

DOCKET ITEM: F-1	BOARD MEETING: November 5-6, 2008	EXEMPTION NUMBER: E-011-08
EXEMPTION APPLICANT(S): Rush North Shore Medical Center, Rush North Shore Health System, Rush University Medical Center, Rush Copley Medical Center, Evanston Northwestern Healthcare Corporation		
FACILITY NAME and LOCATION: Rush North Shore Medical Center, Skokie		

STATE AGENCY REPORT
CHANGE OF OWNERSHIP EXEMPTION REQUEST

The Chairman of the State Board requests the State Board to consider this exemption application.

I. The Exemption Application

The applicants are Rush North Shore Medical Center, Rush North Shore Health System, Rush University Medical Center, Rush Copley Medical Center and Evanston Northwestern Healthcare Corporation propose a change of ownership of Rush North Shore Medical Center, 9600 Gross Point Road, Skokie, Illinois that will be accomplished by a statutory merger. (A statutory merger is a legal combination of two or more corporations in which only one survives as a [Legal Entity](#).) Rush North Shore Medical Center will be the operator/licensee. The owner of the site will be Evanston Northwestern Healthcare Corporation. The fair market value of the facility is \$53,734,360.

II. The Existing Facility

Rush North Shore Medical Center is a 251-bed facility located in Skokie (HSA 7), in the A-08 Hospital Planning Area (Suburban Cook County). Table One lists the bed category of services and the authorized beds offered by the Medical Center, AND their 2007 utilization. The Medical Center also offers open heart surgery and cardiac catheterization services.

TABLE ONE Rush North Shore Medical Center 2007 Utilization						
Beds	Beds	Admissions	Days	ALOS	ADC	Utilization
Medical Surgical	173	8392	40745	5.1	117	67.6
Intensive Care	20	1534	5067	3.3	14.0	69.8
Pediatric	2	0	0	0	0	0
Obstetric ⁽¹⁾	19	606	1610	2.9	4.7	24.9
AMI	51	716	5290	7.4	14.5	28.5
Total						
1. Discontinuation of obstetric services approved by the State Board September 16, 2008 Project #08-044. Source: Information submitted in response to the 2007 IDPH Hospital Questionnaire						

III. Applicants and Co-applicants

Evanston Northwestern Healthcare Corporation is an Illinois not for profit corporation that includes ownership of Evanston Hospital (Evanston), Glenbrook Hospital (Glenbrook), and Highland Park Hospital (Highland Park). Rush North Shore Medical Center and Rush North Shore Health System are not for profit corporations providing health services in Skokie, Illinois. Rush Shore Health System is the sole member of Rush North Shore Medical Center and will cease to exist at the completion of this transaction. The remaining applicants (Rush University Medical Center and Rush Copley Medical Center) are included as applicants because these two entities are part of the obligated group.

IV. Proposed Transaction

Rush North Shore Medical Center is currently authorized for 251 acute care beds, cardiac catheterization and open heart surgery services. The applicants are proposing a statutory merger resulting in a new licensed entity. Evanston Northwestern Healthcare Corporation (ENH) will be the sole owner and operator of Rush North Shore Medical Center. The owner of the site will be Evanston Northwestern Healthcare Corporation. The fair market value of the facility is \$53,734,360. ENH will provide approximately \$54,000,000 to discharge Rush North Shore Medical Center’s indebtedness. In addition ENH has committed to fund over \$100 million in capital improvements at Rush North Shore Medical Center and will contribute \$10 million to the Rush North Shore Foundation.

The applicants have attested that all beds and services will not substantially change for at least 12 months following the completion of the proposed

transaction, and there will be no change resulting in the restriction of patient admissions or reductions in access to care or a more restrictive charity care policy. The applicants also certify that the compliant charity care policy will remain in effect for a two year period following the change of ownership. The applicants attest that all projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of 20 ILCS 3960.

The anticipated date for completion is the first month following approval by the Illinois Health Facilities Planning Board (State Board) or January 1, 2009. The applicants have certified that no adverse actions have been taken against them by the federal government, licensing or certifying bodies of the State of Illinois. The applicants also certify that they intend to maintain ownership and control of the facility for a minimum of three years.

The applicants certify that the beds and services currently provided at the Hospital will be maintained. The applicants also state there will be no elimination of services provided at the Hospital. There will be no change in admission policies or medical staff or reduction in access as result of the proposed change.

V. Outstanding Permits

Project #08-044 was approved by the State Board on September 16, 2008 for the discontinuation of the obstetric category of service a Rush North Shore Medical Center. There was no cost to the project and per 77 IAC 1130.140 the project completion for no cost projects is the date of State Board approval (September 16, 2008).

VI. Public Hearing

A public hearing was held on this project on October 17, 2008. The public hearing transcript and the public comments have been included in the information submitted to the State Board.

VII. Applicable Rules

The Illinois Health Facilities Planning Act defines a change of ownership as

“ . . . a change in the person who has ownership or control of a health care facility’s physical plant and capital assets. A change in ownership is indicated by the following transactions: sale, transfer, acquisition, lease, change of sponsorship or other means of transferring control.”

The State Board’s rule (77 IAC 1130.520) specifies the requirements necessary for a change of ownership exemption application to be filed with the State Board.

VIII. Other Information

Included in the information submitted to the State Board is the change of ownership exemption application for the proposed change of ownership of Rush North Shore Medical Center and the public hearing transcript and public comment.

<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Jim Frankenbach	White	77.6%	Hispanic or Latino:	1.2%
ADMINSTRATOR PHONE	847-933-6001	Black	3.4%	Not Hispanic or Latino:	85.3%
OWNERSHIP:	Rush North Shore Medical Center	American Indian	0.3%	Unknown:	13.6%
OPERATOR:	Rush North Shore Medical Center	Asian	5.1%	IDPH Number:	2188
MANAGEMENT:	Non-Government Other Non-Profit	Hawaiian/ Pacific	0.0%	HPA	A-08
FACILITY DESIGNATION/	Disproportionate Share Hospital	Unknown:	13.6%	HSA	7
CERTIFICATION:					
ADDRESS	9600 Gross Point Road	CITY:	Skokie	COUNTY:	Suburban Cook County

<u>Facility Utilization Data by Category of Service</u>											
<u>Clinical Service</u>	Authorized CON Beds	Beds Setup 10/1/2007	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	173	151	151	144	8,392	40,745	1,968	5.1	117.0	67.6	77.5
0-14 Years					11	48					
15-44 Years					601	2,121					
45-64 Years					1,835	7,630					
65-74 Years					1,716	8,424					
75 Years +					4,229	22,522					
Pediatric	2	2	2	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	20	20	20	20	1,534	5,067	30	3.3	14.0	69.8	69.8
Direct Admission					1,156	3,506					
Transfers					378	1,561					
Obstetric/Gynecology	19	14	14	10	606	1,610	120	2.9	4.7	24.9	33.9
Maternity					459	1,206					
Clean Gynecology					147	404					
Neonatal	0	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	0.0
Swing Beds					0	0		0.0	0.0		
Acute Mental Illness	51	42	42	25	716	5,290	13	7.4	14.5	28.5	34.6
Rehabilitation	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0						0				
Facility Utilization	265	229			10,870	52,712	2,131	5.0	150.3	56.7	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	57.5%	12.9%	0.0%	27.4%	1.4%	0.8%	10,870
	6255	1398	0	2979	149	89	
Outpatients	41.3%	6.9%	0.0%	48.8%	2.6%	0.4%	79,734
	32943	5485	0	38921	2056	329	

<u>Inpatient and Outpatient Net Revenue by Payor Source</u>								Total Charity Care Expense 1,142,414
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	
Inpatient Revenue (\$)	46.7%	21.3%	26.9%	5.1%	0.0%	100.0%		Totals: Charity Care as % of Net Revenue 0.7%
	58,895,451	26,778,398	33,879,883	6,451,511	0	126,005,243	887,727	
Outpatient Revenue (\$)	24.9%	1.8%	50.4%	12.3%	10.6%	100.0%		
	12,120,851	890,884	24,577,564	5,988,280	5,181,486	48,759,065	254,687	

<u>Birthing Data</u>		<u>Newborn Nursery Utilization</u>		<u>Organ Transplantation</u>	
Number of Deliveries:	465	Level 1 Patient Days	986	Kidney:	0
Number of Live Births:	465	Level 2 Patient Days	178	Heart:	0
Birthing Rooms:	0	Level 2+ Patient Days	0	Lung:	0
Labor Rooms:	0	Total Nursery Patientdays	1,164	Heart/Lung:	0
Delivery Rooms:	0			Pancreas:	0
Labor-Delivery-Recovery Rooms:	0			Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	10	<u>Laboratory Studies</u>		Total:	0
C-Section Rooms:	2	Inpatient Studies	487,033		
CSections Performed:	143	Outpatient Studies	153,389		
		Studies Performed Under Contract	20,918		

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	234	49	654	113	767	2.8	2.3
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	9	9	528	728	1119	1012	2131	2.1	1.4
Gastroenterology	0	0	0	0	4	11	8	10	18	2.0	0.9
Neurology	0	0	0	0	103	5	310	5	315	3.0	1.0
OB/Gynecology	0	0	2	2	321	640	511	631	1142	1.6	1.0
Oral/Maxillofacial	0	0	0	0	0	1	0	2	2	0.0	2.0
Ophthalmology	0	0	1	1	3	1465	6	1128	1134	2.0	0.8
Orthopedic	0	0	0	0	1726	530	3873	853	4726	2.2	1.6
Otolaryngology	0	0	0	0	24	272	32	282	314	1.3	1.0
Plastic Surgery	0	0	0	0	8	59	15	140	155	1.9	2.4
Podiatry	0	0	0	0	77	250	106	367	473	1.4	1.5
Thoracic	0	0	0	0	191	66	443	84	527	2.3	1.3
Urology	0	0	0	0	200	265	285	293	578	1.4	1.1
Totals	0	0	12	12	3419	4341	7362	4920	12282	2.2	1.1

SURGICAL RECOVERY STATIONS	Stage 1 Recovery Stations	17	Stage 2 Recovery Stations	15
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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	5	5	1095	5230	1077	5041	6118	1.0	1.0
Laser Eye Procedures	0	1	0	1	0	318	0	160	160	0.0	0.5
Pain Management	0	0	1	1	35	592	15	140	155	0.4	0.2
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Minor Proc	0	0	1	1	29	536	25	400	425	0.9	0.7
Wound Care	0	1	0	1	0	388	0	212	212	0.0	0.5

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	2
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	2,333
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	1,352
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	410
EP Catheterizations (15+)	571

Emergency/Trauma Care

Certified Trauma Center by EMS	<input checked="" type="checkbox"/>
Level of Trauma Service	Level 1 N/A
Level of Trauma Service	Level 2 Adult
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Persons Treated by Emergency Services:	22,457
Patients Admitted from Emergency:	6,636
Total ED Visits (Emergency+Trauma):	22,457

Cardiac Surgery Data

Total Cardiac Surgery Cases:	99
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	99
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	99

Outpatient Service Data

Total Outpatient Visits	96,253
Outpatient Visits at the Hospital/ Campus:	96,253
Outpatient Visits Offsite/off campus	0

Diagnostic and Therapeutic Equipment

Equipment	Hospital Owned			Examinations		
	Hospital Owned	Shared	Contracted	Inpatient	Outpatient	Contractual
General Radiography/Fluoroscopy	11	0	0	15,367	29,262	0
Nuclear Medicine	5	0	0	1,476	4,368	0
Mammography	4	0	0	13	11,775	0
Ultrasound	5	0	0	1,784	6,933	0
Angiography	3	0	0	2,797	1,221	0
Positron Emission Tomography (PET)	0	1	0	1	317	0
Computerized Axial Tomography (CAT)	0	2	0	4,121	15,667	0
Magnetic Resonance Imaging	0	2	0	1,517	4,692	0
Treatment Courses						
Lithotripsy	0	0	0	0		
Radiation Therapy Equipment:						
Linear Accelerator	0	1	0	218	0	0
	0	0	0	0	0	0

RUSH NORTH SHORE MEDICAL CENTER

