammography	0	0	0	0	0
Ultrasound	4	0	2,370	7,509	0
Angiography	1	0			
Diagnostic Angiography			0	0	0
Interventional Angiography			0	0	0
Positron Emission Tomography (PET)	0	0	0	0	0
Computerized Axial Tomography (CAT)	2	0	3,556	5,993	0
Magnetic Resonance Imaging	2	0	660	1,060	0

Therapeutic Equipment

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