**Section 250.120 Application for and Issuance of a License to Operate a Hospital**

a) Applicant and Licensee. The applicant or licensee is the "person" as defined in Section 3(B) of the Act who establishes, conducts, operates and maintains a hospital, or proposes to do so, and who is responsible for meeting licensing requirements.

b) Hospitals to be Licensed. A license is required of all places that are hospitals as defined in Section 3 of the Act, providing that the place is not specifically excluded by the Act.

c) Places not to be Licensed. The Act excludes the following:

1) *Any person or institution required to be licensed pursuant to the Nursing Home Care Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act*;

2) *Hospitalization or care facilities maintained by the State or any Department or agency thereof, where* the *Department or agency has authority under law to establish and enforce standards for the hospitalization or care facilities under its management and control;*

3) *Hospitalization or care facilities maintained by the federal government or agencies thereof;*

4) *Hospitalization or care facilities maintained by any university or college established under the laws of this State and supported principally by public funds raised by taxation;*

5) *Any person or facility required to be licensed pursuant to the Substance Use Disorder Act*;

6) *Any facility operated solely by and for persons who rely exclusively upon treatment by spiritual means through prayer, in accordance with the creed or tenets of any well-recognized church or religious denomination;*

7) *An Alzheimer's disease management center alternative health care model licensed under the Alternative Health Care Delivery Act; or*

8) *Any veterinary hospital or clinic operated by a veterinarian or veterinarians licensed under the Veterinary Medicine and Surgery Practice Act of 2004 or maintained by a State-supported or publicly funded university or college*. (Section (3)(A) of the Act)

d) Application for License

1) The application for a license shall be made to the Department on forms provided by the Department and shall contain information as the Department requires for the administration of the Act. (Section 5(a) of the Act) The initial application is available at: http://dph.illinois.gov/content/dam/soi/en/web/idph/forms/topics-services/health-care-regulation/health-care-facilities/hospitals/Hospital-Initial-Licensure-2022.pdf

2) Applications on behalf of a corporation or association or governmental unit or agency shall be made and verified by any two officers of the corporation or association or governmental unit or agency.

3) The application shall be *accompanied by a license fee of $55 per bed*.

A) *The license fee for a critical access hospital, as defined in Section 5-5e*(b)(4) *of the Illinois Public Aid Code, shall be $0 per bed*.

B) *The license fee for a Safety-Net Hospital, as defined in Section 5-5e.1 of the Illinois Public Aid Code shall be $0 per bed*. (Section 5(b) of the Act)

e) Issuance and Renewal of License. Licenses issued under the Act and this Part shall be valid for a period of one year. The Department will issue renewal licenses to those hospitals meeting licensing requirements as determined by an ongoing review of reports, surveys, and recommendations on file with the Department as related to the operation of the hospital *and payment of a license fee as established pursuant to Section 5 of* the *Act* and subsection (d). (Section 6(b) of the Act) Except for hospitals excluded under subsections (d)(3)(A) and (B), payment of the annual license fee shall be made to the Department prior to the expiration of a hospital's license. The Department will mail an invoice to the hospital 60 days prior the expiration of the hospital's license.

f) License not Transferable; Notification of Change of Licensee, Location or Name

1) The license is not transferable. Each license is separate and distinct and shall be issued to a specific licensee for a specific location. The Department shall be notified prior to any change in the licensee, the name, or the location of a hospital.

2) If the hospital's name is changed, a new license certificate will be issued upon notification to the Department of the change.

3) Prior to changing the location of a hospital, the hospital shall meet the requirements of Section 250.110 and this Section.

4) A change in the legal identity (e.g., transfer of ownership or change of hospital license category) of the licensee of a hospital constitutes the establishment of a new hospital, and the hospital shall meet the requirements of Section 250.110 and this Section.

g) A change of ownership of a hospital occurs when one of the following transactions is completed:

1) When ownership and responsibility for the operation of the assets constituting the licensed entity are transferred from the licensee to another person or another legal entity (including a corporation, limited liability company, partnership or sole proprietor) as part of an asset purchase or similar transaction;

2) A material change in a partnership that is caused by the removal, addition, or substitution of a partner;

3) In a corporation, when the licensee corporation merges into another corporation, or with the consolidation of two or more corporations, one of which is the licensee, resulting in the creation of a new corporation;

4) The leasing of all the hospital's operations to another corporation or partnership.

h) Prior to completing the transactions described in subsection (g)(1) or (g)(2), the new person, legal entity or partnership shall apply for a new license in compliance with Section (6)(b) of the Act. The transaction shall not be complete until the Director issues a new license to the new person, legal entity or partnership.

i) The transactions described in subsection (g) do not constitute a change in ownership when all of the entities that are parties to the transaction are under common control or ownership before and after the transaction is completed. In these transactions, the name of the corporation, its officers, its independent subsidiaries and any other relevant information that the Department may require shall be made available to the Department upon request.

j) Pursuant to subsection (g), the transfer of corporate stock or the merger of another corporation into the licensee corporation does not constitute a change of ownership if the licensee corporation remains in existence.

k) License Category; Approval of Services

1) Each license shall apply only to the categories of service offered by the hospital at the time the license is issued, and as reflected in the CON or COE issued by the Health Facilities and Services Review Board. A hospital shall be licensed as one of the following:

A) General Acute Care Hospital – a facility that offers an integrated variety of categories of short-term, general acute care services and performs scheduled surgical procedures on an inpatient basis. A General Acute Care Hospital may be licensed as a Critical Access Hospital if the facility meets requirements of the Centers for Medicare and Medicaid Services rules at 42 CFR 485.608, 485.610 and 485.612; or

B) Specialty or Specialized Hospital – a facility that offers primarily a special or particular category of services (e.g. psychiatric, pediatric, rehabilitation, or long-term acute care, as defined in 42 CFR 412.22(e)).

C) Rural Emergency Hospital (REH) − a facility that operates for the purpose of providing emergency department services, observation care, and other outpatient medical and health services, in which the annual per patient average length of stay does not exceed 24 hours.

2) The license shall apply only to the number of beds and the clinical services operating at the time the license is issued. If a new clinical service is to be initiated, or an existing service expanded or discontinued, the approval of the Department and the Health Facilities and Services Review Board shall first be obtained. If a change in clinical service results in change of license category, then a new application for license shall be submitted to the Department and the hospital shall meet the requirements of Section 250.110 and this Section.

l) Provisional License. The Director may issue a provisional license to any hospital that does not substantially comply with the provisions of the Act and this Part provided that the hospital has undertaken changes and corrections that, upon completion, will render the hospital in substantial compliance with the provisions of the Act and this Part, and provided that the health and safety of the patients of the hospital will be protected during the period for which the provisional license is issued. The Director will advise the licensee of the conditions under which the provisional license is issued, including the manner in which the hospital fails to comply with the provisions of the Act and this Part. The Director also will advise the licensee of the time within which the changes and corrections necessary for the hospital to substantially comply with the Act and this Part shall be completed.

m) Posting of License. *Licenses shall be posted, either by physical or electronic means, in a conspicuous place on the licensed premises.* (Section 6(b) of the Act)

n) Reinstatement of Hospital Operations. A hospital that has suspended its operations due to outstanding violations of the Act or this Part or termination by Medicare may not reinstate operations without Department approval. The following conditions shall be met before the Department will approve a request to reinstate operations:

1) A hospital shall submit a plan of correction to the Department that demonstrates how all outstanding violations will be corrected to ensure compliance with all licensing requirements.

2) A hospital shall submit an updated license application pursuant to the requirements of this Section.

3) The Department will conduct a survey to ensure the hospital is in compliance will all licensing requirements and to confirm the reason for the suspension of operations no longer exists and the plan of correction has been fully met.

4) If the Department determines the hospital is in compliance with all licensing requirements and the plan of correction has been met, the Department will issue a provisional license to the hospital.

5) The Department will conduct a second survey within four months after the exit date of the first survey to determine if the hospital has maintained compliance with licensing requirements.

6) After the second survey, the hospital's license will be reissued upon determination by the Department that the hospital is in compliance with all licensing requirements and has fully implemented the plan of correction.

7) If the hospital is not in compliance with the licensing requirements, the Department may either extend the provisional licensure period or deny the request to reinstate operations. If the Department denies the request for reinstatement, it will follow the provisions in Section 250.140, including, but not limited to, providing notice of the denial and an opportunity for hearing.

o) Suspension of Hospital Operations due to natural or human-induced disaster. A hospital that has suspended its operations as the result of unplanned damage from a natural or human-induced disaster must notify the Department of any such suspension and may not reinstate operations without Department approval. The following conditions shall be met upon suspension of operations due to natural or human-induced disaster:

1) A hospital shall submit written notification to the Department within 24 hours of any suspension of hospital operations that extends beyond one day of operation.

2) A hospital shall submit a description of the event, changes, and modifications to the facility that occurred that required the suspension of hospital facility operations or suspension of operations of units within the hospital facility. At the time of the suspension of operations, the facility shall provide a projected date for resumption of full services. The projected time frame for the suspension must be consistent with the repairs or renovation required. This information shall be provided in the written notification to the Department required in subsection (o)(1).

3) The facility shall submit progress reports to the Department regarding any changes to the projected re-opening date from original submittal as requested by the Department.

4) Upon written notification to the Department that the hospital is in compliance with all licensing requirements and ready to resume operations, and at the earliest date available for Department surveyors, the Department will conduct an onsite survey before a hospital reopens after a disaster impacting inpatient operations. The Department will determine the need for an onsite survey on a case-by-case basis for other affected operational services to confirm the hospital is operationally safe and approved to resume those operations.

5) If the hospital is not in compliance with the licensing requirements of the Act and this Part, the Department may issue a provisional license pursuant to subsection (l).

p) Notification of Closure of Hospital. The licensee shall notify the Department of the impending closure of the hospital at least 90 days prior to the closure. The hospital shall be responsible for the removal of patients and their placement in other hospitals. The hospital shall implement the policies for preservation of patient medical records and medical staff credentialing files in accordance with Section 250.1510(d)(2) and Section 250.310(b)(16). Notification to the Department shall include the address (i.e., physical location) of all medical records and medical staff credentialing files and a contact name, phone number, and email address for the keeper of the medical records.

(Source: Amended at 47 Ill. Reg. 14455, effective September 26, 2023)