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: I-01	BOARD MEETING: March 18, 2025	PROJECT NO: 24-018	PROJECT COST:
FACILITY NAME: NorthPointe Neighborhood Hospital		CITY: Roscoe	Original: $21,312,458
TYPE OF PROJECT: Substantive			HSA: I

PROJECT DESCRIPTION: Beloit Memorial Health System, the Applicant, proposes establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is $21,312,458, and the expected completion date is August 31, 2028.

Interested Parties can find information regarding this Application for a Permit at this link: https://hfsrb.illinois.gov/projects/project.24-018-northpointe-neighborhood-hospital.html.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- Beloit Memorial Health System, the Applicant, proposes establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is $21,312,458, and the expected completion date is August 31, 2028.
- The proposed Hospital will be approximately 52,632 square feet and adjacent to NorthPointe Surgery Center, an Illinois-licensed ASTC. If approved, the Hospital and the ASTC will be separated by a two-hour firewall, each with a separate entrance.
- This project received an Intent to Deny at the October 29, 2024, State Board Meeting. Additional information was submitted addressing the intent to deny and a Type A Modification that increased the project's cost from $20,760,312 to $21,312,458 or $552,416 (2.66%) and added a suite number to the proposed Hospital address. The project cost was increased because of the later construction start date.
- The Type A modification, the response to the Intent to Deny, and the transcript from the October 29, 2024, State Board Meeting are attached to this report.
- All findings remain unchanged from the Original State Board Staff Report.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because it proposes establishing a healthcare facility.

PURPOSE OF THE PROJECT:

- The Applicant states that the project aims to improve access to inpatient and emergency services in the 17-mile geographic service area (GSA).

PUBLIC HEARING/COMMENT:

- The Staff of the Illinois Health Facilities and Services Review Board (State Board) conducted a public hearing on August 13, 2024. A total of two hundred twenty-one individuals registered their attendance at the hearing. Thirty-five individuals supported the project, and twenty-one spoke in opposition. The State Board has continued to receive support and opposition letters up to the date of this report.

SUMMARY:

- The Applicant estimates a payor mix of 66% Medicare, 10% Medicaid, 21% Commercial Insurance, and 3% Charity Care at the proposed Hospital.
- The proposed project will be in the B-01 Hospital Planning Area (HPA), which, as of this report, has 507 medical-surgical beds and an excess of 94 medical-surgical beds (M/S).
- The State Board has estimated that the B-01 Hospital Planning Area population will decrease by 1.13% by 2026. Medical-surgical patient days in this planning area have declined 6.38% over the past five years (2019-2023).
- The Applicant has addressed a total of 23 criteria and has not met the following:

Criterion	Non-Compliant
77 Ill. Adm. Code 1110.200 (b) (1) – Planning Area	As of the date of this report, the B-01 Hospital Planning Area has a calculated excess of 94 Medical-Surgical beds. Should the State Board approve this project, the excess will be 104 medical-surgical beds.
77 Ill. Adm. Code 1110.200 (c) Unnecessary Duplication of Service	There are three hospitals in the 17-mile GSA with 473 M/S beds. In 2023, utilization of these 473 beds was 79%, with an ADC of 374 patients and an ALOS of 6.66 days. This 2023 utilization justifies 416 medical-

	surgical beds at the State Board's target occupancy of 90%. Based on the 2023 utilization, there is an excess of 57 medical-surgical beds in this 17-mile geographical service area.
77 Ill. Adm. Code 1110.200 (f) – Performance Requirements	The Applicant is proposing a 10-bed medical-surgical category of service. However, because the Hospital is in a metropolitan statistical area, a 100-bed medical-surgical category of service is required.

Project #24-018
NorthPointe Neighborhood Hospital
State Board Staff Report

APPLICATION/CHRONOLOGY/SUMMARY	
Applicant	Beloit Memorial Health System
Facility Name	NorthPointe Neighborhood Hospital
Location	5605 East Rockton Road, Suite 101, Roscoe, Illinois
Permit Holder	Beloit Memorial Health System
Licensee/Operating Entity	Beloit Memorial Health System d/b/a NorthPointe Neighborhood Hospital
Owner of Site	Beloit Memorial Health System
Application Received	June 6, 2024
Application Deemed Complete	June 11, 2024
Review Period Ends	October 9, 2024
Project Completion Date	August 31, 2028
Intent to Deny?	Yes, October 29, 2024
Did the State Board staff extend the review period?	No
Can the Applicant request a deferral?	Yes

I. The Proposed Project

Beloit Memorial Health System, the Applicant, proposes establishing a 10-bed Hospital at 5605 East Rockton Road, Roscoe, Illinois. The estimated project cost is $21,312,458, and the expected completion date is August 31, 2028.

II. Summary of Findings

A. The State Board Staff finds the proposed project **is not** conforming with the provisions of Part 1110.

B. The State Board Staff finds the proposed project **is** in conformance with provisions of Part 1120.

III. General Information

The Applicant is Beloit Memorial Health System. The System is a not-for-profit corporation. The System operates an acute care hospital (Beloit Memorial Hospital, Beloit, Wis.) and a multi-specialty physician practice. It provides inpatient, outpatient, emergency, home healthcare, and hospice services in Beloit, Wisconsin, and the surrounding communities, including north central Illinois. The System also owns and operates a 45-unit independent living senior residence located in Beloit, Wisconsin, and operates a health and wellness center in northern Illinois d/b/a NorthPointe consisting of a physician clinic space, an urgent care facility, related ancillary services, a fitness center, an ambulatory surgery center, a birthing center, and a 24 unit assisted living facility. (Source: Beloit Health System, Inc., and Affiliate 2023 Audited Financial Statements) Table One below documents Beloit Memorial Hospital 2023 utilization.

TABLE ONE
Beloit Memorial Hospital
2023 Utilization

Service	Beds	Adm	Days	ALOS	ADC	Occ
M/S	69	5,817	17,619	3.03	48.27	69.96%
Ped	3	69	56	0.81	0.15	5.11%
ICU	20	561	1,998	3.56	5.47	27.37%
OB	10	930	1,708	1.84	4.68	46.79%
Total	102	7,377	21,381	2.90	58.58	57.43%

The proposed project is a substantive project subject to a Part 1110 and 1120 review. The financial commitment will occur after permit issuance. The State Board's occupancy target for adding medical surgical beds is 80% for a bed complement of 1-99 beds, 85% for 100-199 beds, and 90% for 200+ beds.

IV. Health Planning Area

The proposed ten-bed Hospital will be in Health Service Area I and the Hospital Planning Area B-01. **Health Service Area I** includes the Illinois Counties of Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside, and Winnebago. **Hospital Planning Area B-01** includes Boone and Winnebago Counties; DeKalb County Townships of Franklin, Kingston, and Genoa; and Ogle County Townships of Monroe, White Rock, Lynnville, Scott, Marion, Byron, Rockvale, Leaf River, and Mount Morris. Five acute care hospitals are located in the B-01 Hospital Planning Area (see Table Two).

TABLE TWO
Acute Care Hospitals in the B-01 Hospital Planning Area

Hospital	City	Miles	M/S Beds	2023 Utilization
Mercyhealth Hospital-Rockton [(1)]	Rockford	12.6	0	0
Mercyhealth Hospital-Riverside	Rockford	9.9	84	87.25%
SwedishAmerican Hospital	Rockford	11.6	199	77.50%
Saint Anthony Medical Center	Rockford	11.3	190	76.99%
SwedishAmerican Medical Center [(2)]	Belvidere	21.3	34	0.00%
Total			507	

1. Javon Bea Mercyhealth Hospital discontinued the 70-bed medical-surgical service category in March 2022 (Exemption #E-56-21).
2. SwedishAmerican Medical Center Belvidere did not provide medical-surgical service in 2023.

The State Board projects a 1.13% decrease in the population in the B-01 Hospital Planning Area by 2026 (See Table Three).

TABLE THREE
Estimated Population Growth in B-01 Hospital Planning Area 2021-2026

Age Cohort	2021	2026	% Difference
0-14	71,150	65,180	-8.39%
15-44	135,730	133,080	-1.95%
45-64	97,840	93,480	-4.46%
65-74	38,930	42,790	9.92%
75up	27,710	32,630	17.76%
Total	371,360	367,160	-1.13%

The number of medical-surgical patient days in the B-01 Hospital Planning Area has not grown but has decreased by 6.38% over the past five years. There are 507 authorized medical-surgical beds in the B-01 Hospital Planning Area. Five-year average medical-surgical patient days will justify 420 beds at the target occupancy of 90% (see Table Four).

TABLE FOUR
Five-year medical surgical patient day in B-01 Hospital Planning Area

Year	2019	2020	2021	2022	2023	Ave
Days	145,774	129,793	140,120	137,465	136,477	137,926
ADC	399.38	355.60	383.89	376.62	373.91	377.88
ALOS	5.7	5.9	6.15	6.3	6.66	6.10
Occ	78.77%	70.14%	75.72%	74.28%	73.75%	74.53%
Beds Justified at 90%	444	395	427	418	415	420

V. Project Uses and Sources of Funds

The Applicant is funding this project from bond proceeds of $21,312,458. The estimated start-up and operating costs are approximately $1.061 million (see Table Five).

TABLE FIVE
Project Uses and Sources of Funds

Use of Funds

	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	Difference
Preplanning Costs	$79,236	$60,264	$139,500	$79,236	$60,264	$139,500	$0
Site Survey and Soil Investigation	$9,650	$9,650	$19,300	$9,650	$9,650	$19,300	$0
Site Preparation	$360,517	$360,517	$721,034	$374,938	$374,938	$749,876	$28,842
Modernization Contracts	$6,823,101	$4,332,388	$11,155,489	$7,096,025	$4,505,683	$11,601,708	$446,219
Contingencies	$896,596	$683,635	$1,580,231	$932,460	$710,980	$1,643,440	$63,209
Architectural/Engineering Fees	$683,760	$744,650	$1,428,410	$723,235	$705,175	$1,428,410	$0
Consulting and Other Fees	$297,214	$118,795	$416,009	$299,090	$130,795	$429,885	$13,876

TABLE FIVE

Project Uses and Sources of Funds

Use of Funds

	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	Difference
Movable and Other Equipment (not in construction contracts)	$3,151,697	$255,642	$3,407,339	$3,151,697	$255,642	$3,407,339	$0
Bond Issuance Expense	$284,000	$216,000	$500,000	$284,000	$216,000	$500,000	$0
Net Interest Expense During Construction	$791,224	$601,776	$1,393,000	$791,224	$601,776	$1,393,000	$0
Total Uses of Funds	$13,376,995	$7,383,317	$20,760,312	$13,741,555	$7,570,903	$21,312,458	$552,146
Source of Funds							
Bond Proceeds			$20,760,312			$21,312,458	$552,146
Total Sources of Funds			$20,760,312			$21,312,458	$552,146

VI. Project Details

The proposed 10-bed acute care hospital will be enrolled with the Centers for Medicare and Medicaid Services as a remote location of the Applicant's Beloit Memorial Hospital. It will operate under the same Medicare CMS Certification Number.[1]

The proposed project will consist of approximately 52,632 square feet and have ten medical surgical beds in private rooms, a 24-hour emergency department with 13 stations, one operating room for surgery, two PACU rooms, a laboratory, pharmacy, and imaging department, which will include an MRI, CT scan, ultrasound, and x-ray. The existing NorthPointe Immediate Care will become part of the emergency department for the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. Patients presenting at the NorthPointe emergency department will be triaged according to medical condition, with patients presenting with emergent conditions, e.g., stroke, heart attack, seizures, and ruptured appendix, going to the emergency bays and patients with less urgent situations, e.g., respiratory infections, strep, dehydration, sprains, lacerations, ear infections, and urinary tract infections sent to the immediate care area. According to the Applicant, the NorthPointe Neighborhood Hospital emergency department will decrease high utilization at the Beloit Memorial Hospital emergency department while treating patients who historically have used the immediate care center (see Table Six).

[1] If the State Board approves the Hospital the approval as a remote location of Beloit Memorial Hospital will have to be determined.

TABLE SIX

Cost Space Requirements

Dept. Area	Cost	Existing	Proposed	Modernized	As Is	Vacated Space
REVIEWABLE						
Medical-Surgical Unit	$3,100,262	6,546	6,546	6,546	0	0
Radiology	$191,330	7,744	7,744	404	7,340	0
Emergency Department	$3,156,622	6,665	6,665	6,665	0	0
Emergency Department Ambulance Bay/Garage	$1,230,917	0	2,143	2,143	0	0
Operating Room	$916,438	1,935	1,935	1,935	0	0
Recovery Rooms	$282,746	597	597	597	0	0
Laboratory	$358,524	757	757	186	571	0
Pharmacy	$0	456	456	0	456	0
Other Clinical	$4,179,623	1,485	1,485	1,485	0	0
Total Reviewable	$13,416,462	26,185	28,328	19,961	8,367	0
NON-REVIEWABLE						
Mechanical and Other Building Systems, Administrative, Other Non-Clinical	$7,383,317	22,733	22,303	19,839	3,690	0
Total	$20,760,312	48,488	50,631	39,800	10,831	0

VII. Background of the Applicant, Purpose of Project, Safety Net Impact Statement, Alternatives to the Project

A) 77 Ill. Adm. Code 1110.110 (a) – Background of the Applicant
B) 77 Ill. Adm. Code 1110.110 (b) – Purpose of the Project
C) 77 Ill. Adm. Code 1110.110 (c) – Safety Net Impact Statement
D) 77 Ill. Adm. Code 1110.110 (d) – Alternatives to the Project

A) Background of the Applicant [2]

An applicant must demonstrate that he is fit, willing, and able and *has the qualifications, background, and character to adequately provide a proper standard of health care service for the community.* [20 ILCS 3960/6]

Medicare Care Compare has assigned Beloit Memorial Hospital a four-star quality rating[3]. The Applicant has attested that no adverse action has been taken against any facility owned and operated by the Applicant during the three years before filing this Application for Permit. The Applicant has also authorized the State Board and the Illinois Department of

[2] The Applicants' ASTC in Roscoe and adjacent to the proposed Hospital, while licensed in Illinois, is under the parent's (Beloit Memorial Hospital) Medicare/Medicaid certification as an outpatient provider of their WI hospital.
[3] The overall rating shows how well each hospital performed on an identified set of quality measures compared to other hospitals in the U.S. The more stars, the better a hospital performed on the available quality measures. Some new or smaller hospitals may not report data on all measures, so they are not eligible for an overall rating. Hospitals report data to the Centers for Medicare & Medicaid Services (CMS) through various reporting programs.

Public Health access to any documents necessary to verify information in the Application for Permit. The Applicant has demonstrated that it is fit, willing, and able and has the proper qualifications, background, and character to adequately provide an appropriate standard of health care services to the community. (see pages 47-52 of the Application for Permit)

B) Purpose of the Project

The applicant shall document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area, market area, or other, per the applicant's definition. The applicant shall address the project's purpose, i.e., identify the issues or problems the project proposes to address or solve. Information to be provided shall include but is not limited to identifying existing problems or issues that must be addressed, as applicable and appropriate for the project.

The Applicant states this project aims to improve access to inpatient and emergency services in the 17-mile GSA. The Applicant has defined their market area as a 17-mile radius of the proposed Hospital. The boundaries of the market area as defined by the Applicant are as follows:

- North approximately 17 miles to Janesville, WI
- Northeast, approximately 17 miles to Darien, WI
- East, approximately 17 miles to Leroy, IL
- Southeast approximately 17 miles to Bonus, IL
- South approximately 17 miles to Cherry Valley, IL
- Southwest approximately 17 miles to Pecatonica, IL
- West approximately 17 miles to Durand, IL
- Northwest approximately 17 miles to Orford, WI

The problems identified by the Applicant that will be corrected with the approval of this project are:

1. The out-migration of Illinois residents to Wisconsin health care providers.
2. High inpatient medical surgical utilization at Beloit Memorial Hospital in Wisconsin
3. Address the projected increase in medical surgical utilization in the B-01 Hospital Planning Area.
4. Improve access to emergency services and reduce emergency transport times.
5. Reduce the high utilization at the Beloit Memorial Hospital Emergency Department

C) Safety Net Impact Statement

All healthcare facilities, except skilled and intermediate long-term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement filed with an application for a substantive project (see Section 1110.40). *Safety net services are those offered by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation*. [20 ILCS 3960/5.4]

The Applicant stated the following:

Beloit Health System is a non-profit, tax-exempt hospital; it has a financial assistance policy and associated procedures that make care available to patients regardless of their payment source or ability to pay and complies with Section 501(r) of the Internal Revenue Code. The planned remote location hospital will not negatively impact essential safety net services in the community. The expected admissions to this location are generally patients admitted to the Applicant's hospital in Beloit. The planned project will not impact the ability of other providers or other healthcare facilities to cross-subsidize safety net services. As noted above, no patients are expected to be redirected from any other hospital but the Applicant's hospital. The planned NorthPointe Neighborhood Hospital will be a new healthcare facility with no historical Medicaid or charity care to report. ***The projected payor mix of the planned hospital is as follows:***

Medicare	66%
Medicaid	10%
Commercial	21%
Self-Pay	0%
Charity Care	3%

State Board Staff Notes:
The Applicant owns the NorthPointe ASTC adjacent to the proposed Hospital. Over six years, 2.3% of the patients provided care at the ASTC were Medicaid patients, and no Charity Care patients were provided care (see Table Seven).

TABLE SEVEN
Number of Patients by Payor Source
ASTC

	2023	2022	2021	2020	2019	2018	% of Total
Medicaid	68	45	33	57	40	18	2.32%
Medicare	1,066	972	848	1,014	1,551	1,218	59.17%
Other Public	0	36	66	48	0	0	1.33%
Insurance	719	468	492	687	877	912	36.87%
Private Pay	2	0	0	13	6	14	0.31%
Charity Care	0	0	0	0	0	0	0.00%
TOTAL	1,855	1,521	1,439	1,819	2,474	2,162	100.00%

D) Alternatives to the Proposed Project

The applicant shall document that the proposed project is the most effective or least costly alternative for meeting the healthcare needs of the population it will serve.

The Applicant considered three alternatives to the proposed project.

1. Doing Nothing
2. Utilize Other Providers
3. Expand Beloit Memorial Hospital

1. Do Nothing

The Applicant rejected this alternative because, according to the Applicant, this alternative would not stem the outmigration to Wisconsin health care providers. Additionally, the Applicant believes that due to the aging population, utilization of the medical-surgical beds in the NorthPointe geographic service area will increase for the foreseeable future, with average utilization of existing hospitals in the geographic service area projected to reach 92% by 2027, which would justify 509 beds, or according to the Applicant a need for 36 medical-surgical beds. There was no cost provided with this alternative.

2. Utilize Other Providers

The Applicant rejected this alternative because, according to the Applicant, utilizing other providers in Illinois would not stem the outmigration to Wisconsin hospitals because the Illinois providers are further away from "stateline community" residents than the Wisconsin hospitals. The Applicant states that Beloit Memorial Hospital is only 6 miles from the Stateline Community. There was no cost provided with this alternative.

3. Expand Beloit Memorial Hospital

The Applicant considered adding beds at Beloit Memorial Hospital but rejected this option as it would not stem the outmigration to Wisconsin due to the extensive cost and disruption to hospital operations. According to the Applicant, establishing a small acute care hospital in the area where patients live is the most prudent course of action to address the healthcare needs of the Stateline community. Further, according to the Applicant, Beloit Memorial Hospital is improving patient care units in the 55-year-old facility by converting the remainder of the semi-private rooms to private rooms. Due to physical plant constraints at Beloit Memorial Hospital, the additional ten beds cannot be added to the main hospital without adding a fifth floor. There was no cost provided with this alternative.

VII. Project Scope and Size, Utilization

A) Criterion 1110.120 (a) – Project Size
B) Criterion 1110.120 (b) – Project Utilization

A) Size of Project

1. The applicant shall document that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B or exceed the square footage standard in Appendix B if the standard is a single number unless square footage can be justified by documenting, as described in subsection (a)(2).
2. If the project square footage is outside the standards in Appendix B, the applicant shall submit architectural floor plans (see HFSRB NOTE) of the project identifying all clinical service areas and those clinical service areas or components of those areas that do not conform to the standards. The applicant shall submit documentation of one or more of the following:
   A) The proposed space is appropriate and neither excessive nor deficient about the scope of services provided, as justified by clinical or operational needs; supported by published data or studies, as available; and certified by the facility's Medical Director; or

B) The existing facility's physical configuration has constraints that require an architectural design that exceeds the standards of Appendix B, as documented by architectural drawings delineating the constraints or impediments, by this subsection (a) or

C) Additional space is mandated by governmental or certification agency requirements that were not in existence when the Appendix B standards were adopted or

D) The project involves the conversion of existing space that results in excess square footage.

HFSRB NOTE: Architectural floor plans submitted shall identify clinical service areas or components and designate the areas in square footage. They must be of sufficient accuracy and format to allow measurement. The format may be either a digital drawing format (.dwg file or equivalent) or a measurable paper copy 1/16 scale or more significant.

As shown in Table Eight below, the Applicant has met the size requirements of the State Board.

TABLE EIGHT [1]
Size of the Project

Services	Beds/Units/Rooms	State Standard	Propose DGSF	Met Standard?
Medical-Surgical Unit	10-beds	500-600 DGSF per bed	6,546	Yes
Radiology				
CT Scanner	1	1,800 DGSF per unit	569	Yes
Mammography	1	900 DGSF per unit	461	Yes
Bone Densitometry	1	NA	230	Yes
MRI	1	1,800 DGSF per unit	1,063	Yes
Ultrasound	2	900 DGSF per unit	332	Yes
X-Ray	3	1,300 DGSF per unit	804	Yes
Emergency Department	13	900 DGSF per station	6,665	Yes
Operating Room	1	2,750 DGSF per Room	2,143	Yes
Recovery Rooms			1,935	Yes
Phase I	1	180 DGSF per Room		Yes
Phase II	1	400 DGSF per Room		Yes
Emergency Department Ambulance Bay/Garage	NA		597	NA
Laboratory	NA		757	NA
Pharmacy	NA		456	NA

1. NA – No State Board Standard

B) Project Services Utilization

The applicant shall document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. If the applicant does not meet the utilization standards in Appendix B, or if service areas do not have utilization standards in 77 Ill. Adm. Code 1100 the applicant shall justify its own utilization standard by providing published data or studies, as applicable and available from a recognized source, that minimally include the following:

1) Clinical encounter times for anticipated procedures in key rooms (for example, procedure room, examination room, imaging room).

2) Preparation and clean-up times, as appropriate

3) Operational availability (days/year and hours/day, for example 250 days/year and 8 hours/day); and
4) Other operational factors.

1. Medical Surgical Beds

The Applicant is proposing ten medical-surgical beds at the proposed Hospital. The Applicant estimates that 740 patients would utilize the proposed 10-bed medical-surgical beds two years after project completion. The Applicant is estimating an average length of stay of 4 days, which, if the patients materialize, would total 2,960 days or an average daily census of 8.1 patients per day. This would equate to 81% utilization, which complies with the State Board's target occupancy of 80%.

Additionally, the Applicant believes that due to the aging population, the utilization of medical-surgical beds in the NorthPointe geographic service area will increase for the foreseeable future. The average utilization of existing hospitals in the geographic service area is projected to reach 92% by 2027, which would justify 509 beds or, according to the Applicant, a need for 36 medical-surgical beds (509 beds – 473 beds = 36 beds).

2. Emergency Department

According to the Applicant, Beloit Memorial Hospital is one of the busiest emergency departments in Wisconsin, averaging 34,000 visits annually from 2019 – 2023. According to the Applicant, most "stateline community" patients requiring EMS transport are. The Applicant proposes to convert the existing NorthPointe Immediate Care space into a comprehensive emergency department for the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. The Applicant is projecting 15,000 visits to the eight emergency bays by the second year after project completion and 10,000 visits to the five immediate care bays by the second year. The Applicant based these emergency department visits on the number of Illinois residents seen at Beloit Memorial Hospital emergency department. The State Board Standard is 2,000 visits per station. Should the visits materialize, the Applicant will meet this requirement of the State Board.

3. Radiology Department[4]

Table Nine (below) outlines the number of units and the historical and projected volume for the imaging department. The historical volume is from the existing NorthPointe Clinic. Should these visits/procedures materialize, the Applicant will meet this State Board requirement.

[4] All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except those noted in 77 Ill. Adm. Code 1100. HFSRB shall periodically evaluate the guidelines to determine if revisions should be made. The provisions of the Illinois Administrative Procedure Act will promulgate any revisions.

TABLE NINE
Radiology Department

Service	Units	Historical	Projected	State Standard	Met Standard
CT scanner	1	1,793	1,793	>7,000 Visits	Yes
3D Mammography	1	2,275	2,275	> 5,000 Visits	Yes
Bone Densitometry	1	467	467	No Standard	NA
MRI	1	1,049	1,049	>2,500 Procedures	Yes
Ultrasound	2	3,433	3,433	>3,100 Visits	Yes
Digital X-Ray	1	3,970	3,970	>8,000 procedures	Yes
Digital X-Ray & Fluoroscopy	1	226	226	>8,000 procedures	Yes
X-Ray Portable	1	94	94	>8,000 procedures	Yes

VIII. Medical Surgical Beds

PROJECT TYPE	REQUIRED REVIEW CRITERIA
Establishment of Services or Facility (77 Ill. Adm. Code 1110.200)	(b)(1) – Planning Area Need – 77 Ill. Adm. Code 1100 (formula calculation)
	(b)(2) – Planning Area Need – Service to Planning Area Residents
	(b)(3) – Planning Area Need – Service Demand – Establishment of Category of Service
	(b)(5) – Planning Area Need – Service Accessibility
	(c)(1) – Unnecessary Duplication of Services
	(c)(2) – Maldistribution
	(c)(3) – Impact of Project on Other Area Providers
	(e) – Staffing Availability
	(f) – Performance Requirements
	(g) – Assurances

1) 77 Ill. Adm. Code 1100 (formula calculation)

A) The number of beds to be established for each category of service is in conformance with the projected bed deficit specified in 77 Ill. Adm. Code 1100, as reflected in the latest updates to the Inventory.

B) The number of beds proposed shall not exceed the projected deficit to meet the health care needs of the population served, in compliance with the occupancy standard specified in 77 Ill. Adm. Code 1100.

The Applicant proposes establishing a 10-bed medical-surgical service at the proposed Hospital. As of the date of this report there are 529 medical-surgical/pediatric beds in the B-01 Hospital Planning Area with a calculated need for 435 medical-surgical/pediatric beds result in a computed excess of 94 medical-surgical/pediatric beds in the B-01 Hospital Planning Area. Should the State Board approve this project, there will be a calculated excess of 104 medical-surgical pediatric beds.

TABLE TEN
Hospitals in B-01 Hospital Planning Area

		M/S Beds	Ped Beds	Total
Mercyhealth Hospital-Riverside	Rockford	84	12	96
SwedishAmerican Hospital	Rockford	199	10	209
Saint Anthony Medical Center	Rockford	190	0	190
SwedishAmerican Medical Center	Belvidere	34	0	34
Total		507	22	529

2) Service to Planning Area Residents

A) Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide **necessary health care** to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

B) Applicants proposing to add beds to an existing category of service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.

The Applicant is proposing to establish a 10-bed medical-surgical category of service at the proposed Hospital. The Applicant provided a table documenting the number of Illinois patients by zip code who utilized Beloit Memorial Hospital for 2021 – 2023 and resided in the NorthPointe geographical service area (see Table Eleven Below). Over these three years, 55% of the patients lived in South Beloit, Illinois.

Based on the information provided and reviewed, the project's primary purpose appears to be providing health care to residents of the geographical service area who will utilize the proposed 10-bed medical-surgical unit.

TABLE ELEVEN
Residents of Geographical Service Utilizing
Beloit Memorial Hospital

Zip Code	City	2021	2022	2023
61072	Rockton	132	167	158
61073	Roscoe	133	128	144
61080	South Beloit	389	433	401
61011	Machesney Park	7	5	5
61103	Machesney Park	9	7	15
61111	Machesney Park	17	8	8
61115	Machesney Park	22	25	16
Total		709	773	747

3) Service Demand – Establishment of Bed Category of Service

The number of beds proposed to establish a new category of service is necessary to accommodate the service demand experienced annually by the existing applicant facility over the latest 2-year period, as evidenced by

historical and projected referrals, or, if the applicant proposes to establish a new hospital, the applicant shall submit projected referrals. The applicant shall document subsection (b)(3)(A) and either subsection (b)(3)(B) or (C):

A) Historical Referrals

If the applicant is an existing facility, the applicant shall document the number of referrals to other facilities for each proposed category of service for each of the last two years. Documentation of the referrals shall include patient origin by zip code, name and specialty of referring physician, and name and location of the recipient hospital.

B) Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit the following:

i) Physician referral letters that attest to the physician's total number of patients (by zip code of residence) who have received care at existing facilities located in the area during the 12 months before application submission.

ii) An estimated number of patients the physician will refer annually to the applicant's facility within 24 months after project completion. The anticipated referrals cannot exceed the physician's documented historical caseload.

iii) The physician's notarized signature, the typed or printed name of the physician, the physician's office address, and the physician's specialty; and

iv) Verification by the physician that the patient referrals have not been used to support another pending or approved CON application for the subject services.

A patient referral attestation letter has been provided on pages 117-121 of the Application for Permit, signed by Roger Kapoor, M.D., Senior Vice President, Beloit Health System, and notarized. The letter states, in part, that over the past two years (2022-2023) for the zip codes listed on pages 119, 120, and 121 of the Application for Permit, Beloit Health System has admitted approximately 4,400 patients annually to Beloit Memorial Hospital with 15% of those patients residing in Illinois and within the 17-mile geographic service area of the NorthPointe campus. According to the Applicant, with the addition of inpatient services on the NorthPointe campus, the Applicant anticipates that 740 Illinois patients will be admitted to the planned hospital annually. Should the 740 patients materialize, there is and will be sufficient demand for the 10-bed medical-surgical beds.

5) Service Accessibility

The number of beds being established or added for each category of service is necessary to improve access for planning area residents. The applicant shall document the following:

A) Service Restrictions

The applicant shall document **that at least one of the following factors** exists in **the planning area**:

i) The absence of the proposed service within the planning area.

ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care, or charity care.

iii) Restrictive admission policies of existing providers.

iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population.

v) For purposes of this subsection (b)(5) only, all services within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.

B) Supporting Documentation

The applicant shall provide the following documentation, as applicable, concerning existing restrictions to service access:

i) The location and utilization of other planning area service providers.

ii) Patient location information by zip code.

iii) Independent time-travel studies.

iv) A certification of waiting times.
v) Scheduling or admission restrictions exist for area providers.
vi) An assessment of area population characteristics documenting access problems.
vii) Most recently published IDPH Hospital Questionnaire.

The medical-surgical category of service exists within the B-01 Hospital Planning Area. As noted in this report, four acute care hospitals in the B-01 Hospital Planning Area have 507 medical-surgical beds. Table Twelve below documents the four Hospitals, the number of authorized medical-surgical beds, admissions, patient days, and utilization percentage for 2023. No documentation has been provided of access limitations due to the payor status of patients or restrictive admission policies of existing providers in the B-01 Hospital Planning Area. The Applicant provided documentation from the Health Resources and Services Administration that the proposed hospital will be in the health professional shortage area. The Applicant has met one of the four requirements of this criterion as required.

TABLE TWELVE
Hospitals in the B-01 Hospital Planning Area
2023 Utilization

	Authorized						Authorized
	Miles	Beds	Adm	Days	ALOS	ADC	Occ
SwedishAmerican Hospital	11.6	199	9,041	56,330	6.23	154.33	77.55%
Saint Anthony Medical Center	11.3	190	7,600	53,395	7.03	146.29	76.99%
Mercyhealth Hospital-Riverside Campus	9.9	84	3,847	26,752	6.95	73.29	87.25%
SwedishAmerican Medical Center	21.3	34	0	0	0	0	0.00%
Total		507	20,488	136,477	6.66	373.91	73.75%

C) Unnecessary Duplication/Maldistribution − Review Criterion

1) The applicant shall document that the project will not result in an unnecessary duplication. The applicant shall provide the following information:

A) A list of all zip code areas that are located, in total or in part, within the established radii outlined in 77 Ill. Adm. Code 1100.510(d) of the project's site.

B) The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and

C) The names and locations of all existing or approved healthcare facilities within the **established radii** outlined in 77 Ill. Adm. Code 1100.510(d) of the project site provides the categories of bed service that are proposed by the project.

2) The applicant shall document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as, but not limited to:

A) A ratio of beds to population exceeds one-half times the State average.

B) Historical utilization (for the latest 12-month period before submission of the application) for existing facilities and services that is below the occupancy standard established pursuant to 77 Ill. Adm. Code 1100; or

C) Insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above occupancy standards.

3) The applicant shall document that, within 24 months after project completion, the proposed project:

A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and

B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

A) The Applicant provided a list of zip codes and the population by zip code for the 17-mile GSA on page 81 of the permit application. There are 20 zip codes and an approximate population of 332,737 residents within the 17-mile GSA. There are three hospitals within the 17-mile GSA with 473 medical-surgical beds. The estimated population of Illinois is 12,852,032[5], with 20,204 medical-surgical beds. The ratio of medical surgical beds to population in the 17-mile GSA is not 1.5 times the ratio of beds to population in Illinois. As a result, there is no maldistribution of service in this 17-mile GSA (see Table Thirteen).

TABLE THIRTEEN
Ratio of Beds to Population

	Population	M/S Beds	Beds to Population
17 Mile GSA	332,737	473	1 M/S bed per 703 residents
Illinois	12,852,032	20,204	1 M/S bed per 636 residents

B) There are three hospitals in the 17-mile GSA with 473 beds. In 2023, utilization of these 473 beds was 79%, with an ADC of 374 patients and an ALOS of 6.66 days. This 2023 utilization justifies 416 medical-surgical beds at the State Board's target occupancy of 90% (see Table Fourteen).

TABLE FOURTEEN
Hospitals in the 17-mile GSA

	Miles	Authorized Beds	Adm	Days	ALOS	ADC	Authorized Occ
SwedishAmerican Hospital	11.6	199	9,041	56,330	6.23	154.33	77.55%
Saint Anthony Medical Center	11.3	190	7,600	53,395	7.03	146.29	76.99%
Mercyhealth Hospital-Riverside Campus	9.9	84	3,847	26,752	6.95	73.29	87.25%
Total		473	20,488	136,477	6.74	373.91	79.07%

C) According to the Applicant, within 24 months after project completion, the proposed NorthPointe Neighborhood Hospital will not further reduce the utilization of existing hospitals within the geographic service area below the State Board's occupancy standards. The Applicant anticipates the planned hospital will treat patients who have been historically admitted to Beloit Memorial Hospital. According to the Applicant, no patients are expected to be referred to the NorthPointe Neighborhood Hospital from other hospitals in the area.

[5] Source https://data.census.gov/profile/Illinois

D) Staffing Availability

The applicant shall document that the proposed project's relevant clinical and professional staffing needs were considered, and that licensure and The Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing a narrative explanation of how the proposed staffing will be achieved.

The Applicant stated that many of the staff who provide services upon project completion are employed by Beloit Health System and are currently working on the NorthPointe Campus. The Applicant estimates that 10-20 additional clinical staff will be hired using Beloit Health System's internal and external recruitment teams. The Applicant stated that Beloit Health System works with AMN Healthcare[6]. The Applicant noted that approximately one-third of the Beloit Health System employees live in Illinois, and the redeployment of some Wisconsin clinicians to the NorthPointe campus will also allow some employees to work closer to home. The Applicant provided a narrative on pages 85-86 of the Application for Permit as required.

E) Performance Requirements − Bed Capacity Minimum

1) Medical-Surgical

The minimum bed capacity for a new medical-surgical category of service within a Metropolitan Statistical Area (MSA), as defined by the U.S. Census Bureau, is 100 beds.

2) Obstetrics

A) The minimum unit size for a new obstetric unit within an MSA is 20 beds.

B) The minimum unit size for a new obstetric unit outside an MSA is four beds.

3) Intensive Care

The minimum unit size for an intensive care unit is four beds.

4) Pediatrics

The minimum size for a pediatric unit within an MSA is four beds.

The proposed Hospital will be in Roscoe, Illinois, a village in Winnebago County, Illinois, along the Rock River. It is a suburban area of the Rockford, Illinois Metropolitan Statistical Area. The minimum bed capacity for a new medical-surgical category of service within an MSA is 100 beds. The Applicant does not meet the requirements of this criterion.

F) Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal.

As required, a letter signed by Timothy McKevett, President and Chief Executive Officer of Beloit Health System, Inc., certifying that the planned NorthPointe Neighborhood Hospital will achieve target utilization by the second year of operation. (See page 89 of the Application for Permit)

[6] Healthcare Staffing Company https://www.amnhealthcare.com

IX. Clinical Service Areas Other Than Categories of Service

A) Need Determination − Establishment

The applicant shall describe how the need for the proposed establishment was determined by documenting the following:

1) Service to the Planning Area Residents

A) Either:

i) The primary purpose of the proposed project is to provide care to the residents of the **planning area** in which the proposed service will be physically located or

ii) If the applicant's service area includes a primary and secondary service area that expands beyond the planning area boundaries, the applicant shall document that the primary purpose of the project is to provide care to residents of the service area and

B) Documentation shall include strategic plans or market studies indicating the historical and projected disease incidence, health conditions, or population use rates. The number of years projected shall not exceed the number of historical years documented. Any projections and trend analyses shall not exceed 10 years.

According to the Applicant, the primary purpose of the planned NorthPointe Neighborhood Hospital is to provide lower-acuity inpatient healthcare services to residents of the stateline community and address outmigration to the overutilized Beloit Memorial Hospital. The Applicant states that over 740 admissions to Beloit Memorial Hospital are NorthPointe B-01 Hospital Planning Area residents. The project's purpose is to provide care to the residents of the planning area.

2) Service Demand

To demonstrate the need for the proposed CSA services, the applicant shall document one or more of the indicators presented in subsections (b)(2)(A) through (D). For any projections, the number of years projected shall not exceed the number of historical years documented. Any projections and trend analyses shall not exceed ten years.

A) Referrals from the Inpatient Base

For CSAs that will support or adjunct to existing inpatient services, the applicant shall document a minimum 2-year historical and 2-year projected number of inpatients requiring the subject CSA.

B) Physician Referrals

For CSAs that require physician referrals to create and maintain a patient base volume, the applicant shall document patient origin information for the referrals. The applicant shall submit original signed and notarized referral letters containing certification by the physicians that the representations in the letters are true and correct.

C) Historical Referrals to Other Providers

If patients have been sent to other area providers for the proposed CSA services due to the absence of those services at the applicant facility during the last 12-month period, the applicant shall submit verification of those referrals, specifying the service needed, patient origin by zip code, recipient facility, date of referral, and physician certification that the representations contained in the verifications are true and correct.

D) Population Incidence

The applicant shall submit documentation of incidence of service based upon IDPH statistics or category of service statistics.

The Applicant is basing the demand for these clinical service areas other than categories of service on referrals of Illinois residents to Beloit Memorial Hospital. (See page 117-122 of Application for Permit)

1. Surgery

The Applicant is proposing moving one operating room from the adjacent Northpointe Surgery Center ASTC that has two operating rooms and two procedure rooms. The ASTC is underutilized operating at 19% in both 2023 and 2022. The Applicant proposes moving one operating room to the proposed hospital and is projecting 500 hours of utilization by 2029, the second year after project completion. Should the surgery hours materialize, the Applicant can justify the one operating room.

2. Emergency Service

The Applicant states that the existing NorthPointe Immediate Care will be converted into the emergency department for the planned hospital. The emergency department will have eight emergency bays, five immediate care bays, and a triage area. The Applicant estimates 15,000 visits in the eight emergency bays by 2029. To justify the 15,000 visits, the Applicant stated that Beloit Memorial Hospital averaged 34,000 emergency department visits annually from 2019 – 2023. According to the Applicant, many of these visits are made by patients residing in the Stateline Community. The Applicant is estimating 10,000 trips for the five immediate care bays, and those visits are based on the 2023 historical visits of 10,047 in the immediate care unit. The State Board Standards is 2,000 visits per station for emergency and immediate care bays. Should the visits materialize, the Applicant can justify the eight emergency and five immediate care bays.

3. Radiology

The Applicant relied upon the historical utilization of the existing NorthPointe Clinic to justify the Hospital's Imaging Department. Table Fifteen below outlines the number of units and the historical and projected volume for the imaging department. Should these visits/procedures materialize, the Applicant will have met the State Board requirements.

TABLE FIFTEEN
Radiology Department

Service	Units	Historical	Projected	State Standard	Met Standard?
CT scanner	1	1,793	1,793	>7,000 Visits	Yes
3D Mammography	1	2,275	2,275	> 5,000 Visits	Yes
Bone Densitometry	1	467	467	No Standard	NA
MRI	1	1,049	1,049	>2,500 Procedures	Yes
Ultrasound	2	3,433	3,433	>3,100 Visits	Yes
Digital X-Ray	1	3,970	3,970	>8,000 procedures	Yes
Digital X-Ray & Fluoroscopy	1	226	226	>8,000 procedures	Yes
X-Ray Portable	1	94	94	>8,000 procedures	Yes

1. NA – No Standard

4. Laboratory

The Applicant states the laboratory volume will be based on 40 tests per inpatient admission and four tests per emergency department visit. Based on the 740 admissions and 15,000 emergency department visits, the Applicant is projecting 62,960 lab tests in year one. There is no State Board Standard for laboratory services.

5. Pharmacy

The Applicant is proposing a pharmacy at the NorthPointe Neighborhood Hospital. The Applicant states the pharmacy prescriptions will be based on 80 prescriptions per inpatient admission and seven prescriptions per emergency visit. Based on the 740 admissions and 15,000 emergency department visits, the Applicant is projecting 164,000 prescriptions in year one. There is no State Board Standard for pharmacy services.

3) Impact of the Proposed Project on Other Area Providers

The applicant shall document that, within 24 months after project completion, the proposed project will not:

A) Lower the utilization of other area providers below the utilization standards specified in Appendix

B) Lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the utilization standards.

4) Utilization

Projects involving the establishment of CSAs shall meet or exceed the utilization standards for the services, as specified in Appendix B. If no utilization standards exist in Appendix B, the applicant shall document its anticipated utilization in terms of incidence of disease or conditions or historical population use rates.

The Applicant stated within 24 months after project completion, the planned NorthPointe Neighborhood Hospital will not further reduce the utilization of existing hospitals within the geographic service area below the State Board's occupancy standards. The Applicant anticipates the planned hospital will treat patients historically admitted to Beloit Memorial Hospital in Wisconsin who are not accounted for in the need calculation of the HFSRB. No patients are expected to utilize the NorthPointe Neighborhood Hospital rather than be admitted to other areas distant from Roscoe.

X. Financial Viability

A) Availability of Funds

Applicants shall document that financial resources will be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources.

The Applicant is funding this project from bond proceeds of $20,760,312. The Applicant has an "A" bond rating from Fitch Ratings Ltd. Fitch Ratings Ltd states in part.

"While Beloit has increased access through outpatient growth, volumes have rebounded since the pandemic, and the medical staff is primarily employed and aligned, operating cost pressure remains. Contract labor spend has reduced but remains a challenge, and Beloit continues to work to reduce the average length of stay as throughput continues to be affected by the lack of local skilled nursing beds due to staffing. Management continues to implement strategies to mitigate these ongoing pressures. Despite the softer cash flows, Beloit maintains ample financial flexibility with low leverage and sufficient liquidity for the rating level. Beloit shows resiliency through Fitch's stress scenario, with cash-to-adjusted debt rebounding to levels solidly consistent with the strong financial risk profile in the outer years of Fitch's stress case. The rating is further informed by Beloit's leading local market position in a stable service area." (see Application for Permit pp 96-104)

TABLE SIXTEEN
Beloit Health System
Audited Financial Statements
December 31st

	2023	2022
Cash	$23,029,233	$31,489,284
Current Assets	$73,848,219	$76,483,013
Total Assets	$292,569,510	$290,968,719
Current Liabilities	$35,410,000	$35,718,032
Long Term Liabilities	$70,772,701	$76,809,629
Total Liabilities	$106,182,701	$112,527,661
Total Net Assets	$186,386,809	$178,441,058
Patient Revenue	$264,923,887	$249,612,992
Total Revenue	$274,259,889	$257,378,642
Total Expenses	$274,213,085	$257,493,694
Income (loss)	$46,804	-$115,052
Revenue Over Expenses	-$22,631,081	-$14,214,742

TABLE SEVENTEEN
Beloit Memorial Hospital
Medicare Cost Report
Income
2018-2023

	2023	2022	2021	2020	2019	2018
Total Revenue	$1,161,300,655	$1,073,033,453	$1,050,735,557	$942,200,800	$941,811,060	$850,705,862
Contractual All	$896,344,614	$823,420,460	$799,947,094	$717,763,923	$698,490,333	$612,250,167
Net Patient Revenue	$264,956,041	$249,612,993	$250,788,463	$224,436,877	$243,220,727	$238,455,695
Operating Expenses	$273,155,219	$257,059,269	$255,483,239	$241,545,253	$251,289,175	$240,757,231
Net Income from Patient Service	-$8,199,178	-$7,446,276	-$4,694,776	-$17,108,376	-$7,968,448	-$2,301,536
Other Income	$20,397,934	$8,102,091	$18,937,389	$26,876,096	$20,292,043	$10,063,711
Other Expenses	$34,842,815	$12,863,839	$76,450	$558,659	$1,623,840	$449,173
Net Income	-$22,644,059	-$12,108,024	$14,166,073	$9,209,061	$10,699,755	$9,614,538
Operating Margin [1]	-3.09%	-2.98%	-1.87%	-7.62%	-3.28%	-.97%

1. Operating Margin = Net Income from Patient Services/Net Patient Revenue

B) Financial Viability

The Applicant is funding this project from bond proceeds of $20,760,312. The Applicant has an "A" bond rating from Fitch Ratings Ltd. Because the Applicant has an "A" or better bond rating, this criterion does not apply to this project.

XI. Economic Feasibility

A) Reasonableness of Financing Arrangements

The Applicant is funding this project from bond proceeds of $20,760,312. The Applicant has an "A" bond rating from Fitch Ratings Ltd. Because the Applicant has an "A" or better bond rating, this criterion does not apply to this project.

B) Conditions of Debt Financing

Applicants with projects involving debt financing shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available.
2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs, and other factors.
3) The project involves (in total or in part) leasing equipment or facilities, and the expenses incurred with leasing are less costly than constructing a new facility or purchasing new equipment.

A letter from Timothy McKevett, President and Chief Executive Officer, Beloit Health System, certifying the estimated project and related costs will be funded by borrowing and will be at the lowest net cost available. (Application for Permit page 109)

C) Reasonableness of Project and Related Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with State Board Standards. Only the clinical costs are reviewed.

Preplanning Costs are $79,236, or less than 1% of modernization, contingency, and equipment costs of $11,180,182. This appears reasonable compared to the State Board standard of 1.8%.

Site Survey, Soil Investigation, and Site Preparation cost $384,588, 4.8% of modernization and contingency costs of $8,028,485. This appears reasonable compared to the State Board standard of 5%.

Modernization and Contingency Costs are $8,028,485 or $372.86 per DGSF. This is reasonable compared to the State Board standard of $373.89 per DGSF.

Architectural/Engineering Costs are $723,735 or 9.01% of modernization and contingency costs. This appears reasonable when compared to the State Board Standard of 9.08%.

The State Board does not have standards for the costs listed below.

Consulting and Other Fees	$299,090
Movable and Other Equipment (not in construction contracts)	$3,151,697
Bond Issuance Expense (Project related)	$284,000
Net Interest Expense During Construction (Project related)	$791,224

D) Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated salaries, benefits, and supplies for the service.

The Applicant estimates a cost of $3,192 per inpatient day. The State Board does not have a standard for this cost.

E) Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The Applicant estimates the total effect of the project on capital costs per inpatient day at $410.47. The State Board does not have a standard for this cost.

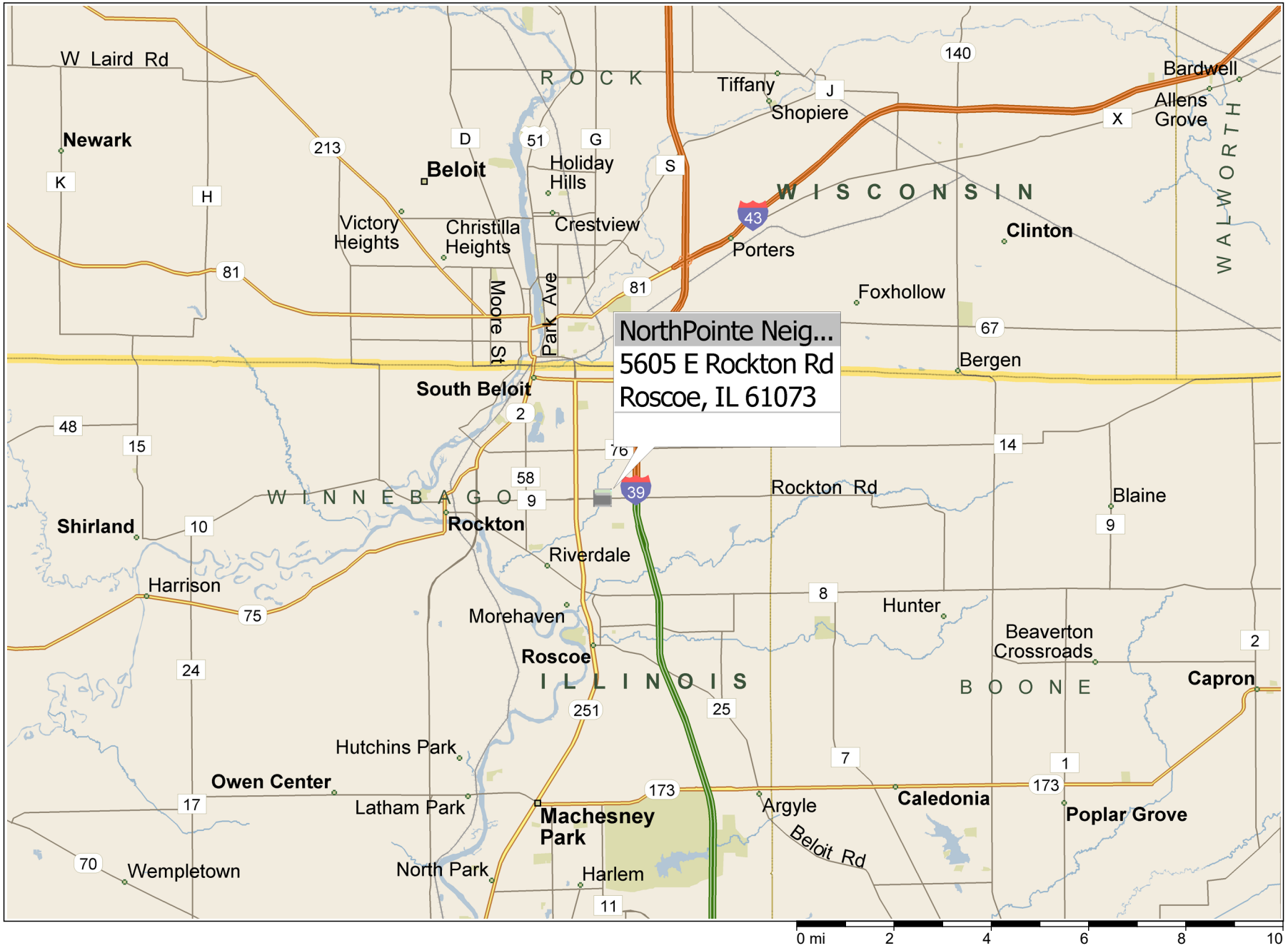
State Board Bed Need Calculation

Bed need for Medical-Surgical and Pediatric care is calculated by first calculating a three-year average (base year plus two prior years) utilization of Medical-Surgical and Pediatric services in the area for five age groups: 0-14 years, 15-44 years, 45-64 years, 65-74 years, and 75+ years. The three-year age group average utilizations are divided by the planning area base year population estimate for each age group to produce *age group utilization rates*. The age group utilization rates are multiplied by the projected planning area populations for each age group five (5) years from the base year to calculate projected patient days for each age group. These are added to produce a projected total of medical-surgical and pediatric patient days for the projection year.

Next, a migration adjustment factor is calculated for the planning area. This is done by subtracting the number of patients from outside the planning area receiving services at area hospitals (in-migration) from the number of residents receiving services outside the planning area (out-migration). The difference between these figures is multiplied by the State average for length of stay for Medical-Surgical and Pediatric patients to calculate *migration patient days*. This is multiplied by an adjustment factor of 0.50. If out-migration exceeds in-migration, the adjusted migration days are added to the projected total patient days for the area. If in-migration exceeds out-migration, the adjusted days are subtracted from the planned area's projected total patient days.

The migration-adjusted projected patient days for the planning area are divided by 365 (days in the projection year) to calculate the projected Average Daily Census for Medical-Surgical and Pediatric services for the planning area. The Average Daily Census is divided by the target occupancy rate for additional beds (if the projected Average Daily Census is less than 100, the target occupancy rate is 80% or 0.8; if the projected Average Daily Census is between 100 and 199, the target occupancy is 85% (0.85); otherwise, the target occupancy rate is 90% (0.90)) to calculate the projected number of Medical-Surgical and Pediatric beds needed in the planning area. If the calculated number of beds needed is greater than the number of authorized beds, there is a need for additional beds. If the number of authorized beds exceeds the calculated number of beds needed, there is an excess of beds in the planning area.

24-018 NorthPointe Neighborhood Hospital - Roscoe



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December 27, 2024

Anne M. Cooper
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(312) 276-4317 Fax
acooper@polsinelli.com

Via Federal Express

Mr. John Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: NorthPointe Neighborhood Hospital (Proj. No. 24-018)

Dear Mr. Kniery:

This letter is written in connection with the above referenced project for the establishment of neighborhood hospital. Specifically, the planned hospital's address has been revised to add its suite number, the project completion and project costs have been revised to reflect the updated construction schedule, which have been updated due to the passage of time. As these changes will result in an increase in the cost of the project, this letter constitutes a Type A modification to the pending CON application for NorthPointe Neighborhood Hospital pursuant to Section 1130.650(b) of the HFSRB rules.

We have included the following items with this submission:

- Updated Facility/Project Information
- Updated Project Costs and Sources of Funds schedule
- Updated Project Completion Date
- Updated Itemized Project Costs and Sources of Funds schedule (Attachment – 7)
- Updated Cost Space Table (Attachment – 9)
- Updated Reasonableness of Project Costs schedule (Attachment – 37C)

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- Check from $2,000 for the Modification Processing Fee

Thank you for your time and attention to Beloit Health System's request to modify its certificate of need application. If you have any questions or need additional information, please feel free to contact me.

Sincerely

Anne M. Cooper

Attachments

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: NorthPointe Neighborhood Hospital
Street Address: 5605 East Rockton Road, Suite 101
City and Zip Code: Roscoe, Illinois 61073
County: Winnebago County Health Service Area: 1 Health Planning Area: B-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Beloit Health System, Inc.
Street Address: 1969 West Hart Road
City and Zip Code: Beloit, Wisconsin 53511
Name of Registered Agent: Rodney W. Kimes
Registered Agent Street Address: 503 Berglund Road
Registered Agent City and Zip Code: Pecatonica, Illinois 61063-9561
Name of Chief Executive Officer: Timothy McKevett
CEO Street Address: 1969 West Hart Road
CEO City and Zip Code: Beloit, Wisconsin 53511
CEO Telephone Number: 608-363-5766

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Roger Kapoor, M.D.
Title: Senior Vice President
Company Name: Beloit Health System, Inc.
Address: 1969 West Hart Road, Beloit, Wisconsin 53511
Telephone Number:
E-mail Address: rkapoor@beloithealthsystem.org
Fax Number:

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Kara M. Friedman/Anne M. Cooper
Title: Attorneys
Company Name: Polsinelli P.C.
Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606-1599
Telephone Number: 312-873-3639/312-873-3606
E-mail Address: kfriedman@polsinelli.com/acooper@polsinelli.com
Fax Number:

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$79,236	$60,264	$139,500
Site Survey and Soil Investigation	$9,650	$9,650	$19,300
Site Preparation	$374,938	$374,938	$749,876
Off Site Work			0
New Construction Contracts			0
Modernization Contracts	$7,096,025	$4,505,683	$11,601,708
Contingencies	$932,460	$710,980	$1,643,440
Architectural/Engineering Fees	$723,235	$705,175	$1,428,410
Consulting and Other Fees	$299,090	$130,795	$429,885
Movable or Other Equipment (not in construction contracts)	$3,151,697	$255,642	$3,407,339
Bond Issuance Expense (project related)	$284,000	$216,000	$500,000
Net Interest Expense During Construction (project related)	$791,224	$601,776	$1,393,000
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$13,741,555**	**$7,570,903**	**$21,312,458**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$13,741,555	$7,570,903	$21,312,458
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$13,741,555**	**$7,570,903**	**$21,312,458**

Related Project Costs
Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☒ Yes ☐ No
If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is): $1,061,000.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): August 31, 2028

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

$
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document those financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
_____	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.
$21,312,458	d) Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate. 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment.

	5) For any option to lease, a copy of the option, including all terms and conditions. e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent. f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt. g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$21,312,458	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Project Costs

Use of Funds	Reviewable	Non-Reviewable	Total
Preplanning Costs	**$79,236**	**$60,264**	**$139,500**
Preliminary Design	$79,236	$60,264	$139,500
Precon Budgets			
Site Survey	**$3,650**	**$3,650**	**$7,300**
Soil Investigation (estimate)	**$6,000**	**$6,000**	**$12,000**
Site Preparation	**$374,937**	**$374,938**	**$749,875**
Off Site Work			
New Construction Costs			
Modernization Contracts	**$7,096,025**	**$4,505,684**	**$11,601,709**
Contingencies	**$932,460**	**$710,980**	**$1,643,440**
Architectural/Engineering Fees	**$723,235**	**$705,175**	**$1,428,410**
Architectural Engineering	$393,500	$393,500	$787,000
Mechanical / Electrical Engineering	$329,735	$250,785	$580,520
Structural Engineering		$22,150	$22,150
Landscaping Design		$9,730	$9,730
Civil Engineering		$29,010	$29,010
Consulting and Other Fees	**$299,090**	**$130,795**	**$429,885**
Helipad Design	$31,200		$31,200
Construction Estimate Consultant		$25,000	$25,000
Foodservice Design	$17,576		$17,576
IDPH Plan Review Fee		$29,500	$29,500
EMR Build	$150,000		$150,000
City Permits	$32,376	$24,624	$57,000
Commissioning	$42,600	$32,400	$75,000
CON Fees/Expenses	$25,338	$19,271	$44,609
Movable and Other Equipment (not in construction contracts)	**$3,151,697**	**$255,642**	**$3,407,339**
Equipment General	$2,582,896	$38,001	$2,620,897
Furniture	$65,061	$49,375	$114,436
Security Access/Cameras	$0	$70,425	$70,425
IT/Telecom	$120,346	$42,884	$163,230
Signs/Wayfinding	$0	$50,000	$50,000
Other	$383,394	$4,957	$388,351
Bond Issuance Expense (Project related)	**$284,000**	**$216,000**	**$500,000**
Net Interest Expense During Construction (Project related)	**$791,224**	**$601,776**	**$1,393,000**
Fair Market Value of Leased Space or Equipment			

Use of Funds	Reviewable	Non-Reviewable	Total
Other Costs to be Capitalized	$0	$0	$0
Acquisition of Building or Other Property (Excluding Land)	$0	$0	$0
Total Uses of Funds	$13,741,555	$7,570,903	$21,312,458

Section I, Identification, General Information, and Certification
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical-Surgical Unit	$3,730,566	8,117	0	0	8,117	0	0
Radiology	$185,678	7,744	0	0	404	7,340	0
Emergency Department	$3,063,228	6,665	0	0	6,665	0	0
Emergency Department Ambulance Bay/Garage	$1,194,498	0	2,143	0	2,143	0	0
Operating Room	$889,324	1,935	0	0	1,935	0	0
Recovery Rooms	$274,381	597	0	0	597	0	0
Laboratory	$347,917	757	0	0	186	571	
Pharmacy	$0	456	0	0	0	456	0
Other Clinical	$4,055,963	1,485	0	0	1,485	0	0
Total Reviewable	**$13,741,555**	**27,756**	**2,143**	**0**	**21,532**	**8,367**	**0**
NON-REVIEWABLE							
Mechanical and Other Building Systems, Administrative, Other Non-Clinical	$7,570,903	22,733	0	0	19,043	3,690	0
Total Non-Reviewable	**$7,570,903**	**22,733**	**0**	**0**	**19,043**	**3,690**	**0**
Total Project Costs	**$21,312,458**	**50,489**	**2,143**	**0**	**40,575**	**12,057**	**0**

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is Provided in the Table below:

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	
REVIEWABLE									
Medical/Surgical		$459.60			8,117			$3,730,566	$3,730,566
Radiology		$459.60			404			$185,678	$185,678
Emergency Department		$459.60			6,665			$3,063,228	$3,063,228
Emergency Department Ambulance Bay/ Garage		$557.40			2,143			$1,194,498	$1,194,498
Operating Room		$459.60			1,935			$889,324	$889,324
Recovery Rooms		$459.60			597			$274,381	$274,381
Laboratory		$1,870.52			186			$347,917	$347,917
Pharmacy		$0			0			$0	$0
Other Clinical		$2,731.29			1,485			$4,055,963	$4,055,963
Total Reviewable		**$638.19**			**21,532**			**$13,741,555**	**$13,741,555**
NON-REVIEWABLE									
Mechanical & Other Building Systems, Administrative, Other Non-Clinical		$397.57			19,043			$7,570,903	$7,570,903
Total Non-Reviewable		**$397.57**			**19,043**			**$7,570,903**	**$7,570,903**
TOTALS		**$525.26**			**40,575**			**$21,312,458**	**$21,312,458**
* Include the percentage (%) of space for circulation									

Attachment – 37C

2. As shown in Table 1120.140(c) below, the project costs are below the State Standard

Table 1120.140(c),			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Preplanning Costs	$79,236	1.8% x Modernization Contracts + Contingencies + Equipment = 1.8% x ($7,096,025 + $932,460 + $3,151,697) = 1.8% X $11,180,182 = $201,243	Below
Site Survey & Preparation	$370,167	5.0% x Modernization Contracts + Contingencies = 5% x ($7,096,025+$932,460) = 5% x $8,028,485 = $385,985	Below
Modernization Costs and Contingencies	$8,028,485	$373.89 per GSF x 21,532 = $8,050,599	Below
Modernization Contingencies	$932,460	10% - 15% x Modernization Contracts = 10% x 15% X 7,096,025 = $709,603 - $1,064,404	Meets
Architectural/Engineering Fees	$723,235	6.04% - 9.08% x Modernization Contracts + Contingencies = 6.04% - 9.08% x ($7,096,025 + $932,460) = 6.04% - 9.08% x $8,028,485 = $84,920 - $728,986	Meets
Consulting and Other Fees	$299,090	N/A	N/A
Moveable Equipment	$3,151,697	N/A	N/A
Bond Issuance Expense	$284,000	N/A	N/A
Net Interest Expense	$791,224	N/A	N/A

December 27, 2024

Via Federal Express
Via Email

Mr. John Kniery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: NorthPointe Neighborhood Hospital (Proj. No. 24-018)
Submission of Additional Information

Dear Mr. Kniery:

As you know, Beloit Health System ("BHS") is the applicant for the above-referenced proposal to establish NorthPointe Neighborhood Hospital, a 10-bed general acute care hospital to be located at 5605 East Rockton Road, Roscoe, Illinois (the "Planned Hospital"). I am writing to provide additional information subsequent to the Illinois Health Facilities and Services Review Board's (the "State Board") October 29, 2024 initial consideration. This information is provided pursuant to Section 1130.670 of the State Board's Procedural Rules. The supplemental information in this letter provides some follow-up information on certain topics raised by State Board members during the hearing and BHS believes it provides the full clarity that the State Board members require to approve the Planned Hospital.

1. **The Planned Hospital Supports the Health Planning Goal of Providing Modern Health Care Facilities to the Residents of the State of Illinois and, Crucially, Will Allow Those Residents to Stay in Illinois for Inpatient Care**

Having modern and accessible hospitals and healthcare facilities within Illinois is crucial for the well-being of its residents. When residents have access to high-quality care close to home, they are more likely to seek preventive services, manage chronic conditions effectively, and receive timely treatment for acute illnesses or injuries. In this case, this accessibility would reduce the need for residents to travel to Wisconsin for care which I refer to as "outmigration." Outmigration it typically more costly and time-consuming and can be detrimental to health outcomes. A more robust healthcare infrastructure in this area of the State of Illinois helps to ensure a better response to public health emergencies and comprehensive care for its diverse population. Illinois thrives when healthcare is more accessible, fostering healthier families and more robust communities. The presence of a hospital with inpatient and emergency services capabilities,

especially one emphasizing wellness and prevention like BHS, is a cornerstone of economic growth and community vitality. The impact of healthcare facilities extends far beyond medical services, serving as economic engines that generate jobs and stimulate local economies.

Illinois hospitals and health systems contribute a staggering $117.7 billion annually to the state's economy. This substantial figure underscores the pivotal role of healthcare in driving economic prosperity across the state and providing the following community benefits.

- Job Creation: Healthcare facilities are major employers, offering a wide range of career opportunities.

- Local Economic Stimulus: These institutions often support local businesses through procurement and partnerships.

- Improved Quality of Life: Access to quality healthcare attracts residents and businesses, enhancing community development.

Healthcare systems that prioritize preventive care and wellness programs contribute to:

- Reduced healthcare costs in the long term

- Increased productivity due to a healthier workforce

- Enhanced community well-being and life satisfaction

The Illinois Health and Hospital Association emphasizes these benefits, highlighting the symbiotic relationship between a robust healthcare system and thriving communities. Its informational addressing this topic is attached as Exhibit A. By supporting the healthcare infrastructure, Illinois not only improves the health of its residents but also secures a foundation for sustained economic growth and community prosperity.

For every hospital job, an additional 1.4 jobs are created in other sectors, demonstrating the ripple effect of healthcare investment. Further, healthcare facilities that prioritize wellness and prevention can help reduce the long-term burden of chronic diseases, potentially lowering healthcare costs and improving community health outcomes. By allowing non-profit health systems to invest in modern healthcare infrastructure, Illinois not only enhances the quality of life for its residents but also strengthens its economic foundation and resilience. With the alternative of seeing this care flow out of the state to a neighboring state, BHS believes it has a compelling case for the State Board's approval of the NorthPointe Neighborhood Hospital (the "Planned Hospital") proposal.

2. NorthPointe Neighborhood Hospital is Mission-Based Endeavor by a Non-Profit Health System with Significant Ties to Illinois

As a non-profit community health system, BHS embodies a mission-driven approach to healthcare, prioritizing the well-being of the communities it serves over financial gains. BHS operates with a steadfast commitment to addressing healthcare needs where they are most pressing, unburdened by the constraints of profit maximization. The organization's ethos is deeply rooted in the principles of charity care, public trust, and community benefit, which guide its operations and decision-making processes. As representatives of BHS testified at the October 29, 2024 meeting, despite its smaller size, BHS reported nearly 3.5 times the financial assistance on its 2022 IRS 990 than Javon Bea Hospital ($5,999,732 versus $1,774,854).[1] Additionally, the cost of Medicaid care provided at BHS as a percentage of total expenses was 2 to 6 times higher than Javon Bea Hospital and OSF HealthCare,[2] which opposed the Planned Hospital to protect their market share.

As a non-profit health system, BHS has an established financial assistance policy and provides care to all patients regardless of ability to pay. It provides free or discounted care to uninsured and underinsured patients, including those not covered by Medicaid or other indigent care programs. BHS is both a Medicaid disproportionate share hospital ("DSH") and a Medicare DSH. These designations reflect that BHS serves low-income populations and has been challenged by lower reimbursement rates from Medicaid, Medicare and uninsured patients, necessitating the need for DSH payments to offset these financial burdens. Some have suggested that BHS would be cherry picking by expanding its services in Roscoe but the fact is that even if there was an improvement of its balance sheet by making minor changes to the payor mix, BHS expects to retain its DSH statuses. Also, it is important to note that the physical plant for a small hospital is readily available at the NorthPointe campus so it would not be logical to set up the Planned Hospital in another town. The cost of building from ground-up would be many times higher and would not make sense. With this sizable campus in Illinois, it is a member of the Illinois Health and Hospital Association and has been providing hospital care directly in Illinois for many years.

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[1] Beloit Health System Inc., 2022 IRS Form 990 – Return of Organization Exempt from Income Tax, Schedule H: Part I; Javon Bea Hospital, 2022 IRS Form 990 – Return of Organization Exempt from Income Tax, Schedule H: Part I.

[2] Beloit Health System Medicaid care 9.84% of total expenses; Javon Bea Hospital Medicaid care 4.08% of total expenses; OSF HealthCare Medicaid care 1.64% of total expenses (see OSF HealthCare, 2022 IRS Form 990 – Return of Organization Exempt from Income Tax, Schedule H: Part).

3. The Planned Hospital has Substantial Community Support

The Planned Hospital has garnered substantial community backing as evidenced by:

- Many individuals submitted support letters backing the Planned Hospital to the State Board as part of the State Board's public comment process;
- A large group of supporters registered their endorsement at the public hearing held in August 2024 and spoke in support of the Planned Hospital at that hearing;
- An impressive number of people signed a petition in favor of establishing the Planned Hospital; and
- Multiple individuals provided public testimony supporting the Planned Hospital at the State Board meeting in October 2024.

This widespread show of support from various sectors of the community underscores the strong public interest in and endorsement of the Planned Hospital project.

Common themes among supporters include:

- Improved access to emergency services;
- Full-service emergency department will reduce transport times and keep advanced life support vehicles and staff in the district to better serve the residents of the community; and
- The Planned Hospital will keep residents who currently leave the state to use Beloit Memorial Hospital ("BMH") and other Wisconsin hospitals in Illinois for their care and closer to home, making it easier for loved ones to visit and participate in the care plan, which is crucial to improving patient outcomes.

The Planned Hospital has faced limited opposition, primarily from individuals affiliated with local health systems, MercyHealth and OSF HealthCare. With the small footprint proposed for the Planned Hospital, these competitors' claims of financial harm are disingenuous. Other negative sentiment has been minor. At the August public hearing, only two residents not affiliated with Mercy expressed reservations. Furthermore, during the State Board meeting on October 29, 2024, no community members voiced opposition to the Planned Hospital.

4. The Planned Hospital as Part of BHS Has a Track Record of High Quality and a Strong Focus on Patient Safety

The Planned Hospital will employ the same model of care as BMH and will provide the same level of quality. Like BMH, it will be Joint Commission accredited, which is recognized in

the healthcare industry and among policymakers as the pre-eminent health care accreditor and viewed as the "gold" standard by both payors and patients. BHS collaborations with leading institutions like the University of Illinois College of Medicine-Rockford and University of Wisconsin Hospital and Clinics strengthens its role as a vital healthcare provider dedicated to improving the overall health status of the communities it serves.

Finally, the Planned Hospital will implement industry-leading nurse staffing standards that establish specific, evidence-based registered nurse-to-patient ratios for acute care.[3] These ratios will serve as a minimum baseline, with additional registered nurses added based on a comprehensive patient classification system. This system will measure patient needs and nursing care requirements, taking into account factors such as severity of illness, complexity of clinical judgment, and the need for specialized technology.

By adopting these rigorous staffing standards, the Planned Hospital will be able to dynamically adjust staffing levels based not only on patient census but also on acuity. This approach ensures that all patients receive the highest quality medical services close to home, with nursing care tailored to their individual needs. Our commitment to maintaining optimal nurse-to-patient ratios reflects our dedication to patient safety, quality of care, and positive outcomes in healthcare delivery.

As discussed in the Planned Hospital's certificate of need permit application, BMH has received numerous awards and accolades from leading rating organizations, which includes, but is not limited to:

- **The Leap Frog Group "A" Rating**
    - BMH earned an "A" for providing safe and high-quality care to its patients from The Leapfrog Group, a nonprofit organization committed to driving quality, safety, and transparency into the U.S. health care system. Importantly, it is the only hospital within the Planned Hospital's 17-mile geographic service area with an A rating.[4]
- **High Medicare Compare Ranking**
    - BMH received four stars on Medicare Compare indicating that it demonstrates strong performance across multiple quality domains: (i) clinical outcomes, (ii) patient experience, (iii) efficiency, (iv) safety of care and (v) timely and effective care. This rating is higher than the other Illinois hospitals in the area. Notably, 94% of patients

[3] Modeled after the California Safe Staffing Requirements.

[4] See THE LEAPFROG GROUP, LEAPFROG HOSPITAL SAFETY GRADE FALL 2024 *available at* https://www.hospitalsafetygrade.org/search?findBy=city&zip_code=&city=roscoe&state_prov=IL&hospital= (last visited Dec. 18, 2024).

who presented to the emergency department with stroke symptoms received brain scans within 45 minutes of arrival compared to 70% nationally and 71% in Illinois.

- **The Joint Commission Advanced Certifications**

  Beyond general hospital accreditation, BMH possess the following advanced certifications:

  - The Joint Commission's Certified Advanced Primary Stroke Center, featuring a comprehensive system for rapid diagnosis and treatment of stroke patients admitted to the emergency department.

  - The Joint Commission's Gold Seal of Approval® and the American Heart Association/American Stroke Association's Heart-Check mark for Advanced Certification for Primary Stroke Centers. The Gold Seal of Approval® and the Heart-Check mark represent symbols of quality from their respective organizations.

  - The Joint Commission certified Perinatal Care program, which is only awarded to obstetrics programs exceeding strict standards of care for maternal, fetal, and newborn health.

  - The Joint Commission's Gold Seal of Approval® for Advanced Certification for Total Hip and Total Knee Replacement. The advanced certification is for Joint Commission-accredited hospitals, critical access hospitals, and ambulatory surgery centers seeking to elevate the quality, consistency, and safety of their services and patient care.

- **American Heart Association/American Stroke Association Award**

  - The American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award. The award recognizes BMH's success in ensuring stroke patients receive the most appropriate treatment according to nationally recognized research-based guidelines. To receive the Gold Plus Quality Achievement Award, hospitals must achieve 85 percent or higher adherence to all Get with The Guidelines-Stroke achievement indicators for two or more consecutive 12-month periods and achieved 75 percent or higher compliance with five of eight Get With The Guidelines-Stroke Quality measures.

5. The Planned Hospital Will Operate a Full- Service Emergency Department and Will Provide Stabilizing Care and Access to Specialists

Most questions at the October 29, 2024 State Board meeting concerned the operation of the Planned Hospital's emergency department, particularly stroke and cardiac stabilization and access to specialists.

a. The Planned Hospital Emergency Department Will Provide Myocardial Infarction and Stroke Stabilization

The Illinois Hospital Licensing Requirements mandate every hospital "provide adequate facilities for the provision of immediate life saving measures."[5] Like BMH, the Planned Hospital will be staffed by board-certified emergency physicians, physician assistants, and specially trained registered nurses who provide quality medical care to patients in all types of emergencies, including heart attack and stroke. Importantly, emergency physicians maintain certifications in advanced life support, advanced trauma support, and pediatric advanced life support. Additionally, they have extensive knowledge across various specialties that allows them to diagnose and treat diverse conditions. To the extent a patient requires a specialist consult, specialists from BMH will be involved in that patient's care to create a care plan that best meets the needs of the patient.

Patients presenting to the emergency department with potential symptoms of a heart attack will promptly get an electrocardiogram ("EKG"). If the EKG reveals the patient is having a heart attack, he or she will quickly receive treatment, which can include supplemental oxygen, medication, or angioplasty. Patients requiring emergency angioplasty should receive it within the recommended 90-minute window of arrival at the Planned Hospital. As discussed more fully at the State Board meeting, cardiologists at BMH will read the EKG, and if an emergency angioplasty is needed, the patient will be quickly transported 10-15 minutes to BMH via private ambulance with advanced life support capability. Once the patient arrives at BMH, he/she will be immediately transported to a cardiac catheterization lab for the angioplasty procedure. Importantly, BHS anticipates the Planned Hospital's door-to-balloon time will be 90 minutes or less. Accordingly, there will not be any treatment delays resulting from patients presenting to the Planned Hospital's emergency department.

For patients presenting to the emergency department with signs of stroke, the first step is to determine the type of stroke, ischemic (blood clot) or hemorrhagic (brain bleed) by performing a CT scan to allow the physician to identify either the presence of a large blood clot or blood to identify the type of stroke. If a patient is diagnosed with an ischemic stroke, which accounts for 87% of all strokes, the patient will be immediately administered a clot-busting drug like tPA at the Planned Hospital. Studies show that patients with ischemic strokes who receive tPA within 3 hours of first symptoms are more likely to recover fully or have less disability than patients who do not receive the drug.[6] Patients suffering from a hemorrhagic stroke will be promptly transferred to a comprehensive stroke center for endovascular services.

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[5] 77 Ill. Admin. Code § 250.720(a)

[6] CENTERS FOR DISEASE CONTROL AND PREVENTION, TREATMENT AND INTERVENTION FOR STROKE (May 15, 2024) *available at* https://www.cdc.gov/stroke/treatment/index.html (last visited Dec. 11, 2024)

b. Planned Hospital will Provide Appropriate Stabilizing Care to Patients

The Planned Hospital, as part of BHS, will provide appropriate stabilizing care with immediate access to imaging, labs and specialist consults. The Emergency Medical Treatment and Labor Act requires that anyone coming to an emergency department requesting evaluation or treatment of a medical condition, receives a medical screening examination. If they have an emergency medical condition, each hospital must provide stabilizing treatment, regardless of the patient's insurance status or ability to pay. As discussed more fully above, the emergency department physicians who will be employed will be trained to provide advanced life support for both children and adults and trauma support, which allows them to treat or stabilize patients presenting to the emergency department. Depending on their condition, patients will either be admitted, discharged, or safely transported to a hospital that provides a higher level of care.

6. Women in Active Labor

At the October 29, 2024 State Board meeting, State Board members raised concerns regarding how the Planned Hospital would address an adverse event at the NorthPointe Birth Center or if a patient with a high-risk emergency birth presented to the Planned Hospital's emergency department.

a. Adverse Event at the NorthPointe Birth Center

Because obstetrics patients are carefully screened for eligibility to labor and delivery at the nearby birth center, an adverse event at the birth center is highly unlikely to occur. The Birth Center Licensing Code limits planned births to those occurring "***following a normal, uncomplicated, and low-risk pregnancy.***"[7] According to a 2018 *New York Times* article on birth centers, only approximately 2% of women encounter emergency situations, requiring transfer to a hospital during labor or soon after giving birth.[8] Importantly, to ensure a patient is a good candidate to deliver at a birth center each patient completes a risk assessment with her provider to determine whether her pregnancy constitutes a low-risk pregnancy. Criteria for admission include, but are not limited to:

- Pre-pregnancy body mass index greater than 18 and less than 40;
- No medical risk factors, including, but not limited to:
    - Uncontrolled chronic hypertension;

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[7] 77 Ill. Admin. Code § 264.1250(f) (emphasis added).

[8] Alice Callahan, *Should You Give Birth at a Birth Center?*, NY TIMES, Sept. 25, 2018 *available at* https://www.nytimes.com/2018/09/25/well/family/should-you-give-birth-at-a-birth-center.html (last visited Dec. 10, 2024).

- Elevated blood glucose levels unresponsive to dietary management;
- Positive HIV antibody test; or
- Current drug or alcohol substance use disorder.

- Two or more prior cesarean sections;
- Premature labor at less than 36 weeks;
- Gestation beyond 42 weeks; and
- Known fetal anomalies that may be affected by the site of birth.[9]

In addition to limiting admissions to women with low-risk pregnancies, procedures performed at birth centers are "limited to those normally accomplished in uncomplicated childbirth, including repairs of obstetric lacerations performed in accordance with the birth attendant's or birth assistant's scope of practice. Surgical procedures such as tubal ligation are prohibited at birth centers."[10] Moreover, the clinical director is available on the premises or in close proximity[11] in the event an emergent situation arises. Finally, in the rare case an emergency transfer is required, the NorthPointe Birth Center has a patient transfer agreement with UW Health SwedishAmerican Hospital in Rockford, which operates a Level III NICU.

b. High Risk Emergency Birth at the Emergency Department

The Illinois Hospital Licensing Requirements require each hospital to provide adequate facilities for the provision of immediate life saving measures.[12] While not required for hospitals without obstetric services, the Planned Hospital will provide yearly continuing education, which will include management of severe maternal hypertension and obstetric hemorrhage, addressing airway emergencies experienced during childbirth, and management of other leading causes of maternal mortality.[13] Accordingly, the Planned Hospital's emergency department physicians will stabilize patients in active labor prior to transferring them a general acute care hospital providing obstetric and neonatal care. The emergency room physicians at the Planned Hospital stand ready to deliver infants in rare cases when birth is imminent and cannot be delayed.

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[9] 77 Ill. Admin. Code §264.1550(g)
[10] 77 Ill. Admin. Code § 264.1250(l)
[11] 77 Ill. Admin. Code § 264.1250(n)
[12] 77 Ill. Admin. Code §250.720(a)
[13] 20 Ill. Comp. Stat. 2310/2310-222(b)

7. Despite Technical Excess Bed Capacity, the Planned Hospital's Inpatient Beds are Needed

a. Additional Beds are Needed to Curb Outmigration to Wisconsin

While the State Board calculates a technical excess of medical/surgical/pediatric beds, the ten beds at the Planned Hospital will not significantly affect the planning area need. Notably, of the 37 planning areas in Illinois, only two have a need for beds and one is perfectly balanced, i.e., the planning area has neither a need or an excess of medical/surgical beds. Of the 34 planning areas with excess beds, 20 have an excess of over 100 beds.

While there is a technical excess of medical/surgical/pediatric beds in the B-01 Planning Area, as noted at the October 29, 2024 State Board meeting, the State Board's calculation does not include two underutilized pediatric units with a combined 17 beds that are not available for adult patients, 34 beds at an area hospital that does not have its licensed beds staffed and set up for inpatient care, and outmigration of B-01 patients to Wisconsin hospitals. In 2023, 2,579 patients from Winnebago County received medical/surgical care at Wisconsin hospitals, accounting for a total of 16,022 medical/surgical patient days (or an average of 44 Winnebago patients were treated in Wisconsin hospitals on a daily basis).[14] Conservatively estimating a 50 percent recapture rate, 25 additional medical/surgical beds are required to curb this outmigration, which is more than sufficient to justify the 10 beds requested for the Planned Hospital. The fact that these patients are leaving Illinois for care generally demonstrates that beds in the B-01 Planning Area are not available for care for those out-migrating and that is the BMH staff's current experience as further described below.

Approximately 740 admissions to BMH annually are Illinois residents residing in the NorthPointe geographic service area. Assuming an average length of stay of 4.0 days for low acuity patients, annual inpatient days would be 2,960 (or an average daily census of 8.1), which is sufficient to justify the 10 medical/surgical beds which are planned.[15]

Finally, patients boarding in the BMH emergency department (referring to patients waiting for admission to an inpatient unit) has been problematic and continues to present challenges which would be alleviated for medical/surgical admissions with the establishment of the Planned Hospital. From July 1, 2024 to December 13, 2024, BMH boarded 128 patients in its emergency department due to a lack of an available medical/surgical bed. BMH emergency department utilization fluctuates from 96 patients on slower days to 129 on busier days. Since July 2024, BMH admitted 1,895 (or 12%) of patients that presented to its emergency department. Through September, it transferred 48 patients due to a lack of beds at the hospital. Transfers due to lack of beds have trended up over the past four years and presents ongoing challenges at BMH.

[14] Wisconsin Hospital Association
[15] NorthPointe Neighborhood Hospital Application for Permit (Proj. No. 24-018) 53 (Jun. 6, 2024).

2021: 26 transfers due to lack of beds at BMH
2022: 18 transfers due to lack of beds at BMH
2023: 39 transfers due to lack of beds at BMH
Through September 2024: 48 transfers due to lack of beds at BMH

The Joint Commission has identified boarding in the emergency department as a patient flow problem that can result in heightened risk for patients and inefficiencies for staff.[16] Emergency Department boarding is a critical public health issue and is associated with adverse patient outcomes, such as delays in antibiotic administration, delays in pain medication administration, lower patient satisfaction, prolonged times to disposition among patients with acute asthma, and higher complication rates for cardiovascular events.[17] Importantly, the addition of 10 medical/surgical beds at the Planned Hospital will alleviate Emergency Department boarding at BMH, which is expected improve patient outcomes.

b. Competition Lowers Prices and Improves Quality

Despite assertions to the contrary, a measure of competition between non-profit health systems is favorable relative to pricing and quality. In all industries, competition among businesses has long been encouraged as a mechanism to increase value for patients. It is well-established that patients, payors and employers benefit from competition in hospital care. Competition ensures the provision of better products and services to meet the needs of patients. **This is echoed in emails from Javon Bea to BHS, "patients deserve a choice for their health care needs . . . and study after study shows competition lowers health care costs and improves quality."** The introduction of fixed payment reimbursement resulted in hospitals competing more on the basis of price. The cost of health care as absorbed by payors, patients, their families and employers will be lower when there is meaningful competition and high-quality services and innovation are important when vying for patients. The smaller format of the Planned Hospital reduces the impact of any market share changes while at the same time does not change the market dynamics enormously as might be the case if a larger hospital was built.

8. Improvements in EHR Interoperability Allow Health Care Providers to Exchange and Utilize Patient Data Across Multiple Systems

At the hearing, State Board member Tanksley inquired about BHS's electronic health record interoperability given that there is more than one electronic health record vendor. While it is true that there are multiple EHR platforms, there has been a relatively rapid increase in improving data exchange between health care facilities. Interoperable exchange of health information or "interoperability" is critical for delivering appropriate care, reducing health care

[16] THE JOINT COMMISSION, R[3] REPORT: REQUIREMENT, RATIONALE, REFERENCE, PATIENT FLOW THROUGH THE EMERGENCY DEPARTMENT 2 (2012).

[17] Zoubir Boudi et al., *Association Between Boarding in the Emergency Department and In-Hospital Mortality: A Systematic Review*, PLOS ONE, Apr. 15, 2020 at 15 *available at* https://pmc.ncbi.nlm.nih.gov/articles/PMC7159217/pdf/pone.0231253.pdf (last visited Dec. 17, 2024).

costs, and making health care more efficient. The Office of the National Coordinator for Health Information Technology ("ONC") is executing on a number of health IT provisions from the 21st Century Cures Act, such as the Trusted Exchange Framework and Common Agreement ("TEFCA") and Information Blocking provision that will advance interoperability. As these provisions are implemented, interoperability of information exchange is improving dramatically.

The engagement of hospitals in all four domains of interoperability (send, receive, find, and integrate) has increased substantially and BHS is fully invested in health information exchange. From 2018 to 2023, there was a 52% increase, with 70% of hospitals now engaged in all four domains. This marks a significant improvement in the ability of healthcare providers to exchange and utilize patient information across different systems. This will only improve going forward. By 2021, more than 6 in 10 hospitals were engaged in key aspects of electronically sharing health information, including sending, receiving, querying, and integrating summary of care records into EHRs. This represents a 51% increase since 2017. The availability and usage of electronic health information received from outside sources at the point of care also significantly increased, reaching 62% and 71% respectively in 2021.

9. Modification of the Application

a. Hospital Address

As requested by Board staff, BHS contacted the Winnebago County, Regional Planning & Economic Development Department to add a suite number for the Planned Hospital (Suite No. 101).

b. Project Completion Date and Project Costs

At the time the Planned Hospital CON permit application was filed, BHS anticipated the project would be completed by October 1, 2027. Due to the passage of time, the revised project completion date will be August 31, 2028. Additionally, BHS is working with its architect to revise the project costs based on a later construction start date.

BHS is submitting a modification to the Planned Hospital's CON permit application under separate cover to address these changes.

Thank you for allowing us to provide additional information on the NorthPointe Neighborhood Hospital CON application.

Sincerely

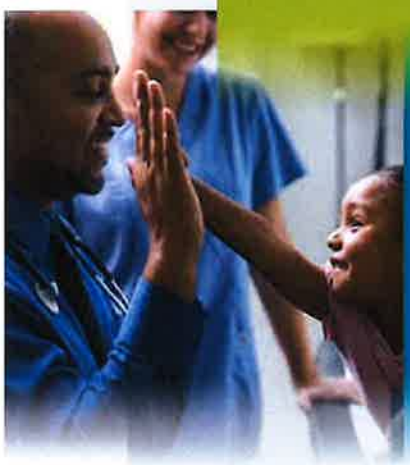
Roger Kapoor
Senior Vice President
Beloit Health System

Attachments

Exhibit A

Illinois Health and Hospital Association
2024 Economic Impact Report

ILLINOIS HOSPITALS AND HEALTH SYSTEMS



$117.7 BILLION
Statewide Economic Impact

445 THOUSAND
Jobs Supporting Working Families

Essential
to Illinois' Economic Growth

2024 Economic Impact Report

Illinois Health and Hospital Association
Your trusted voice and resource

Essential to Families
Essential to Illinois

The vital role of Illinois hospitals and health systems in community health and well-being **is only part of the story.**

Illinois hospitals and health systems are also:

- **Powerful economic drivers** for their communities and for Illinois, infusing **$117.7 billion annually** into state and local economies. They offer good-paying jobs for working families; create jobs in other sectors; and purchase goods and services in their communities.
- **Strong community anchors**, providing:
  - Economic development;
  - Neighborhood revitalization; and
  - Enhanced public health and safety through community partnerships.
- **Driving critical health equity initiatives to ensure access for all.**

State Economic Impact

$117.7 Billion

Annual amount Illinois hospitals infuse into the state's economy

For every dollar hospitals spend on payroll, supplies and capital, an **additional $1.40** is generated in spending in state and local economies.

	PAYROLL	SUPPLIES/SERVICES	CAPITAL
DIRECT	$21.3 B	$26.2 B	$2.4 B
⊕			
INDIRECT	$29.0 B	$35.6 B	$3.2 B
⊖			
TOTAL	$50.3 B	$61.8 B	$5.6 B

For every Illinois hospital job, 1.4 jobs are created in other sectors.

445 Thousand

Jobs Supporting Working Families

	FTE JOBS GENERATED BY ILLINOIS HOSPITALS
DIRECT	190 K
⊕	
INDIRECT	255 K
⊖	
TOTAL	445 K

1 IN 10

Illinois jobs is in healthcare

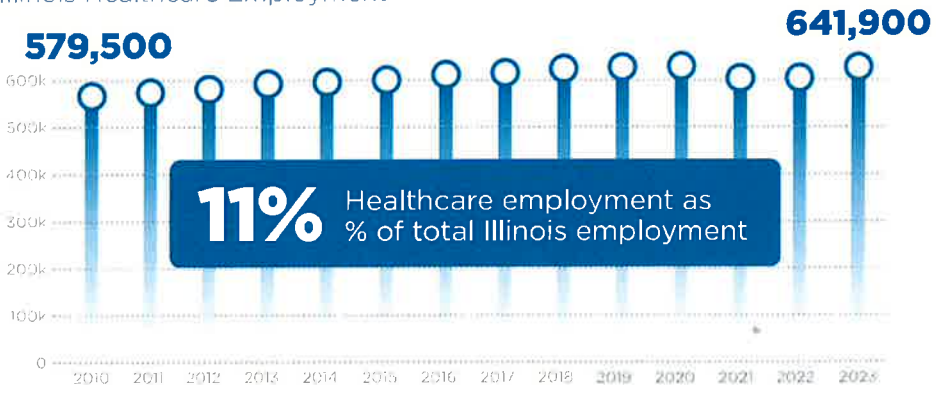
The Illinois Health and Hospital Association has modeled the full economic value of hospitals and health systems in the state of Illinois. Estimates of Illinois hospitals' economic benefits were based on the Regional Input-Output Modeling System (RIMS-II), developed by the U.S. Bureau of Economic Analysis (BEA). The final demand multipliers, obtained from BEA RIMS-II were applied to 2022/2023 Medicare cost report data of hospital jobs and spending to obtain the "ripple effect" of jobs and spending throughout the economy.

ILLINOIS HOSPITALS AND HEALTH SYSTEMS

Leading Illinois' Economic Growth

Consistent Creator of Good-paying Jobs

Illinois Healthcare Employment



Source: Illinois Department of Employment Security, 2023

INCREASED their economic impact even when operating in the RED

-3% **Operating margin as % of net revenue** (FY2022)
Operating margins are even lower for safety-net hospitals and academic medical centers.

For more information, contact:

David Gross	SVP, Government Relations	dgross@team-iha.org	217.541.1161
Jordan Powell	SVP, Health Policy and Finance	jpowell@team-iha.org	217.541.1185

Illinois Health and Hospital Association
Your trusted voice and resource

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: NorthPointe Neighborhood Hospital
Street Address: 5605 East Rockton Road, Suite 101
City and Zip Code: Roscoe, Illinois 61073
County: Winnebago County Health Service Area: 1 Health Planning Area: B-01

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Beloit Health System, Inc.
Street Address: 1969 West Hart Road
City and Zip Code: Beloit, Wisconsin 53511
Name of Registered Agent: Rodney W. Kimes
Registered Agent Street Address: 503 Berglund Road
Registered Agent City and Zip Code: Pecatonica, Illinois 61063-9561
Name of Chief Executive Officer: Timothy McKevett
CEO Street Address: 1969 West Hart Road
CEO City and Zip Code: Beloit, Wisconsin 53511
CEO Telephone Number: 608-363-5766

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Roger Kapoor, M.D.
Title: Senior Vice President
Company Name: Beloit Health System, Inc.
Address: 1969 West Hart Road, Beloit, Wisconsin 53511
Telephone Number:
E-mail Address: rkapoor@beloithealthsystem.org
Fax Number:

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Kara M. Friedman/Anne M. Cooper
Title: Attorneys
Company Name: Polsinelli P.C.
Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606-1599
Telephone Number: 312-873-3639/312-873-3606
E-mail Address: kfriedman@polsinelli.com/acooper@polsinelli.com
Fax Number:

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$79,236	$60,264	$139,500
Site Survey and Soil Investigation	$9,650	$9,650	$19,300
Site Preparation	$374,938	$374,938	$749,876
Off Site Work			0
New Construction Contracts			0
Modernization Contracts	$7,096,025	$4,505,683	$11,601,708
Contingencies	$932,460	$710,980	$1,643,440
Architectural/Engineering Fees	$723,235	$705,175	$1,428,410
Consulting and Other Fees	$299,090	$130,795	$429,885
Movable or Other Equipment (not in construction contracts)	$3,151,697	$255,642	$3,407,339
Bond Issuance Expense (project related)	$284,000	$216,000	$500,000
Net Interest Expense During Construction (project related)	$791,224	$601,776	$1,393,000
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$13,741,555**	**$7,570,903**	**$21,312,458**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)	$13,741,555	$7,570,903	$21,312,458
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$13,741,555**	**$7,570,903**	**$21,312,458**

Related Project Costs
Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☒ Yes ☐ No
If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is): $1,061,000.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): August 31, 2028

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

$
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document those financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
_____	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.
	d) Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate.
$21,312,458	3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment.

	5) For any option to lease, a copy of the option, including all terms and conditions. e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent. f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt. g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$21,312,458	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Project Costs

Use of Funds	Reviewable	Non-Reviewable	Total
Preplanning Costs	**$79,236**	**$60,264**	**$139,500**
Preliminary Design	$79,236	$60,264	$139,500
Precon Budgets			
Site Survey	**$3,650**	**$3,650**	**$7,300**
Soil Investigation (estimate)	**$6,000**	**$6,000**	**$12,000**
Site Preparation	**$374,937**	**$374,938**	**$749,875**
Off Site Work			
New Construction Costs			
Modernization Contracts	**$7,096,025**	**$4,505,684**	**$11,601,709**
Contingencies	**$932,460**	**$710,980**	**$1,643,440**
Architectural/Engineering Fees	**$723,235**	**$705,175**	**$1,428,410**
Architectural Engineering	$393,500	$393,500	$787,000
Mechanical / Electrical Engineering	$329,735	$250,785	$580,520
Structural Engineering		$22,150	$22,150
Landscaping Design		$9,730	$9,730
Civil Engineering		$29,010	$29,010
Consulting and Other Fees	**$299,090**	**$130,795**	**$429,885**
Helipad Design	$31,200		$31,200
Construction Estimate Consultant		$25,000	$25,000
Foodservice Design	$17,576		$17,576
IDPH Plan Review Fee		$29,500	$29,500
EMR Build	$150,000		$150,000
City Permits	$32,376	$24,624	$57,000
Commissioning	$42,600	$32,400	$75,000
CON Fees/Expenses	$25,338	$19,271	$44,609
Movable and Other Equipment (not in construction contracts)	**$3,151,697**	**$255,642**	**$3,407,339**
Equipment General	$2,582,896	$38,001	$2,620,897
Furniture	$65,061	$49,375	$114,436
Security Access/Cameras	$0	$70,425	$70,425
IT/Telecom	$120,346	$42,884	$163,230
Signs/Wayfinding	$0	$50,000	$50,000
Other	$383,394	$4,957	$388,351
Bond Issuance Expense (Project related)	**$284,000**	**$216,000**	**$500,000**
Net Interest Expense During Construction (Project related)	**$791,224**	**$601,776**	**$1,393,000**
Fair Market Value of Leased Space or Equipment			

Use of Funds	Reviewable	Non-Reviewable	Total
Other Costs to be Capitalized	$0	$0	$0
Acquisition of Building or Other Property (Excluding Land)	$0	$0	$0
Total Uses of Funds	$13,741,555	$7,570,903	$21,312,458

Section I, Identification, General Information, and Certification
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical-Surgical Unit	$3,730,566	8,117	0	0	8,117	0	0
Radiology	$185,678	7,744	0	0	404	7,340	0
Emergency Department	$3,063,228	6,665	0	0	6,665	0	0
Emergency Department Ambulance Bay/Garage	$1,194,498	0	2,143	0	2,143	0	0
Operating Room	$889,324	1,935	0	0	1,935	0	0
Recovery Rooms	$274,381	597	0	0	597	0	0
Laboratory	$347,917	757	0	0	186	571	
Pharmacy	$0	456	0	0	0	456	0
Other Clinical	$4,055,963	1,485	0	0	1,485	0	0
Total Reviewable	**$13,741,555**	**27,756**	**2,143**	**0**	**21,532**	**8,367**	**0**
NON-REVIEWABLE							
Mechanical and Other Building Systems, Administrative, Other Non-Clinical	$7,570,903	22,733	0	0	19,043	3,690	0
Total Non-Reviewable	**$7,570,903**	**22,733**	**0**	**0**	**19,043**	**3,690**	**0**
Total Project Costs	**$21,312,458**	**50,489**	**2,143**	**0**	**40,575**	**12,057**	**0**

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is Provided in the Table below:

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	
REVIEWABLE									
Medical/Surgical		$459.60			8,117			$3,730,566	$3,730,566
Radiology		$459.60			404			$185,678	$185,678
Emergency Department		$459.60			6,665			$3,063,228	$3,063,228
Emergency Department Ambulance Bay/ Garage		$557.40			2,143			$1,194,498	$1,194,498
Operating Room		$459.60			1,935			$889,324	$889,324
Recovery Rooms		$459.60			597			$274,381	$274,381
Laboratory		$1,870.52			186			$347,917	$347,917
Pharmacy		$0			0			$0	$0
Other Clinical		$2,731.29			1,485			$4,055,963	$4,055,963
Total Reviewable		**$638.19**			**21,532**			**$13,741,555**	**$13,741,555**
NON-REVIEWABLE									
Mechanical & Other Building Systems, Administrative, Other Non-Clinical		$397.57			19,043			$7,570,903	$7,570,903
Total Non-Reviewable		**$397.57**			**19,043**			**$7,570,903**	**$7,570,903**
TOTALS		**$525.26**			**40,575**			**$21,312,458**	**$21,312,458**
* Include the percentage (%) of space for circulation									

Attachment – 37C

2. As shown in Table 1120.140(c) below, the project costs are below the State Standard

Table 1120.140(c),			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Preplanning Costs	$79,236	1.8% x Modernization Contracts + Contingencies + Equipment = 1.8% x ($7,096,025 + $932,460 + $3,151,697) = 1.8% X $11,180,182 = $201,243	Below
Site Survey & Preparation	$370,167	5.0% x Modernization Contracts + Contingencies = 5% x ($7,096,025+$932,460) = 5% x $8,028,485 = $385,985	Below
Modernization Costs and Contingencies	$8,028,485	$373.89 per GSF x 21,532 = $8,050,599	Below
Modernization Contingencies	$932,460	10% - 15% x Modernization Contracts = 10% x 15% X 7,096,025 = $709,603 - $1,064,404	Meets
Architectural/Engineering Fees	$723,235	6.04% - 9.08% x Modernization Contracts + Contingencies = 6.04% - 9.08% x ($7,096,025 + $932,460) = 6.04% - 9.08% x $8,028,485 = $84,920 - $728,986	Meets
Consulting and Other Fees	$299,090	N/A	N/A
Moveable Equipment	$3,151,697	N/A	N/A
Bond Issuance Expense	$284,000	N/A	N/A
Net Interest Expense	$791,224	N/A	N/A