



Illinois Department of Public Health Hospital Capital Investment Program Report for 2016

Background

Public Act 96-0037 (Act) created Section 2310-640 of the Department of Public Health Powers and Duties Law [20 ILCS 2310/2310-640(a-e)]. This section mandated that the Illinois Department of Public Health (“IDPH”) establish a hospital capital grant program. Grants can be used by qualifying hospitals to:

1. Renovate buildings to address life/safety code standards
2. Maintain, improve, renovate, expand, or construct buildings
3. Maintain, establish, or improve health information technology and medical equipment
4. Maintain or improve patient safety, quality of care, or access to care

The Act created two grant processes: Safety Net Hospital and Community Hospital grants. Awards for Safety Net Hospital grants ranged from \$4.6 million to \$7 million per hospital. Total awards could not exceed \$100 million. Community Hospital grants averaged \$350,000 per hospital. Total awards could not exceed \$50 million.

Grant Award Requirements

To qualify for a Safety Net Hospital grant, hospitals must meet one of the criteria referenced in subsection (b) of the Act:

1. Be a general acute care hospital located in a county of more than three million inhabitants, have a Medicaid inpatient utilization rate (for the rate year beginning October 1, 2008) greater than 43 percent, not be affiliated with a hospital system that owns or operates more than three hospitals, and have more than 13,500 Medicaid inpatient days
2. Be a general acute care hospital located in a county of more than three million inhabitants, have a Medicaid inpatient utilization rate (for the rate year beginning October 1, 2008) greater than 55 percent, and have authorized beds for the obstetric-gynecology category of service

3. Be a hospital as defined in 89 Illinois Administrative Code 149.50(c)(3)(A) and have fewer than 20,000 Medicaid inpatient days
4. Be a general acute care hospital located in a county of fewer than three million inhabitants and have a Medicaid inpatient utilization rate (for the rate year beginning October 1, 2008) greater than 64 percent
5. Be a general acute care hospital located in a county of more than three million inhabitants and in a city of fewer than one million inhabitants, have a Medicaid inpatient utilization rate (for the rate year beginning October 1, 2008) greater than 22 percent, have more than 12,000 Medicaid inpatient days, and have a case mix index greater than 0.71

To qualify for a Community Hospital grant, hospitals must meet the criteria in subsection (c) of the Act:

1. Be located in counties with fewer than 3 million inhabitants
2. Not qualify for a Safety Net Hospital Grant
3. Have a Medicaid inpatient utilization rate (for the rate year beginning October 1, 2008) of at least 10 percent

During State fiscal years 2012, 2013, and 2014, \$149,354,439 was awarded to qualifying hospitals in Illinois. Based on the requirements in the Act, 124 hospitals were eligible for grants (16 Safety Net Hospital grants and 108 Community Hospital grants). Funding for the grants was through the Build Illinois Bond Fund.

Program Activities

During State fiscal year 2012, IDPH was authorized to expend \$75 million through approval of a capital release request. During this time frame, 123 of the 124 qualifying hospitals applied for grants. IDPH notes that Elmhurst Memorial Hospital qualified for a grant, but did not apply.

From the initial \$75 million, each hospital received 50 percent of its grant award in State fiscal year 2012. Funding awards began in October 2011 and continued through June 2012. In August 2013, IDPH was authorized to expend the remaining \$75 million. With the second disbursement, all of the funds dedicated to the program were released.

As noted, \$149.4 million was awarded to hospitals. This is less than the \$150 million dedicated to the program. Elmhurst Memorial Hospital qualified for a grant of \$404,000. As stated, this hospital did not apply for the grant. In addition, other hospitals did not apply for the maximum amount of funds available. This resulted in \$241,561 of grant funds unused. In total, \$645,561 in grant funds were not utilized.

Distribution of Grants

Grants have funded capital projects statewide. The map attached in Appendix B displays the geographic distribution of grants. As referenced in this map, 12 of the grants were for hospitals in Chicago, three grants were for hospitals in Cook County (outside Chicago), 13 grants were for hospitals located in the collar counties (Lake, McHenry, Kane, DuPage, and Will), while 95 grants were for downstate hospitals (includes all areas except Chicago, Cook County, and the collar counties). From the 123 hospitals that received grants, 67 are in rural areas, while 56 are in urban areas. Of the 67 rural grantees, 43 are critical access hospitals (see Table One).

TABLE ONE		
Distribution of Hospital Capital Grants		
Geographic Designation		
Location	Number of Grants	Percent of Total Grants
Chicago	12	10%
Cook County ⁽¹⁾	3	2%
Collar Counties ⁽²⁾	13	11%
Downstate ⁽³⁾	95	77%
TOTAL	123	100%
Urban / Rural Designation		
Urban / Rural ⁽⁴⁾	Number of Grants	Percent of Total Grants
Urban	56	46%
Rural	67	54%
TOTAL	123	100%
Critical Access Hospitals		
Facility	Number of Grants	Percent of Total Grants
Critical Access Hospitals ⁽⁵⁾	43	35%
1 - Hospitals located outside Chicago. 2 - Hospitals located in Lake, McHenry, Kane, DuPage, and Will counties. 3 - All areas except Chicago, Cook County, and the collar counties. 4 - Urban / Rural designations obtained from the IDPH - Center for Rural Health. 5 - Critical access hospital designation obtained from the Illinois Critical Access Hospital Network.		

Grants for hospitals in Chicago, Cook County, and the collar counties comprised \$101.8 million (68% of total funding); while downstate hospitals accounted for \$47.5 million (32% of total funding). Of the grant awards for hospitals in Chicago and Cook County, \$95.4 million were dedicated for Safety Net Hospital Grants (64% of total funding).

Additionally, hospitals in urban areas, which include facilities in urban-downstate locations, received \$122.8 million (82% of total funding); while hospitals in rural areas encompassed \$26.5 million (18% of total funding). Of the funds awarded to rural hospitals, \$15.2 million was awarded to critical access hospitals (see Table Two).

Lastly, 19 hospitals owned by governmental entities received grants totaling \$6,854,043 (5% of total funding). IDPH notes these hospitals are included in the data referenced in Tables One and Two. All of the grants awarded to these facilities were Community Hospital grants. Table Three depicts this information.

TABLE TWO		
Financial Distribution of Hospital Capital Investment Grants		
Location	Amount of Grants	Percent of Total Grant Awards
Chicago	\$81,600,000	55%
Cook County ⁽¹⁾	\$13,800,000	9%
Collar Counties ⁽²⁾	\$6,448,550	4%
Downstate ⁽³⁾	\$47,505,889	32%
TOTAL	\$149,354,439	100%
Urban	\$122,818,774	82%
Rural ⁽⁴⁾	\$26,535,665	18%
TOTAL	\$149,354,439	100%

1 - Includes hospitals not located in Chicago.
2 - Includes hospitals located in Lake, McHenry, Kane, DuPage, and Will counties.
3 - Includes all areas except Chicago, Cook County, and the collar counties.
4 - Of the total funding for rural facilities, critical access hospitals received \$15,246,645.

TABLE THREE			
Grants Awarded to Government Owned Facilities			
Hospital	Location	Owned By	Grant
CGH Medical Center	Sterling	City of Sterling	\$443,815
Clay County Hospital	Flora	County of Clay	\$337,607
Crawford Memorial Hospital	Robinson	Crawford Hospital District	\$381,000
Dr. John Warner Hospital	Clinton	City of Clinton	\$345,130
Fayette County Hospital	Vandalia	Fayette County Hospital District	\$356,470
Franklin Hospital	Benton	Franklin Hospital District	\$352,690
Hamilton Memorial Hospital	McLeansboro	Hamilton Memorial Hospital District	\$352,240
Jersey Community Hospital	Jerseyville	Jersey Community Hospital District	\$379,375
Mason District Hospital	Havana	Mason Hospital District	\$344,274
Massac Memorial Hospital	Metropolis	Massac County Hospital District	\$347,560
McDonough District Hospital	Macomb	McDonough County Hospital District	\$406,600
Memorial Hospital	Chester	Randolph Hospital District	\$347,200
Morrison Community Hospital	Morrison	Morrison Community Hospital District	\$340,900
Pinckneyville Community Hospital	Pinckneyville	Pinckneyville Community Hospital District	\$345,040
Salem Township Hospital	Salem	Salem Township	\$352,285
Sarah Culbertson Memorial Hospital	Rushville	Schuyler County Hospital District	\$352,492
Sparta Community Hospital	Sparta	Sparta Community Hospital District	\$375,370
Wabash General Hospital	Mt. Carmel	Wabash General Hospital District	\$346,975
Washington County Hospital	Nashville	Washington County Hospital District	\$347,020
TOTAL			\$6,854,043

Funded Projects

Due to the variety of capital activities initiated by hospitals, IDPH classified projects by four general categories: construction/renovation, medical equipment acquisition, information technology, and life/safety code. As seen in Table Four, a majority of grant funds were used for either construction/renovation projects or medical equipment acquisition.

TABLE FOUR				
Hospital Grants By Project Type				
Type of Project	Grants Funded	Percent of Total Grants	Amount of Grants	Percent of Total Grant Awards
Construction / Renovation	39	32%	\$100,382,353	67%
Medical Equipment Acquisition	56	45%	\$38,399,757	26%
Information Technology	7	6%	\$2,571,743	2%
Life / Safety Code	21	17%	\$8,000,586	5%
TOTAL	123	100%	\$149,354,439	100%

Although the Act did not require grantees to contribute financially or match funds for their grants, many hospitals provided additional monies towards their projects. Including the grantees' financial contributions, costs for all projects totaled \$265.8 million. Overall, grantees contributed \$116.4 million (44%) toward the projects' costs, while IDPH's grants funded \$149.4 million (56%). Table Five displays this information.

TABLE FIVE		
Breakdown of Project Costs		
Financial Contribution	Amount	Percent of Total Contribution
Grantees Funds	\$116,449,812	44%
IDPH Grants	\$149,354,439	56%
TOTAL	\$265,804,251	100%

Certificate of Need Determination

The Act mandated that hospitals fulfill the applicable requirements of the Illinois Health Facilities Planning Act [20 ILCS 3960] as it related to grant projects. Accordingly when each grant application was received, a copy was forwarded to staff at the Illinois Health Facilities and Services Review Board for a determination on the applicability of a Certificate of Need ("CON") in connection with the project. From these reviews, it was determined that five facilities required a CON. It is noted that each facility received the CON prior to the grant being issued. Table Six displays this information.

TABLE SIX	
Grantees Whose Projects Required a CON	
Hospital	Location
Jackson Park Hospital	Chicago
La Rabida Children's Hospital	Chicago
Mt. Sinai Hospital	Chicago
Sarah Culbertson Memorial Hospital	Rushville
Swedish Covenant Hospital	Chicago

In addition to the CON determination, each application was forwarded to staff in IDPH's hospital licensing program for review in relation to the requirements of the Hospital Licensing Act [20 ILCS 85]. When the requirements of the Hospital Licensing Act were applicable, a grant was not considered complete and closed until IDPH issued a Permanent Occupancy or Notice of System Acceptance to the hospital. Based on IDPH data, 50 grantees' projects were subject to hospital licensure standards. As of the date of this report, 49 grantees have complied with the requirements of the Hospital Licensing Act (see Table Seven). The remaining grantee's (Mercy

Hospital – Chicago) project is anticipated to be complete and the grant closed by the end of 2016.

TABLE SEVEN	
Grant Projects Subject to the Hospital Licensing Act	
Hospital	Location
Advocate Condell Medical Center	Libertyville
Advocate Good Samaritan Hospital	Downers Grove
Alton Memorial Hospital	Alton
Anderson Hospital	Maryville
Carle Foundation Hospital	Urbana
Clay County Hospital	Flora
Community Memorial Hospital	Staunton
Crawford Memorial Hospital	Robinson
Decatur Memorial Hospital	Decatur
Dr. John Warner Hospital	Clinton
Fairfield Memorial Hospital	Fairfield
Franklin Hospital	Benton
Genesis Medical Center	Silvis
Graham Hospital	Canton
Holy Family Hospital (f/k/a Greenville Regional Hospital)	Greenville
Hillsboro Area Hospital	Hillsboro
Carle Hoopeston Regional Health Center (f/k/a Hoopeston Community Memorial Hospital)	Hoopeston
Illini Community Hospital	Pittsfield
Ingalls Memorial Hospital	Harvey
Iroquois Memorial Hospital	Watseka
Jackson Park Hospital	Chicago
Jersey Community Hospital	Jerseyville
Kishwaukee Community Hospital	DeKalb
Loretto Hospital	Chicago
MacNeal Hospital	Berwyn
Marshall Browning Hospital	DuQuoin
Mason District Hospital	Mason City
Memorial Hospital	Chester
Mercy Hospital and Medical Center	Chicago
OSF Holy Family Medical Center	Monmouth
Pairs Community Hospital	Paris
Pekin Memorial Hospital	Pekin
Presence Covenant Medical Center	Urbana
Presence Saints Mary and Elizabeth Medical Center	Chicago
Presence St. Joseph Hospital	Elgin
Presence St. Joseph Medical Center	Joliet
Roseland Community Hospital	Chicago
Salem Township Hospital	Salem
Sarah Bush Lincoln Health Center	Mattoon
Sarah Culbertson Memorial Hospital	Rushville
St. Anthony Hospital	Chicago
St. Anthony's Memorial Hospital	Effingham
St. Bernard Hospital	Chicago
St. Francis Hospital	Litchfield
St. James Hospital	Pontiac
St. Joseph Memorial Hospital	Murphysboro
St. Margaret's Hospital	Spring Valley
St. Mary's Hospital	Decatur
Swedish Covenant Hospital	Chicago
Touchette Regional Hospital	Centerville

Economic Assessment

As referenced in Table Five, nearly \$266 million dollars were expended by hospitals statewide through this grant program. From these grants, hospitals reported the creation of 2,320 construction jobs and 345 permanent jobs.

Although a formal economic impact analysis is beyond the scope of this report, the direct effect of this grant program on local economies is significant. Direct effects include monies initially spent by the hospitals, including architects, contractors, supplies, raw materials, and equipment vendors.

Grant Monitoring

Per the requirements of the Illinois Grant Funds Recovery Act [30 ILCS 705], each grantee was required to submit quarterly reports for their projects. These reports detailed the progress made on each project and provided expenditure information on grant funds. IDPH notes all 123 grantees submitted the required reports for calendar year 2015. During 2016, all of the hospital grants (except Mercy Hospital – Chicago) were complete. It is noted that Mercy Hospital submitted the required reports during 2016.

Another requirement of the grant process is for hospitals to obligate their projects. Obligation means the project commenced and proceeded with due diligence. It occurred when 30 percent of the total project cost was committed (through the execution of a construction contract or purchase order) or 30 percent of the project's costs were expended. By November 2013, all of the grants were obligated.

Grant Status

When projects are finished, grantees submit a notice of project completion to IDPH. A project is complete when the grantee attests that all grant funds have been expended and all components are finished. Based on these requirements, 122 projects are complete and the grants are closed. The remaining project (Mercy Hospital – Chicago) is complete; however, the grantee has not furnished its completion notice. IDPH anticipates this notice will be received in December 2016.

Appendix

Included in this report are two appendices. Appendix A lists the hospitals that received a grant and includes the hospital name, location, project description, grant award and current project status. Appendix B provides a map showing the geographic distribution of grant awards.