09-069

ORIGINAL

HEALTH FACILITIES AND SERVICES REVIEW BOARD

APPLICATION FOR PERMIT

TO RELOCATE, EXPAND, AND MODERNIZE

THE OUTPATIENT CANCER CENTER

at

KISHWAUKEE COMMUNITY HOSPITAL
KISH*HEALTH* SYSTEM
De Kalb, Illinois

November 23, 2009

RECEIVED

NOV 24 2009

HEALTH FACILITIES &
SERVICES REVIEW BOARD

One Kish Hospital Drive • P.O. Box 707 • DeKalb, IL 60115
815.756.1521 • Fax: 815.756.7665 • www.kishhealth.org

November 19, 2009

Ms. Courtney Avery, Vice Chairman and
Members of the Illinois Health Facilities and Services Review Board
c/o Mr. Mike Constantino, Supervisor of Project Review
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Avery and Members of the Illinois Health Facilities
and Services Review Board:

The leadership of Kish*Health* System (the System) and Kishwaukee Community Hospital (the Hospital) take their role as being the "community's hospital" very seriously. To that end, one of our goals is to provide as much comprehensive care as possible to the increasing number of cancer patients in the greater DeKalb County area.

To accomplish this goal, we have recruited two medical oncologists and a radiation oncologist to the community. These specialists are complemented by other specialists who care for our cancer patients. Radiation therapy is provided as part of a joint venture between the System and the radiation oncologist. The Hospital delivers inpatient and outpatient cancer services with a staff of highly trained nurses, other clinical professionals and support staff. Our cancer program receives high marks for patient satisfaction and treatment outcomes.

The purpose of the appended application is to address the needs of Kishwaukee Cancer Care Center (the KCCC) and consolidate the fragmented outpatient cancer services on our campus. The KCCC provides chemotherapy/ medical infusion therapy, an essential component of any contemporary cancer treatment, and physician offices. Today, the KCCC, radiation therapy, and the PET/CT are located remote from each other – this fragmentation of key cancer outpatient services detracts from continuity of care and hinders patient access to services.

Today the KCCC is located in an old Professional Office Building. This wood frame building was constructed in 1977 and cannot meet the needs of our patients or providers. This space is very cramped and operationally inefficient. Although the current building and space has limitations, we retained experts to access the feasibility of a major modernization of the current building and they told us what we suspected; there is no economical retrofit scenario for the KCCC. We addressed two other alternatives, but they were very costly.

Finally, we identified a redevelopment option that would allow us to provide contemporary space for the KCCC, while at the same time consolidating our key outpatient cancer services in a single location.

Today, our radiation oncology building is a good structure and located on a site with open space. Our proposed project envisions constructing a new KCCC adjacent to but separate from the radiation oncology building. The site is perfect; while undergoing long hours of therapy, the chemotherapy patients will be able to look out large windows onto a pastoral setting including a pond with wildlife and willow trees. The proposed building has been designed to house all of the current KCCC functions – but with adequate space and functional adjacencies to enhance operating efficiency. It has also been designed to house the physician offices and the PET/CT which will be relocated from the Hospital. (A new CT is being purchased that will replace the unit relocated to the proposed KCCC.)

As the result of this project, outpatient cancer services at Kishwaukee Community Hospital will be consolidated on one site and will be adequately sized for current services as well as for new services including complementary medicine, a "Boutique," and access to research protocols, (as the result of a pending affiliation with Loyola University Medical Center). The expanded and modernized facilities for the KCCC and the consolidation of all outpatient cancer services on one site will enhance our ability to better "provide as much comprehensive care as possible to the increasing number of cancer patients in the greater DeKalb County area."

We are very excited about our project and the improved cancer services that we will be able to provide to our community.

Thank you for your thoughtful consideration of our application.

Sincerely,

Kevin P. Poorten
President & CEO

One Kish Hospital Drive
P.O. Box 707
DeKalb, Illinois 60115

CASTLE BANK OF DEKALB, ILLINOIS 70-262/719

374510

CHECK NO. 374510
VENDOR NO. A904925

DATE 11/16/09

****$2500.00

VOID AFTER 90 DAYS

PAY TO THE ORDER OF: TWO THOUSAND FIVE HUNDRED 00/100

ILLINOIS HEALTH FACILITIES PLANNING
BOARD
525 W JEFFERSON
2ND FLOOR
SPRINGFIELD, IL 62761

BY
BY

09-069 - Con Fee
Kishwaukee Comm
Hsp Outpatient Cancer Ctr

⑈374510⑈ ⑆071902629⑆ 902⑈579⑈0⑈

CHECK DATE 11/16/09
CHECK NO. 374510

INVOICE NO.	DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
CANCER CENTER C	11/16/09		2500.00	0.00	2500.00
		TOTALS	2500.00	0.00	2500.00

RECEIVED
NOV 24 2009
HEALTH FACILITIES & SERVICES REVIEW BOARD

A904925

CMFI Ph. 309.692.9191

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

CERTIFICATE OF NEED PERMIT

APPLICATION

JULY 2009 EDITION

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 WEST JEFFERSON STREET, 2nd FLOOR
SPRINGFIELD, ILLINOIS 62761
(217) 782-3516

INSTRUCTIONS
GENERAL

- The Application must be completed for all proposed projects that are subject to the permit requirements of the Illinois Health Facilities Planning Act, including those involving establishment, expansion, modernization or discontinuation of a service or facility.

- The person(s) preparing the application for permit are advised to refer to the Planning Act, as well as the rules promulgated there under (77 Ill. Adm. Codes 1100, 1110, 1120 and 1130).

- This Application does not supersede any of the above-cited rules and requirements that are currently in effect.

- The application form is organized into several sections, involving information requirements that coincide with the Review Criteria in 77 Ill. Codes 1110 (Processing, Classification Policies and Review Criteria) and 1120 (Financial and Economic Feasibility).

- Questions concerning completion of this form may be directed to the Health Facilities Planning Board staff at (217)782-3516.

- Copies of this application form are available on the Health Facilities Planning Board Website http://www.idph.state.il.us/about/hfpb.htm.

SPECIFIC

- Use this form, as written and formatted.

- Complete and submit **ONLY** those Sections along with the required attachments that are applicable to the type of project proposed. **ALL CRITERIA** for each applicable section must be addressed. If a criterion is not applicable label as such and state the reason why. For all applications that time and distance are required for a criterion submit copies of all Map-Quest Printouts that indicate the distance and time from the proposed facility or location to the facilities identified.

- Attachments for each Section should be appended after the last page of the application for permit.

- Begin each Attachment on a separate 8 1/2" x 11" sheet of paper and print or type the attachment identification in the lower right-hand corner of each attached page.

- Information to be considered must be included with the applicable Section attachments. References to appended material not included within the appropriate Section will **NOT** be considered.

- Upon completion of the application form, number all pages consecutively at the bottom center of each page.

- The application must be signed by the authorized representative(s) of each applicant entity.

- Provide an original application and one copy both **unbound**. **Label one copy original (on the application for permit)** that contains the original signatures.

Failure to follow these requirements WILL result in the application being declared incomplete. In addition, failure to provide certain required information (e.g., nor providing a site for the proposed project or having an invalid entity listed as the applicant) may result in the application being declared null and void. Applicants are advised to read Part 1130 with respect to completeness (113.620(d)

ADDITIONAL REQUIREMENTS

FLOOD PLAIN REQUIREMENTS

Before an application for permit involving construction will be deemed **COMPLETE** the applicant must attest that the project **is or is not in a flood plain,** and that the location of the proposed project complies with the Flood Plain Rule under **Illinois Executive Order #2005-5**.

HISTORIC PRESERVATION REQUIREMENTS

In accordance with the requirements of the Illinois Historic Resources Preservation Act (IHRP), the Health Facilities Planning Board is required to advise the Historic Preservation Agency of any projects that could affect historic resources. Specifically, the Preservation Act provides for a review by the IHRP Agency to determine if certain projects may impact upon historic resources. Such types of projects include:

1. Projects involving demolition of any structures; or
2. Construction of new buildings; or
3. Modernization of existing buildings.

The applicant must submit the following information to the Illinois Historic Preservation Agency (Preservation Services Division, Old State Capitol, Springfield, Illinois 67201), so known or potential cultural resources within the project area can be identified and the project's effects on significant properties can be evaluated:

1. General project description and address;
2. Topographic or metropolitan map showing the general location of the project;
3. Photographs of any standing buildings/structure within the project area; and
4. Addresses for buildings/structures, if present.

The Historic Preservation Agency (HPA) will provide a determination letter concerning the applicability of the Preservation Act. Include the determination letter or comments from the HPA with the submission of the application for permit.

Information concerning the Historic Resources Preservation Act may be obtained by calling (217)782-4836.

SAFETY NET IMPACT STATEMENT that describes all of the following:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as

required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service

APPEND DOCUMENTATION AS ATTACHMENT-77, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

FEE

An application processing fee (refer to Part 1130.620(f) for the determination of the fee) must be submitted with most applications. If a fee is applicable, and initial fee of $2,500 MUST be submitted at the same time as submission of the application. **The application will not be declared complete and the review will not be initiated if the processing fee is not submitted.** HFSRB staff will inform applicants of the amount of the fee balance, if any, that must be submitted. **Payment may be by check or money order and must be made payable to the Illinois Department of Public Health**.

SUBMISSION OF APPLICATION

Submit an original and one copy of all Sections of the application, including all necessary attachments. **The original must contain original signatures in the certification portions of this form.** Submit all copies to:

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

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:	**Kishwaukee Community Hospital – Outpatient Cancer Center**				
Street Address:	**One Kish Hospital Drive**				
City and Zip Code:	**DeKalb**				**60115**
County: **DeKalb**		Health Service Area	**01**	Health Planning Area:	**B-04**

Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	**Kishwaukee Community Hospital**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Name of Registered Agent:	
Name of Chief Executive Officer:	**Kevin Poorten**
CEO Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Telephone Number:	**815-756-1521**

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

Type of Ownership

- ☒ 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 organized and the name and address of each partner specifying whether each is a general or limited partner.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	**Joe Dant**
Title:	**VP, Business Development**
Company Name:	**Kishwaukee Community Hospital**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Telephone Number:	**815-756-1521**
E-mail Address:	**jdant@kishhealth.org**
Fax Number:	**815-748-8337**

Additional Contact

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

Name:	**Janet Scheuerman**
Title:	**Senior Consultant**
Company Name:	**PRISM Healthcare Consulting**
Address:	**1808 Woodmere Drive, Valparaiso, IN 46383**
Telephone Number:	**219-464-3969**
E-mail Address:	**jscheuerman@consultprism.com**
Fax Number:	**219-464-0027**

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.

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City and Zip Code:	DeKalb				60115
County: DeKalb		Health Service Area	01	Health Planning Area:	B-04

Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	KishHealth System
Address:	One Kish Hospital Drive, DeKalb, IL 60115
Name of Registered Agent:	
Name of Chief Executive Officer:	Kevin Poorten
CEO Address:	One Kish Hospital Drive, DeKalb, IL 60115
Telephone Number:	815-756-1521

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Telephone Number:	219-464-3969
E-mail Address:	jscheuerman@consultprism.com
Fax Number:	219-464-0027

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	**Joe Dant**
Title:	**VP, Business Development**
Company Name:	**Kishwaukee Community Hospital**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Telephone Number:	**815-756-1521**
E-mail Address:	**jdant@kishhealth.org**
Fax Number:	**815-748-8337**

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	**Kishwaukee Community Hospital**
Address of Site Owner:	**One Kish Hospital Drive, DeKalb, IL 60115**
Street Address or Legal Description of Site:	**10 Health Services Drive, DeKalb, IL 60115**

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	**KishHealth System**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**

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

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Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person who is related (as defined in Part 1130.140). If the related person is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.idph.state.il.us/about/hfpb.htm)**.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	Joe Dant
Title:	VP, Business Development
Company Name:	Kishwaukee Community Hospital
Address:	One Kish Hospital Drive, DeKalb, IL 60115
Telephone Number:	815-756-1521
E-mail Address:	jdant@kishhealth.org
Fax Number:	815-756-7665

Site Ownership

[Provide this information for each applicable site]

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Exact Legal Name:	KishHealth System
Address:	One Kish Hospital Drive, DeKalb, IL 60115

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[Refer to application instructions.]

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APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
☒ Non-substantive (Outpatient only)	☐ Category A Project
	☒ Category B Project
	☐ DHS or DVA Project

2. Project Outline

In the chart below, indicate the proposed action(s) for each clinical service area involved by writing the number of beds, stations or key rooms involved:

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery					
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)		X	X		9
• Diagnostic & Interventional Radiology/Imaging		X	X		1
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

3. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Kishwaukee Community Hospital (the Hospital) and Kish*Health* System are requesting a permit to relocate, expand, and modernize space to house the Kishwaukee Cancer Care Center (KCCC, the Center). The new space will be located at 10 Health Services Drive, DeKalb, Illinois 60115 on the Hospital campus in new construction contiguous to the radiation oncology center. This will result in all outpatient cancer services being located together.

Today, the clinical space in the Kishwaukee Cancer Care Center includes 9 treatment stations, a physician's suite, and limited support services. It is located in a professional office building that is more that 30 years old. The space is severely undersized and operational inefficient; the existing 9 procedure rooms are located in 1,107 GSF or average 113 GSF per room. This is 16.9 percent of the current State Agency guideline of 667 GSF per room

The proposed replacement outpatient cancer care center will be in construction both sized and designed for contemporary delivery of cancer services already provided by KCH including medical oncology infusion / chemotherapy and PET/CT as well as new and enhanced services including complementary medicine; a boutique; community, staff, and patient education; patient and family support; community outreach; and research. The new building will include 22,221 GSF of construction; of the total construction, 7,150 GSF will be clinical.

Pending the date of approval of this application by the Health Facilities and Services Review Board, the applicants expect the project will be available to the community by May 31, 2011. Total project cost is $16,434,272 and will be financed with cash and securities and debt. Kish*Health* System has an A bond rating.

Letters of support for this project are included as Narrative, Exhibit 1. These letters are from patients, physicians, nurses, and Loyola University Medical Center.

The project is for outpatient services only and is classified as non-substantive in accordance with Section 1110.40.b).

Paul K. Whelton, MB, MD, MSc
President and Chief Executive Officer,
Loyola University Health System
Vice President for the Health Sciences,
Loyola University Chicago
Office: (708) 216-3215 • Fax: (708) 216-6227
E-mail: pwhelton@lumc.edu

November 16, 2009

Ms. Courtney R. Avery
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, Illinois 62702

Dear Ms. Avery:

Loyola University Medical Center wishes to express its support for Kiswaukee Community Hospital's proposed project to construct a new outpatient cancer center. Mr. Kevin Poorten, President and CEO of Kishwaukee Community Hospital, met and shared with us an overview of the proposed project.

There is a need for this new facility to provide technologically advanced cancer care and treatment in the communities served in and around Kishwaukee Community Hospital. With the number of cancer cases growing annually, the development of a new facility is a step towards meeting the needs of the people in the area.

Loyola University Medical Center has had a long and supportive relationship with Kishwaukee Community Hospital. Given the need to expand its cancer diagnostic and treatment capabilities, we support Kishwaukee's plan for a new outpatient facility. We also intend to initiate a formal relationship with Kishwaukee before the calendar year end to provide access to clinical trials and subspecialty cancer treatments to residents to the DeKalb area.

Loyola urges the Illinois Health Facilities and Services Review Board to approve Kishwaukee Community Hospital's Certificate of Need application.

Sincerely,

Paul K. Whelton, MB, MD, MSc
President & Chief Executive Officer
Loyola University Health System
Loyola University Medical Center

cc. Mr. Kevin Poorten, President & Chief Executive Officer, Kishwaukee Community Hospital

We also treat the human spirit.®

August 19, 2009

Tamara Greene
530 Culver Street
DeKalb, IL 60115

Mr. Kevin Poorten
Kishwaukee Community Hospital
1 Kish Hospital Drive
DeKalb, IL 60115

Dear Sir,

I want to thank you for the wonderful care and concern I experienced while undergoing chemotherapy this past Spring at the Kishwaukee Cancer Care Center. The efficiency and professionalism of Barb, Ted, Allison and Lisa as well as the others is remarkable considering the small area in which they have to deliver their services.

It must be extremely difficult to maneuver their equipment around such limited space. At times when I was having an infusion, all the chairs were filled and patients coming in for blood work had to sit in straight chairs against the wall divider. Each had to try and balance his or her arm on a makeshift table. This is not a comfortable arrangement. At other times there was no room for a patient's spouse to offer support and comfort. The spouse had to remain in the outer waiting room for hours. Obviously the center has out-grown its space.

Although care is not sacrificed, patient convenience is. Not only is there a lack of privacy and little room for a patient's support person, but a patient has to coordinate his or her bathroom time and try to move the IV dolly in and out of very cramped spaces to make his or her way to the only bathroom. It is amazing that the staff can maintain a positive professional attitude working in such adverse conditions.

A larger facility with space allotted to each patient would provide convenience and privacy to the patient and make him or her more comfortable as he or she endures three to five hours of treatment. A larger facility would also allow more patients to be handled in a timely manner since the present facility can only accommodate a dozen or so patients.

I have no quarrel or complaint with the care provided, my concern is with the less than ideal conditions under which these dedicated professionals must work. I can readily see where a new expanded facility with adequate space would be a plus not only for the hospital, but for the whole community. It would truly highlight Kishwaukee as a Cancer Treatment Center and convince future patients to stay in this community and not travel elsewhere.

I would be happy to offer my support in bringing this issue to the community at large, as I am firm believer in the necessity for a continuation of the service offered by the Kishwaukee Cancer Treatment Center.

Sincerely,

Tamara J Greene

5

August 27, 2009

Mr. Kevin Poorten
CEO
Kish Health System

Dear Mr. Poorten,

I am writing as a strong supporter for the building of a new Cancer Care Center.

As a patient of Dr. Sabet Siddiqui, I must first say how wonderful Dr. Siddiqui is and how fabulous his staff is. I have nothing but positive things to say about my treatment or of my care at the current center. Going through my chemo was made more palatable because of the way I was cared for at the center. The nurses are knowledgeable, upbeat, encouraging and so very compassionate. The administrative staff are also very upbeat, qualified and very receptive to questions and concerns and will help in any way they can. And, of course, having Dr. Siddiqui as my doctor is a true comfort, not only because he is an excellent physician, but because he is a very caring and compassionate human being.

I have heard about some of the possible plans for a new cancer center. As a patient, I would like to address each of them that I'm aware of, and give you my personal reasons as to how beneficial they would have been for me going through cancer treatment and certainly for future patients:

***Cancer Care Center/Radiation Center being combined into one facility*:**

The convenience alone is such a positive.

One of the first things I think of is the meeting I had with my oncologist, the radiologist and my surgeon before my cancer surgery. It took some effort to get these three doctors together at the same place and time. How much easier it would have been to have the oncologist and radiologist in the same facility already. It would have been a matter of pulling the surgeon in.

In addition, all patients would be familiar with both staffs. One place, one trip is always the best case scenario for a patient. On a personal level, it is comforting when you are visiting a care center when you get to know the staff. I know them by name and they know me by name, and they know my circumstances. I also feel another positive would be the communication between the doctors regarding a patient. Conferring would be simplified as the doctors would be in close proximity and could discuss a patient's situation on the spot if necessary.

Lab on site:

Even though the new hospital is across the way from the current center, all blood tests (which are done so often) and lab work must be picked up and delivered by a service on a frequent basis throughout the day. Having a lab on site offers almost immediate results for these tests which could give the doctor and patient quick results so a decision could be made for the patient without delay.

I have had two emergency situations at the cancer center where I had to have blood work done, and one of the staff at the center had to hand carry the blood work to the hospital. Though results were done in as best time as possible, an onsite lab would have had the results in a much shorter amount of time. For me one of those times was whether I would have to be admitted to the hospital or not based on the results of the blood work. For the patient and the doctor this would be as good as it gets.

Pet CT Scan on site: Though I will not have to have a pet scan until the end of this year, I will need to get one a year probably for the next two to three years. Again going to a familiar surrounding with a staff I know will be comforting to me. The convenience for me and my doctor is something you can't put a price on. Results will be quick if not immediate; and scheduling time will be minimal and convenient. Waiting for results is one of the hardest things I've had to go through, so minimizing that wait would help relieve stress and anxiety.

Individual Cubicles for patients: I can tell you from my personal experience how grateful I would have been to have had the privacy of my own room for my chemo treatments. As a private person, it would have made things more comfortable for me...comfort is the name of the game when one is treating for cancer. There were times when I would have liked to talk to my nurse one on one – personal questions or concerns that I only wanted to share with him or her. I also did not want to disturb other patients who were sleeping, not feeling well, etc. This is one of the most positive features of the new facility.

Education Room – Support Group Area: For me this would have been a huge plus. Again, it would have focused only on the education portion of the treatment...talking about what can happen with chemo, side effects, etc. There would have been no other distractions for me and my family when this was going on. Privacy is so important to me that asking questions and giving information about my problems is not something I want shared. I do remember having a treatment one afternoon and a family of four with their loved one about to receive chemo came in to learn about the treatment and ask questions. It made it difficult for the family, the nurse and the other patients to not be involved in this situation because it was happening right in front of all of us.

There is a support group in DeKalb through the American Cancer Association. I am sure it is very good, but it is unfamiliar to many of us treating at the cancer center. To have a support group atmosphere right in the cancer center makes sense. We are using the same doctors, the same staff, our experience is similar...this would have been a huge plus for me. It would have been especially helpful to me right after surgery and during my chemo treatment.

Special Room with Bed: As I noted above, I had two occasions where this would have been useful for me. I was in the cancer center as soon as it opened because I was extremely ill. Dr. Siddiqui was going to see me; however, since he was with a patient, I had to wait in a patient room. I would have felt more comfortable in a bed in a room that was geared toward this, because I needed to have hydration, blood tests, etc.

As an individual with cancer, I can say that during those times of treatment, I have never felt more vulnerable. I am looking at myself and others when I say that having one center where chemo and radiation is the specialty makes terrific sense. It is not only good for the patients, it is great for the doctors and nurses on staff. I don't think any of us as patients want to be defined by the word cancer, so the more than can be done to make things convenient, comfortable, cheerful, with top of the line treatment will only enhance our treatment and get us back on the road to recovery quicker.

I strongly support the building of the new Cancer Care Center. Please feel free to contact me if you need further information.

Sincerely,

Kathryn Watson (Kay)

KISHWAUKEE

July 29, 2009

Dear Kevin Poorten,

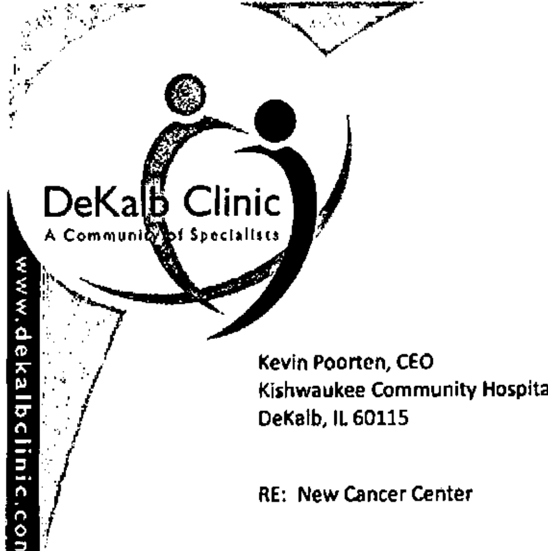
I am writing in regards to the Certificate of Need application for a new cancer center building on the Kishwaukee Community Hospital campus. As a practicing medical oncologist in this community for around 9 years I have seen the oncology program at Kishwaukee Cancer Care Center grow. As this community continues to grow with individuals moving here from the east, we expect our volumes to continue to rise.

In addition, the number of individuals with cancer continues to rise as does individuals surviving cancer. Expanding our cancer program to meet these growing needs in our community and offering services to those surviving cancer is imperative.

Going through cancer treatment puts a strain on the individuals and families both emotionally and physicially. Currently patients being treated must go to at least two separate buildings during the course of their treatment for the required tests and treatment. With the new planned building patients will be able to receive their tests and treatments in one building.

Sincerely,

Sabet Siddiqui, MD



10/23/2009

Kevin Poorten, CEO
Kishwaukee Community Hospital
DeKalb, IL 60115

RE: New Cancer Center

1850 Gateway Dr.
Sycamore, IL 60178
815-758-8671

Dear Kevin,

As a member of the medical community for nearly 11 years now, I have seen the community change and grow dramatically. Along with this, the need to be able to accommodate our patients' ongoing needs has been a continual challenge. As evidenced by the new hospital, this area has responded positively to our ability to expand local services, and I believe that patients do prefer to stay locally in order to receive their medical care, as long as they are receiving comparable care.

The newly proposed cancer center will allow us to continue providing outstanding care to our community. This will be vital, as we are attracting and treating so many more of our oncologic patients locally. The center will provide yet another symbol of Kishwaukee Community Hospital's desire to meet this growing need as well as a more convenient venue for patients to receive all their oncologic needs "under one roof." Not only will this allow for improved continuity for the medical and radiation oncologists, but also add to the public's perception as we grow from a small, farming community hospital to a thriving, state of the art medical center. I would like to offer my support to the hospital in their efforts to proceed with this most important endeavor.

Sincerely,

Jack A. Wagoner, MD, FACS

Department of Surgery

Michael J. Monfils, MD, LLC
Board Certified in General Surgery
Fax 815-562-5231

1181 North 8th Street
Rochelle, IL 61068
815-562-5549

2535 Bethany Rd, Ste 200
Sycamore, IL 60178
815-758-3500

August 20, 2009

Kishwaukee Health System
Attn: Mr. Kevin Poorten
One Kish Hospital Drive
DeKalb, IL 60115

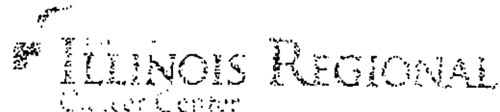
Dear Mr. Poorten;

It is with great excitement that I am able to support the Kishwaukee Health System as it endeavors to expand its services to all patients, including cancer patients. Specifically, as the care of the cancer patient has gone to a multi-disciplinary approach our hospital needs to adjust the way these patients are processed during their diagnosis, treatment and follow up. It is clear based on historical trends that new cancer diagnoses continue to rise, treatment options continue to expand, and cancer survivors are more numerous and living longer. Given the continued growth of our community it is assured that our patient volumes will grow correspondingly. For these reasons, I wholeheartedly support the Certificate of Need application so that the Kishwaukee Cancer Care Center can care for the present and plan for the future needs of the cancer patients in our community. By combining services currently housed in separate buildings the care delivered can be streamlined. This will be a great help to the physically and emotionally challenged patients and their families. In doing so, the patients will be cared for in the best way possible. This will, of course, translate into the best chance for survival.

Sincerely,

Michael J. Monfils, MD

The information contained in this message is legally privileged and confidential information intended only for the use of the individual or entity above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination or copying of this message is strictly prohibited. If you have received this message in error, please immediately notify us and return the message. Thank you.



August 12, 2009

Mr. Kevin Poorten
President and CEO
Kishwaukee Community Hospital
One Kish Hospital Dr.
DeKalb, IL 60115

Dear Mr. Poorten:

As Medical Director and Radiation Oncologist of Illinois Regional Cancer Center, I believe that the Kishwaukee Health System's expansion to form a complete Cancer Center is a medical necessity. Having all of the oncology services under one roof would provide comprehensive care comparative to larger communities. Creating a center to encompass the services of Medical Oncology, Hematology and Radiation Oncology would be a great benefit to the community and to the patients we care for.

This expansion would offer state of the art treatments now available at our local facilities to be done all under one roof. This would provide hassle free care for oncology patients by allowing them to receive all of their treatments in one location. Patients and their families would no longer have to travel from one facility to another. A complete Cancer Center would allow for an increased continuity of care.

The addition of an on-site laboratory, diagnostic imaging services and pharmacy would provide patients the advantage of having their care completed in a more timely and efficient manner. Patients would no longer have to worry about having test results faxed or sent to their Oncologist.

Since the Cancer Care Center and Illinois Regional Cancer Center share a great number of mutual patients who require concomitant chemotherapy or medication to prevent side effects some times on a daily basis, this expansion would also eliminate the patient from having to travel back and forth to follow with all of their Oncologist involved in their cancer care.

Therefore, I strongly feel that this expansion is important not only as a medical necessity but a strong commitment on the part of Kishwaukee Health System to provide excellent care to all patients in the local communities.

With warmest personal regards,

ILLINOIS REGIONAL CANCER CENTER

Bharati D. Bhate MD

Bharati D. Bhate, MD
Medical & Board Certified
Radiation Oncologist

6

August 19, 2009

Dear Mr. Kevin Poorten:

My name is Barb Schultz RN. I have worked at the Kishwaukee Cancer Care Center for 12 years and have seen the growth and need in the community for quality oncology care. When assessing the needs of the patients I feel we need to look at several issues that need to be addressed when looking at the value of a new cancer center; privacy, comfort, efficiency and above all safety and quality.

Currently, patients are treated in chairs located approximately two feet apart. Because of this space issue, we offer little room for friends or family to be with the patient during their treatments. Some of the issues discussed with patients should be done so in private such as side effects emotional issues. In our current situation this is impossible without requiring the patient to move into a private room. However, moving the patient creates other problems. By utilizing exam rooms to discuss issues means these rooms are now no longer available for the physicians to see their patients. This creates a back up of patients in the front as well. When a patient needs to use the washroom facilities, we often must ask guests to move or ask the patient next to them to put down the side table in order to access the patients IV pole. In the proposed cancer center, there would be individual bays for patients and their guests. The bays allow for more privacy when staff is discussing sensitive issues with the patient, privacy to visit with their family or friends as well as comfort when the patient is wanting to rest or watch TV. The individual space would make it easier for the patient to access the washroom without inconveniencing others. The treatment bays have been configured to allow for a patient area as well as a nursing area to complete their duties with minimal interference to the patient.

With efficiency a necessity, the current facility offers several challenges. There is very limited storage for supplies and charts. These are kept in various locations within the office, decreasing the efficiency of staff. With staffing and time important to everyone, the proposed center was designed with efficiency in mind. Having space for computers, supplies and equipment available at each station keeps everyone working efficiently while maintaining safety and quality for the patient. We will also be on an EMR system that will increase the efficiency of staff time and improve patient safety as well.

A top priority when working with Oncology patients is their safety. In the current office, when patients come in with fever, cough or other infectious symptoms it can be difficult to isolate them due to space issues. This situation may expose already immuno-compromised patients to these infections. By having separate bays we can offer a higher level of protection from potentially life threatening conditions. Another safety issue is patients experiencing reactions to their treatments. Currently when a patient reacts we have limited space due to the close proximity of other patients and on occasion the situation has required us to relocate patients in order to give staff and the physician adequate room to treat the patient as well as room for ambulance personnel. The new center allows more room and privacy when caring for patients in the event of a reaction. The space allows for staff and a physician as well as the additional equipment that may be necessary in an emergency situation. The proposed center also provides for a call system making it safer and easier for the patient or family to contact a healthcare provider on a more immediate basis.

Nursing requires us to care for each patient with a holistic approach. Whether physical, emotional, psychological, spiritual, or social, it is our duty to assure all our patient's needs are met. I strongly feel that with the thought and planning that has gone into the new center, we can more readily meet all these needs while being sensitive to their right to privacy and assuring their safety. I believe that with the proposed cancer center we will be able to provide the highest level of quality oncology care possible.

Sincerely,

Barb Schultz RN

Barb Schultz, RN
Kishwaukee Cancer Care Center

4

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-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs	$ 60,398	$ 96,602	$ 157,000
Site Survey and Soil Investigation	$ 14,947	$ 23,906	$38,853
Site Preparation	$ 324,742	$ 519,402	$ 844,144
Off Site Work	$ 241,304	$ 385,949	$ 627,253
New Construction Contracts	$ 3,451,530	$ 5,520,525	$ 8,972,055
Modernization Contracts	0	0	0
Contingencies	$ 307,760	$ 492,240	$ 800,000
Architectural/Engineering Fees	$ 295,654	$ 472,878	$ 768,532
Consulting and Other Fees	$ 22,313	$ 35,687	$ 58,000
Movable or Other Equipment (not in construction contracts)	$ 2,866,998	$ 586,987	$ 3,453,985
Bond Issuance Expense (project related)	$ 105,793	$ 169,207	$ 275,000
Net Interest Expense During Construction (project related)	$ 126,951	$ 203,049	$ 330,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	$ 42,105	$ 67,345	$ 109,450
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$ 7,860,495**	**$ 8,573,777**	**$16,434,272**
SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities *			**$ 2,844,272**
Pledges			
Gifts and Bequests			
Bond Issues (project related)			**$ 13,590,000**
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			**$ 16,434,272**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

* Includes 2.5 million for a CT Scanner

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 $ **Not Applicable** .

Project Status and Completion Schedules

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): ____________

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

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

State Agency Submittals

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

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Construction**	**Modernized**	**As Is**	**Vacated Space / *Demolished***
CLINICAL							
Medical Oncology Infusion Area	3,484,322	1,017	5,344	5,344			1,017
PET / CT Scanner	1,744,324	877	1,640	1,640			
CT Scanner	2,500,000		877			877	
Complementary Medicine	101,849	0	166	166			
Total Clinical	7,860,495	1,894	8,027	7,150			1,017
NON CLINICAL							
Physician Suite	1,869,083	2,271	4,171	4,171			2,271
Public and Support	5,350,037	958	9,161	9,161			958
Lease Space for Boutique	188,623	0	438	438			
Building Services	608,738	316	1,301	1,301			316
Building Net to Gross	557,296	0	1,217	1,217			
Total Non-clinical	8,573,777	3,545	16,288	16,288			3,545
TOTAL	**16,434,272**	**5,439**	**24,315**	**23,438**	**0**	**877**	**4,562**

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

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Kishwaukee Community Hospital | **CITY: DeKalb, IL**

REPORTING PERIOD DATES: From: January 1, 2008 to: December 31, 2008

Category of Service	Authorized Beds	Admissions [b]	Patient Days [b]	Bed Changes	Proposed Beds
Medical/Surgical	70	4,417	16,833	-	70
Obstetrics	12	872	1,923	-	12
Pediatrics					
Intensive Care [a]	12	231	845	-	12
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness [c]	6	218	1,181	-	6
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	100	5,738	20,782	-	100

a. Includes only direct admission to the intensive care unit.

b. Does not include the following observation utilization in authorized beds.

Observation Days

Category of Bed	Days
Medical/Surgical	2,244
Intensive Care	57
Obstetrics/Gynecology	784
Total	3,085

c. The Acute / Chronic Metal Illness Category of Service at Kishwaukee Community Hospital was discontinued by the Illinois Health Facilities and Services Review Board on September 1, 2009. The unit was closed on September 11, 2009.

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Kishwaukee Community Hospital * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE: [signature]	SIGNATURE: [signature]
PRINTED NAME: Brad Copple	PRINTED NAME: Michael Mooney
PRINTED TITLE: Administrator	PRINTED TITLE: Chairman, Board of Directors
Notarization: Subscribed and sworn to before me this 18 day of November, 2009	Notarization: Subscribed and sworn to before me this 18 day of November, 2009
[signature] Signature of Notary	[signature] Signature of Notary
Seal "OFFICIAL SEAL" DEBRA A. SELLS Notary Public, State of Illinois My Commission Expires 10/05/2012	Seal "OFFICIAL SEAL" DEBRA A. SELLS Notary Public, State of Illinois My Commission Expires 10/05/2012

Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

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SIGNATURE: Kevin Poorten

PRINTED NAME: Kevin Poorten

PRINTED TITLE: President & CEO

Notarization:
Subscribed and sworn to before me this 18 day of November, 2009

Debra A Sells

Signature of Notary

Seal
"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/05/2012

SIGNATURE: Michael Cullen

PRINTED NAME: Michael Cullen

PRINTED TITLE: Chairman, Board of Directors

Notarization:
Subscribed and sworn to before me this 18 day of November, 2009

Debra A Sells

Signature of Notary

Seal
"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/05/2012

Insert EXACT legal name of the applicant

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 - Project Purpose, Background and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

For projects involving modernization, describe the conditions being upgraded. For facility projects, include statements of age and condition and regulatory citations. For equipment being replaced, include repair and maintenance records.

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation.

3) The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive.
2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following::
   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
   c. The project involves the conversion of existing bed space that results in excess square footage.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B.

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE. APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and

b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms	# to Establish	# to Expand	# to Modernize
☒ Ambulatory Care Kishwaukee Outpatient Cancer Care Center	9 Medical/Oncology Chemotherapy Stations	9 Medical/Oncology Chemotherapy Stations		0	9 Medical/Oncology Chemotherapy Stations
☒ Diagnostic Imaging PET/CT	Number of PET/CT 1	Number of PET/CT 1		0	1
☒ Diagnostic Imaging Inct PET/CT	Total Number of CT's including PET/CT 2	Total Number of CT's including PET/CT 3		1	0

3. READ the applicable review criteria outlined below and SUBMIT all required information:

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) –	Need Determination – Establishment
Service Modernization	(c)(1) –	Deteriorated Facilities
		and/or
	(c)(2) –	Necessary Expansion
		PLUS
	(c)(3)(A) –	Utilization – Major Medical Equipment
		Or
	(c)(3)(B) –	Utilization – Service or Facility

APPEND DOCUMENTATION AS INDICATED BELOW, IN NUMERIC SEQUENCIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM:

APPLICABLE REVIEW CRITERIA	Attachment Number
Need Determination - Establishment	62
Service Demand	63
Referrals from Inpatient Base	64
Physician Referrals	65
Historical Referrals to Other Providers	66
Population Incidence	67
Impact of Project on Other Area Providers	68
Utilization	69
Deteriorated Facilities	70
Necessary Expansion	71
Utilization -Major Medical Equipment	72
Utilization - Service or Facility	73

T. Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assumin applicant's debt obligations in case of default) have a bond rating of "A" or better?
Yes ☒ No ☐.

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. **If no is indicated, submit the most recent three years' audited financial statements including the following:**

1. **Balance sheet**
2. **Income statement**
3. **Change in fund balance**
4. **Change in financial position**

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)
(continued)

B. Criterion 1120.210(b), Availability of Funds

If proof of an "A" or better bond rating has not been provided, read the criterion and document that sufficient resources are available to fund the project and related costs including operating start-up costs and operating deficits. Indicate the dollar amount to be provided from the following sources:

________ Cash & Securities
Provide statements as to the amount of cash/securities available for the project. Identify any security, its value and availability of such funds. Interest to be earned or depreciation account funds to be earned on any asset from the date of application submission through project completion are also considered cash.

________ Pledges
For anticipated pledges, provide a letter or report as to the dollar amount feasible showing the discounted value and any conditions or action the applicant would have to take to accomplish goal. The time period, historical fund raising experience and major contributors also must be specified.

________ Gifts and Bequests
Provide verification of the dollar amount and identify any conditions of the source and timing of its use.

________ Debt Financing (indicate type(s) ________________________________)
For general obligation bonds, provide amount, terms and conditions, including any anticipated discounting or shrinkage) and proof of passage of the required referendum or evidence of governmental authority to issue such bonds;
For revenue bonds, provide amount, terms and conditions and proof of securing the specified amount;
For mortgages, provide a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated;
For leases, provide a copy of the lease including all terms and conditions of the lease including any purchase options.

________ Governmental Appropriations
Provide 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, provide a resolution or other action of the governmental unit attesting to such future funding.

________ Grants
Provide a letter from the granting agency as to the availability of funds in terms of the amount, conditions, and time or receipt.

________ Other Funds and Sources
Provide verification of the amount, terms and conditions, and type of any other funds that will be used for the project.

________ TOTAL FUNDS AVAILABLE

C. Criterion 1120.210(c), Operating Start-up Costs

If proof of an "A" or better bond rating has not been provided, indicate if the project is classified as a Category B project that involves establishing a new facility or a new category of service? Yes ☐ No ☐. If yes is indicated, read the criterion and provide in the space below the amount of operating start-up costs (the same as reported in Section I of this application) and provide a description of the items or components that comprise the costs. Indicate the source and amount of the financial resources available to fund the operating start-up costs (including any initial operating deficit) and reference the documentation that verifies sufficient resources are available.

APPEND DOCUMENTATION AS ATTACHMENT 75, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

U. Economic Feasibility

This section is applicable to all projects subject to Part 1120.

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes ☒ No ☐. If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes ☒ No ☐. If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? ☒ Yes _ No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

B. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following:

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON) (continued)

a. that the lowest net cost available has been selected; or

b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes ☒ No ☐. If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes ☒ No ☐. If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS <u>ATTACHMENT -76</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SAFETY NET IMPACT STATEMENT that describes all of the following:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service

APPEND DOCUMENTATION AS ATTACHMENT-77, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant Identification	35
2	Site Ownership	36
3	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	37– 40
4	Flood Plain Requirements	41 – 43
5	Historic Preservation Act Requirements	44 – 45
6	Description of Project	46
7	Project and Sources of Funds Itemization	47– 49
8	Cost Space Requirements	50 – 51
9	Discontinuation	NA
10	Background of the Applicant	52 – 69
11	Purpose of the Project	70 – 73
12	Alternatives to the Project	74 – 86
13	Size of the Project	87 – 99
14	Project Service Utilization	100 – 102
15	Unfinished or Shell Space	NA
16	Assurances for Unfinished/Shell Space	NA
17	Master Design Project	NA
18	Mergers, Consolidations and Acquisitions	NA
	Categories of Service:	
19	Planning Area Need	NA
20	Service Demand – Establishment of Category of Service	NA
21	Service Demand – Expansion of Existing Category of Service	NA
22	Service Accessibility – Service Restrictions	NA
23	Unnecessary Duplication/Maldistribution	NA
24	Category of Service Modernization	NA
25	Staffing Availability	NA
26	Assurances	NA
	Service Specific:	
27	Comprehensive Physical Rehabilitation	NA
28	Neonatal Intensive Care	NA
29	Open Heart Surgery	NA
30	Cardiac Catheterization	NA
31	In-Center Hemodialysis	NA
32	Non-Hospital Based Ambulatory Surgery	NA
	General Long Term Care:	
33	Planning Area Need	NA
34	Service to Planning Area Residents	NA
35	Service Demand-Establishment of Category of Service	NA
36	Service Demand-Expansion of Existing Category of Service	NA
37	Service Accessibility	NA
38	Description of Continuum of Care	NA
39	Components	NA
40	Documentation	NA
41	Description of Defined Population to be Served	NA

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
42	Documentation of Need	NA
43	Documentation Related to Cited Problems	NA
44	Unnecessary Duplication of Service	NA
45	Maldistribution	NA
46	Impact of Project on Other Area Providers	NA
47	Deteriorated Facilities	NA
48	Documentation	NA
49	Utilization	NA
50	Staffing Availability	NA
51	Facility Size	NA
52	Community Related Functions	NA
53	Zoning	NA
54	Assurances	NA
	Service Specific (continued...):	
55	Specialized Long Term Care	NA
56	Selected Organ Transplantation	NA
57	Kidney Transplantation	NA
58	Subacute Care Hospital Model	NA
59	Post Surgical Recovery Care Center	NA
60	Children's Community-Based Health Care Center	NA
61	Community-Based Residential Rehabilitation Center	NA
	Clinical Service Areas Other than Categories of Service:	
62	Need Determination - Establishment	NA
63	Service Demand	NA
64	Referrals from Inpatient Base	NA
65	Physician Referrals	NA
66	Historical Referrals to Other Providers	NA
67	Population Incidence	NA
68	Impact of Project on Other Area Providers	NA
69	Utilization	NA
70	Deteriorated Facilities	NA
71	Necessary Expansion	103 – 121
72	Utilization- Major Medical Equipment	NA
73	Utilization-Service or Facility	122
	FEC:	
74	Freestanding Emergency Center Medical Services	NA
	Financial and Economic Feasibility:	
75	Financial Feasibility	123 – 128
76	Economic Feasibility	129 – 135
77	Safety Net Impact Statement	136 – 139
	Appendix 1	140 – 159

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	**Kishwaukee Community Hospital – Outpatient Cancer Center**				
Street Address:	**One Kish Hospital Drive**				
City and Zip Code:	**DeKalb**				
County:	**DeKalb**	Health Service Area:	**01**	Health Planning Area:	**B-04**

Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220]

Exact Legal Name:	**Kishwaukee Community Hospital**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Name of Registered Agent:	
Name of Chief Executive Officer:	**Kevin Poorten**
CEO Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Telephone Number:	**815-756-1521**

Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220]

Exact Legal Name:	**Kish*Health* System**
Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Name of Registered Agent:	
Name of Chief Executive Officer:	**Kevin Poorten**
CEO Address:	**One Kish Hospital Drive, DeKalb, IL 60115**
Telephone Number:	**815-756-1521**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Site Ownership

[Provide this information for each applicable site.]

Exact Legal Name of Site Owner:	**Kishwaukee Community Hospital**
Address of Site Owner:	**One Kish Hospital Drive, DeKalb, IL 60115**
Street Address or Legal Description of Site:	**One Kish Hospital Drive, DeKalb, IL 60115**

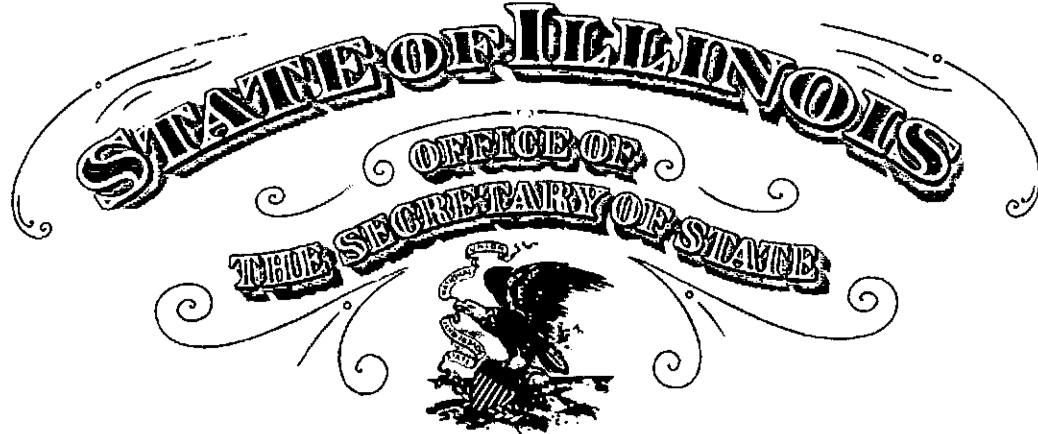
SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Attachments-3, Exhibits 1 and 2 are certificates of good standing for Kishwaukee Community Hospital and Kish*Health* System.

Attachment-3, Exhibit 3 is the corporate organization chart for Kish*Health* System. Kishwaukee Community Hospital (a not-for profit subsidiary of Kish*Health* System) and Kish*Health* System are the co-applicants on this project. The proposed Kishwaukee Cancer Care Center is a department of Kishwaukee Community Hospital.

The project funding ______________________.

File Number 4962-796-3



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

KISHWAUKEE COMMUNITY HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 25, 1970, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 29TH *day of* SEPTEMBER *A.D.* 2009 .

Authentication #: 0927200774
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 5500-387-4

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

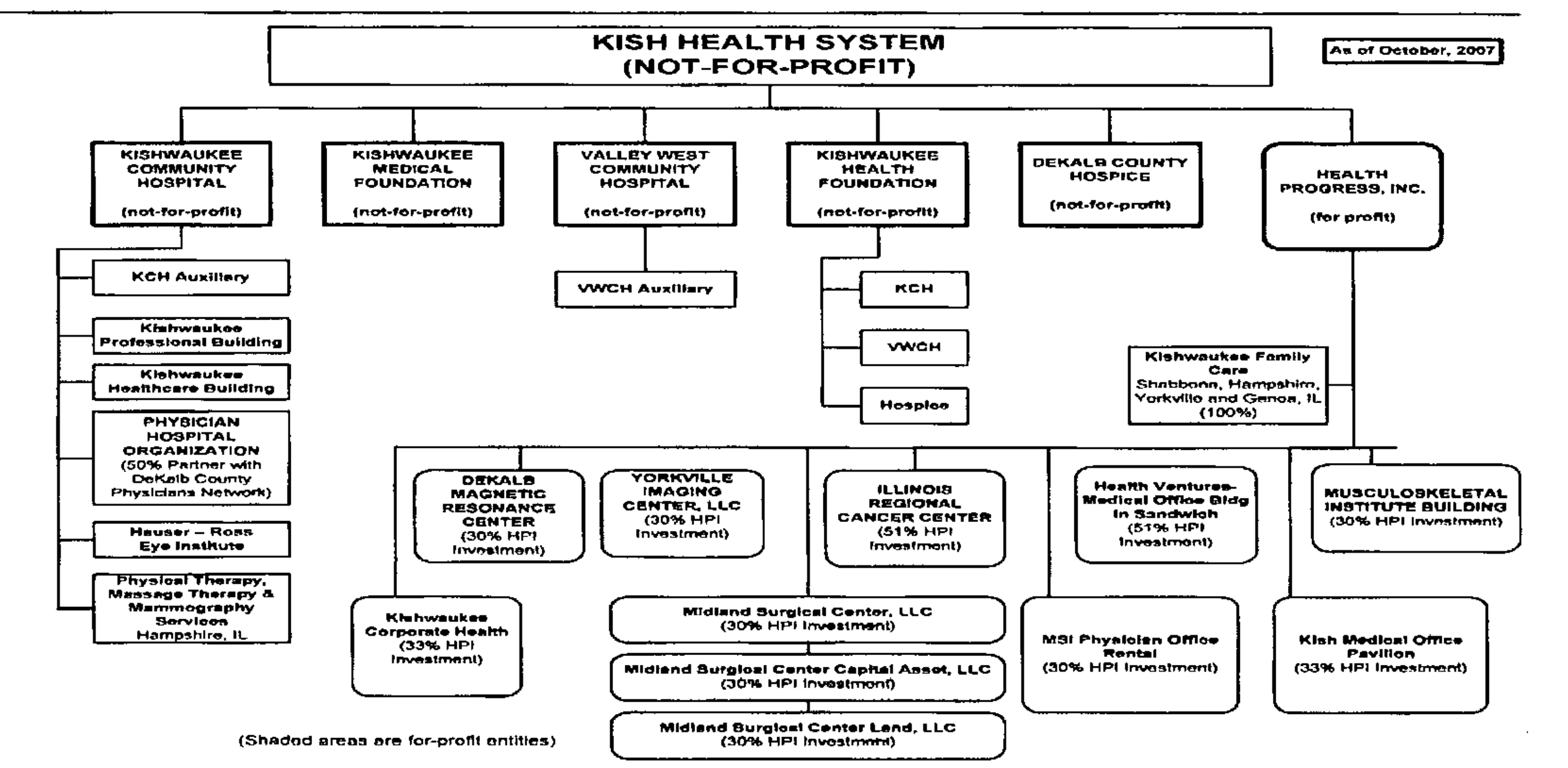
KISHHEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 14, 1988, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 29TH *day of* SEPTEMBER *A.D.* 2009 .

Authentication #: 0927200782
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

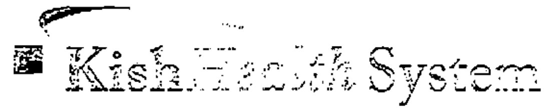
Corporate Organization



SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Attachment 4, Exhibit 1 is a statement from Kevin Poorten, President and CEO of Kish*Health* System attesting to the fact that the proposed cancer center modernization project complies with the requirements of the current Illinois Executive Order.

Attachment 4, Exhibit 2 is a map of the proposed project location showing a floodplain area to the northwest of (but not including) the proposed location.



One Kish Hospital Drive • P.O. Box 707 • DeKalb, IL 60115
815.756.1521 • Fax: 815.756.7665 • www.kishhealth.org

September 21, 2009

Ms. Courtney Avery, Acting Vice Chairman
Illinois Health Facilities and Services Review Board
C/O Mr. Mike Constantino, Supervisor of Project Review
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Dear Ms. Avery and Members of the IHFSRB:

In accordance with the Flood Plain Requirements in the July 2009 Edition of the Certificate of Need Application and Illinois Executive Order #2006-05, Kish*Health* System and Kishwaukee Community Hospital submit the following.

Kish*Health* System and Kishwaukee Community Hospital attest that the proposed construction of a replacement cancer care center in new construction is not in a flood plain and that the location of the project complies with Flood Plain Rule under Executive Order #2006-5.

In addition to this attestation, the applicants are also providing a November 17, 2004 Flood Hazard Area Determination provided by the Illinois State Water Survey and the accompanying map that determination. The subject plot for the new construction is located at the marked area and is not located in a Special Flood Plain Hazard Area.

Sincerely yours,

Kish*Health* System

Kevin Poorten
President and CEO

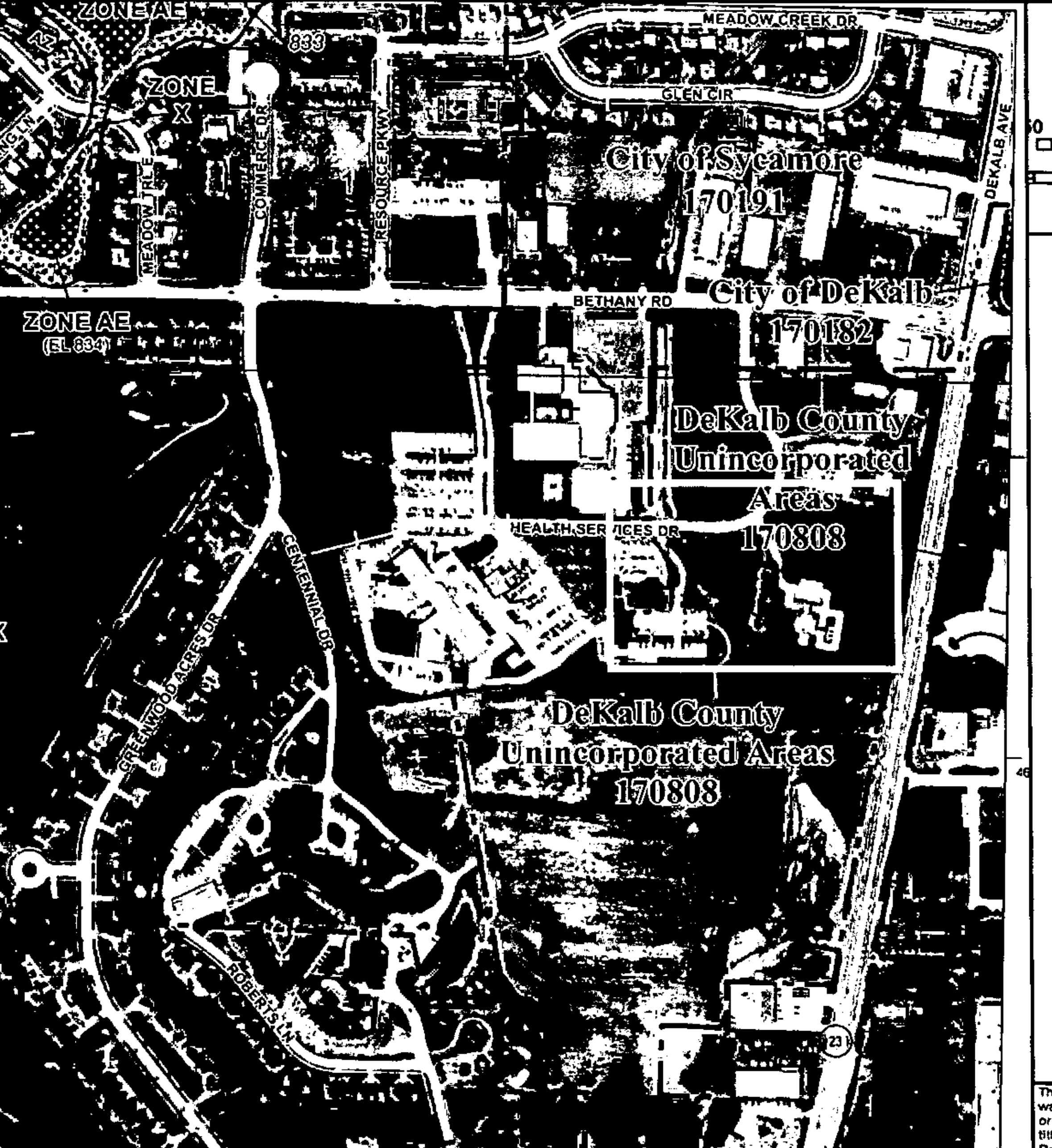
State of Illinois

DeKalb County) SS)

This instrument is acknowledged before me on September 21, 2009, by

Debra A Sells
Notary Public, State of Illinois
My Commission 10/05/12

"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/05/2012



MAP SCALE 1" = 500'

0 500 1000 FEET

METE

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0253E

FIRM

FLOOD INSURANCE RATE MAP

DEKALB COUNTY, ILLINOIS

AND INCORPORATED AREAS

PANEL 253 OF 500

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
DEKALB COUNTY	170808	0253	E
DEKALB, CITY OF	170182	0253	E
SYCAMORE, CITY OF	170191	0253	E

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.

MAP NUMBER
17037C0253E

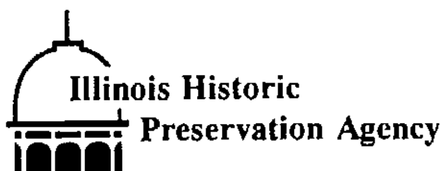
MAP REVISED
JANUARY 2, 2009

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Attachment 5, Exhibit 1 is a letter dated August 27, 2009 from the Illinois Historic Preservation Agency indicating that the proposed site for the cancer center redevelopment project at Kishwaukee Community Hospital is in compliance with the Illinois Resources Preservation Act.



Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

DeKalb County PLEASE REFER TO: IHPA LOG #009082409
DeKalb
SWC of DeKalb Avenue and Bethany Road
New Construction, Outpatient Cancer Center - Kishwaukee Community Hospital

August 27, 2009

Janet Scheuerman
PRISM Healthcare Consulting
1808 Woodmere Drive
Valparaiso, IN 46383

Dear Ms. Scheuerman:

We have reviewed the documentation submitted for the referenced project(s) in accordance with 36 CFR Part 800.4. Based upon the information provided, no historic properties are affected. We, therefore, have no objection to the undertaking proceeding as planned.

Please retain this letter in your files as evidence of compliance with section 106 of the National Historic Preservation Act of 1966, as amended. This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you are an applicant, please submit a copy of this letter to the state or federal agency from which you obtain any permit, license, grant, or other assistance.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer

AEH

A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

DESCRIPTION OF PROJECT

1. In the chart below, indicate the proposed actions(s) for each of the clinical service areas involved by writing the number of beds, stations, or key rooms involved.

Clinical Service Areas	Establish	Expand	Modernize	Discontinue	No. of Beds, Stations or Key Rooms
Medical/Surgical, Obstetric, Pediatric and Intensive Care					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
Open Heart Surgery					
Cardiac Catheterization					
In-Center Hemodialysis					
Non-Hospital Based Ambulatory Surgery					
General Long Term Care					
Specialized Long Term Care					
Selected Organ Transplantation					
Kidney Transplantation					
Subacute Care Hospital Model					
Post Surgical Recovery Care Center					
Children's Community-Based Health Care Center					
Community-Based Residential Rehabilitation Center					
Long Term Acute Care Hospital Bed Projects					
Clinical Service Areas Other Than Categories of Service:					
• Surgery					
• Ambulatory Care Services (organized as a service)		X	X		9
• Diagnostic & Interventional Radiology/Imaging		X	X		1
• Therapeutic Radiology					
• Laboratory					
• Pharmacy					
• Occupational Therapy					
• Physical Therapy					
• Major Medical Equipment					
Freestanding Emergency Center Medical Services					
Master Design and Related Projects					
Mergers, Consolidations and Acquisitions					

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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-clinical components that are not related to the provision of health care, complete the second column of the table below. See 20 ILCS 3960 for definition of non-clinical. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs	$ 60,398	$ 96,602	$ 157,000
Site Survey and Soil Investigation	$ 14,947	$ 23,906	$38,853
Site Preparation	$ 324,742	$ 519,402	$ 844,144
Off Site Work	$ 241,304	$ 385,949	$ 627,253
New Construction Contracts	$ 3,451,530	$ 5,520,525	$ 8,972,055
Modernization Contracts	0	0	0
Contingencies	$ 307,760	$ 492,240	$ 800,000
Architectural/Engineering Fees	$ 295,654	$ 472,878	$ 768,532
Consulting and Other Fees	$ 22,313	$ 35,687	$ 58,000
Movable or Other Equipment (not in construction contracts)	$ 2,866,998	$ 586,987	$ 3,453,985
Bond Issuance Expense (project related)	$ 105,793	$ 169,207	$ 275,000
Net Interest Expense During Construction (project related)	$ 126,951	$ 203,049	$ 330,000
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs To Be Capitalized	$ 42,105	$ 67,345	$ 109,450
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$ 7,860,495**	**$ 8,573,777**	**$16,434,272**
SOURCE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Cash and Securities *			**$ 2,844,272**
Pledges			
Gifts and Bequests			
Bond Issues (project related)			**$ 13,590,000**
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			**$ 16,434,272**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

* Includes $2.5 million for a CT scanner

List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

Itemization of Project Cost Line Items

Pre-Planning Costs	Budgeted
CON Consultant	$20,000
CON Legal	$7,000
CON Filing	$2,500
General Legal	$5,000
Architectural Pre-Design Planning Fees	$82,500
Model / Rendering	$5,000
Community Communications	$15,000
General Contractor Pre-Construction Services	$20,000
Total Pre-Planning Costs	**$157,000**
Site Survey and Soil Investigation	
Title Commitment and Alta Survey	$5,253
Geotechnical Survey	$7,100
Utility Capacity Testing	$1,500
Surveying	$25,000
Total Site Survey and Soil Investigation Costs	**$38,853**
Site Preparation	
Site Demolition	$19,225
Traffic Control	$30,000
Earth Work	$500,094
Street Cleaning	$20,000
Contractors Surveys	$33,450
Barricades and Fences	$15,000
Temporary Entrance	$20,000
Asphalt Paving	$206,375
Total Site Preparation Costs	**$844,144**
Off-Site Work	
Interior Signage	$5,000
Exterior Signage	$4,472
Landscaping	$256,500
Piped Storm, Sewer and Water	$166,237
Utility Taps	$5,000
Site Electrical	$65,427
Site Concrete, Curbs and Gutters	$116,617
Sidewalks	$8,000
Total Off-Site Work Costs	**$627,253**

ARCHITECTURAL & ENGINEERING FEES

Civil Engineer Fees	$57,500
Architect and Engineering Fees	$686,032
Architect and Engineering Reimbursable Expenses	$25,000
TOTAL ARCHITECTURAL & ENGINEERING FEES	**$768,532**

CONSULTING AND OTHER FEES

Owners Construction Materials Testing	$15,000
Nuclear Radiation Testing	$5,000
Physicist	$5,000
Municipal / Zoning Fees	$5,000
Accounting / Project Audit	$5,000
Art Consultant	$8,000
Interior Designer	$15,000
TOTAL CONSULTING AND OTHER FEES COST	**$58,000**

MOVEABLE CAPITAL EQUIPMENT NOT IN CONSTRUCTION CONTRACTS

Owner Supplied FF&E	$3,453,985
TOTAL MOVEABLE CAPITAL EQUIPMENT NOT IN CONSTRUCTION CONTRACTS	**$3,453,985**

OTHER COST TO BE CAPITALIZED

Construction Document Review	$25,500
IEPA Stormwater Management Permit Fee	$5,000
County Building and Zoning Review Fees	$2,500
Building and Site Permits	$3,500
Signage Permit	$950
Owner's Builder's Risk & Liability Insurance	$15,000
Equipment Moving Expense	$57,000
Total Other Cost	**$109,450**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

Cost Space Requirements

Attachment 8, Exhibit 1 is a summary of cost and space requirements.

At project completion, the following will have occurred. A new building with 22,221 GSF (23,428 BGSF) will have been constructed on the Kishwaukee Community Hospital campus adjacent to but separate from the radiation oncology center. The new construction will house clinical spaces including a medical oncology infusion area, a relocated PET/CT from the hospital, and complementary medicine as well as non-clinical space.

The PET/CT is currently located in 877 GSF of space in the Hospital. The vacated Hospital space will be reused to house a new CT scanner.

All space in the vacated Kishwaukee Cancer Center (4,562 GSF) is located in the 30-year old Professional Office Building, which will be demolished some time in the future when all tenants have been relocated.

Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Construction	Modernized	As Is	Vacated Space / *Demolished*
CLINICAL							
Medical Oncology Infusion Area	3,484,322	1,017	5,344	5,344			1,017
PET / CT Scanner	1,744,324	877	1,640	1,640			
CT Scanner	2,500,000		877			877	
Complementary Medicine	101,849	0	166	166			
Total Clinical	7,860,495	1,894	8,027	7,150			1,017
NON CLINICAL							
Physician Suite	1,869,083	2,271	4,171	4,171			2,271
Public and Support	5,350,037	958	9,161	9,161			958
Lease Space for Boutique	188,623	0	438	438			
Building Services	608,738	316	1,301	1,301			316
Building Net to Gross	557,296	0	1,217	1,217			
Total Non-clinical	8,573,777	3,545	16,288	16,288			3,545
TOTAL	**16,434,272**	**5,439**	**24,315**	**23,438**	**0**	**877**	**4,562**

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 - Project Purpose, Background, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, certification, and accreditation identification numbers, if appropriate.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

3. Authorization permitting HFPB and DPH access to any documents necessary to verify the information submitted, included, but not limited to: official records of DPH or other State agencies; the licensing or certification or records of other states, when applicable; and the records of nationally recognized accreditation agencies. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFPB.**

4. If during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

5. The following information relating to the applicant's Community Benefit Report and charity care philosophy and policies are included as essential background information.

   Community Benefit Report to the Illinois Attorney General, FY 2009

1. Listing of Healthcare Facilities Owned or Operated by the Applicant

Kish*Health* System, formerly known as Kishwaukee Health System (KHS), owns and operates the following healthcare facilities. All applicable licensing, certification and accreditation numbers are included as Attachment 10, Exhibits 1 to 11. In its recent JCAHO survey, Kishwaukee Community Hospital (KCH, the Hospital) received a full accreditation.

Name and Location of Facility	Identification Numbers
Kishwaukee Community Hospital DeKalb	IL Hospital License # 1891645 JCAHO ID # 7325
Hauser-Ross Eye Institute & Surgicenter, Sycamore	IL ASTC License # 1937691 AAAHC Certificate
Valley West Community Hospital, Sandwich	IL Hospital License #1941351 JCAHO ID # 382957
DeKalb County Hospice, DeKalb (Kishwaukee Health Care Building)	IL License #1903726
Illinois Regional Cancer Center, DeKalb	IEMA Registration # 9238007 Department of Nuclear Safety Licensed Physician and Surgeon 036.061312 Controlled Substances 336.025896 036.061312 American Board of Radiology Certificate of Therapeutic Radiology
Unlimited Performance Rehabilitation Center, Sycamore Midlands Professional Building)	
DeKalb Magnetic Resonance Center Sycamore	
Kishwaukee Corporate Health	

2. Adverse Action

Attachment 10, Exhibit 12 includes a letter from Kevin Poorten, President and CEO of Kish*Health* System, certifying that no adverse actions have been taken against any members of the System during the last three years and authorizing the State Board and Agency to access information which the State Board or Agency finds pertinent.

3. Authorization to Access Information

Attachment 10, Exhibit 12 includes a letter from Kevin Poorten, President and CEO of Kish*Health* System, authorizing the State Board and Agency to access information which the State Board or Agency finds pertinent.

4. Prior Applications Filed

Not applicable

5. Charity Care / Community Benefit Report

Kish*Health* System, including Kishwaukee Community Hospital, recognizes that providing health care to its communities is its primary purpose. The KishHealth System mission is:

> *We are the cornerstone of health care for the communities we serve – the first choice for service, comfort and safety. As a community owned health system, the Kish family unselfishly commits to excellence, education, and innovation.*

Kish*Health*'s unselfish commitment to the community is demonstrated by providing access to high quality heath care for all individuals, respecting their dignity, rights and choices. As a charitable institution, Kish*Health* System, its hospitals and other affiliates also recognize the importance of providing community benefit services, financial alternatives, and charity services for its patients.

Community Benefits Plan Report

A summary of Kish*Health* System's 2009 Community Benefits Plan Report is included as Appendix 1. This Report identifies $2,057,261 of charity care and $60,361,768 of Community Benefits actually provided other than charity care.

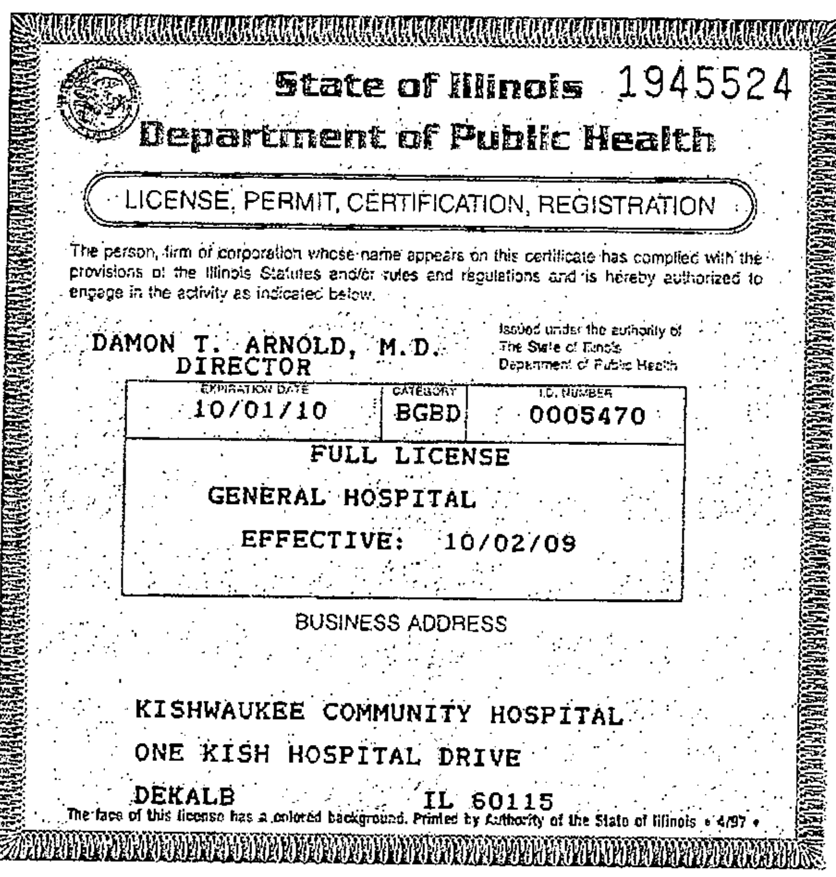
Charity Care

The amount of charity care provided by Kish*Health* System increased from $1,453,264 to $2,375,394 or by 63.4 percent.

Why are the charity numbers different between the AW Community Benefits and the Safety Net Statement Attachment 77?

This policy describes how the System recognizes the importance of providing charity care to the community, the difference between bad debt and charity care, and the need to communicate the availability of charity services to eligible low-income, uninsured and medically indigent patients in the community in a fair and consistent manner.

Attachment 10, Exhibit 13 is a copy of the brochure that is provided for the community relating to financial assistance.



State of Illinois 1945524
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
10/01/10	BGBD	0005470

FULL LICENSE
GENERAL HOSPITAL
EFFECTIVE: 10/02/09

BUSINESS ADDRESS

KISHWAUKEE COMMUNITY HOSPITAL
ONE KISH HOSPITAL DRIVE
DEKALB IL 60115

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

Kishwaukee Community Hospital

Dekalb, IL

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

March 30, 2007

Accreditation is customarily valid for up to 39 months.

David L. Nahrwold, M.D.
Chairman of the Board

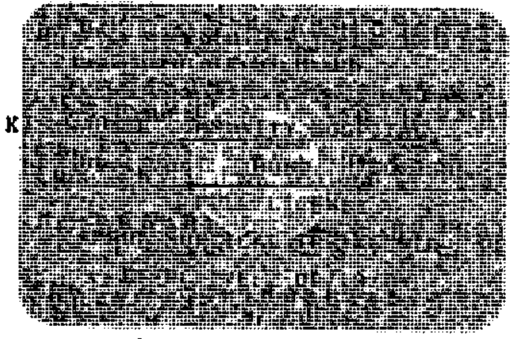
7325
Organization ID #

Dennis S. O'Leary, M.D.
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organisations can be obtained through The Joint Commission's web site at www.jointcommission.org.

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION



07/25/09

KISHWAUKEE COMMUNITY HOSPITAL
2240 GATEWAY DRIVE
SYCAMORE IL 60178

FEE RECEIPT NO. 1718

ACCREDITATION ASSOCIATION *for* AMBULATORY HEALTH CARE, INC.

grants this

CERTIFICATE OF ACCREDITATION

to

HAUSER - ROSS SURGICENTER

2240 GATEWAY DRIVE
SYCAMORE, IL 60178

In recognition of its commitment to high quality of care and substantial compliance with the Accreditation Association standards for ambulatory health care organizations.

President, Accreditation Association

BRUCE N ROGERS, DDS

18227
Organization Identification Number

Executive Director, Accreditation Association

JOHN E. BURKE, PhD

SEPTEMBER 30, 2011
This Award of Accreditation expires on the above date

MEMBER ORGANIZATIONS OF THE ACCREDITATION ASSOCIATION

Ambulatory Surgery Foundation • American Academy of Cosmetic Surgery • American Academy of Dental Group Practice • American Academy of Dermatology American Academy of Facial Plastic and Reconstructive Surgery • American Association of Oral and Maxillofacial Surgeons • American College of Gastroenterology American College Health Association • American College of Mohs Surgery • American College of Obstetricians & Gynecologists • American Gastroenterological Association American Society of Anesthesiologists • American Society for Dermatologic Surgery • American Society for Gastrointestinal Endoscopy Medical Group Management Association • Society for Ambulatory Anesthesia

5250 OLD ORCHARD ROAD, SUITE 200 • SKOKIE, IL 60077
PHONE: 847/853.6060 • E-MAIL: INFO@AAAHC.ORG • WEB SITE: WWW.AAAHC.ORG

State of Illinois 1941351

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
09/11/10	BGBD	0004690

FULL LICENSE

CRITICAL ACCESS HOSP

EFFECTIVE: 09/12/09

BUSINESS ADDRESS

VALLEY WEST COMMUNITY HOSPITAL
11 EAST PLEASANT AVENUE
SANDWICH IL 60548

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/07 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1941351
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

VALLEY WEST COMMUNITY HOSPITAL

EXPIRATION DATE	CATEGORY	ID NUMBER
09/11/10	BGBD	0004690

FULL LICENSE

CRITICAL ACCESS HOSP

EFFECTIVE: 09/12/09

08/08/09
VALLEY WEST COMMUNITY HOSPITAL
11 EAST PLEASANT AVENUE
SANDWICH IL 60548

FEE RECEIPT NO.

Valley West Community Hospital

Sandwich, IL

has been Accredited by the

Joint Commission

on Accreditation of Healthcare Organizations

Which has surveyed this organization and found it to meet the requirements for accreditation.

October 7, 2006

Accreditation is customarily valid for up to 39 months.

Fred L. Brown
Chairman of the Board of Commissioners

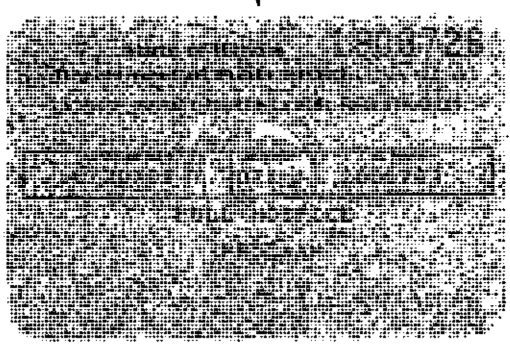
352957
Organization ID #

Dennis S. O'Leary, M.D.
President

The Joint Commission on Accreditation of Healthcare Organizations is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to the Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through the Joint Commission's web site at www.jcaho.org.

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

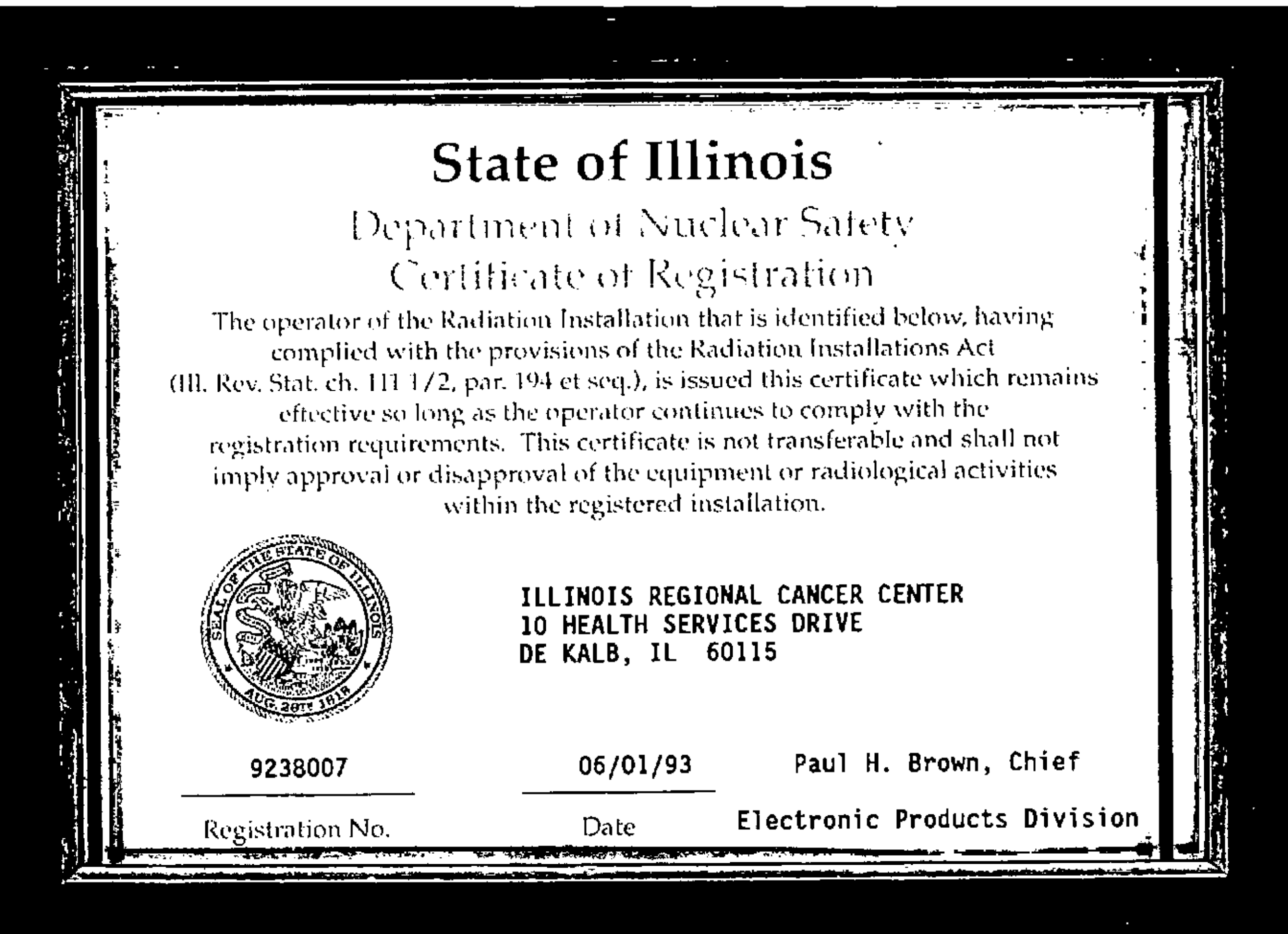


11/15/08

DEKALB COUNTY HOSPICE
2727 SYCAMORE ROAD

DEKALB IL 60115

FEE RECEIPT NO. 017745



State of Illinois

Department of Nuclear Safety

Certificate of Registration

The operator of the Radiation Installation that is identified below, having complied with the provisions of the Radiation Installations Act (Ill. Rev. Stat. ch. 111 1/2, par. 194 et seq.), is issued this certificate which remains effective so long as the operator continues to comply with the registration requirements. This certificate is not transferable and shall not imply approval or disapproval of the equipment or radiological activities within the registered installation.

ILLINOIS REGIONAL CANCER CENTER
10 HEALTH SERVICES DRIVE
DE KALB, IL 60115

9238007
Registration No.

06/01/93
Date

Paul H. Brown, Chief
Electronic Products Division

State of Illinois

Department of Financial and Professional Regulation

Division of Professional Regulation

LICENSE NO.
036.061312

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES:
07/31/2011

LICENSED
PHYSICIAN AND SURGEON

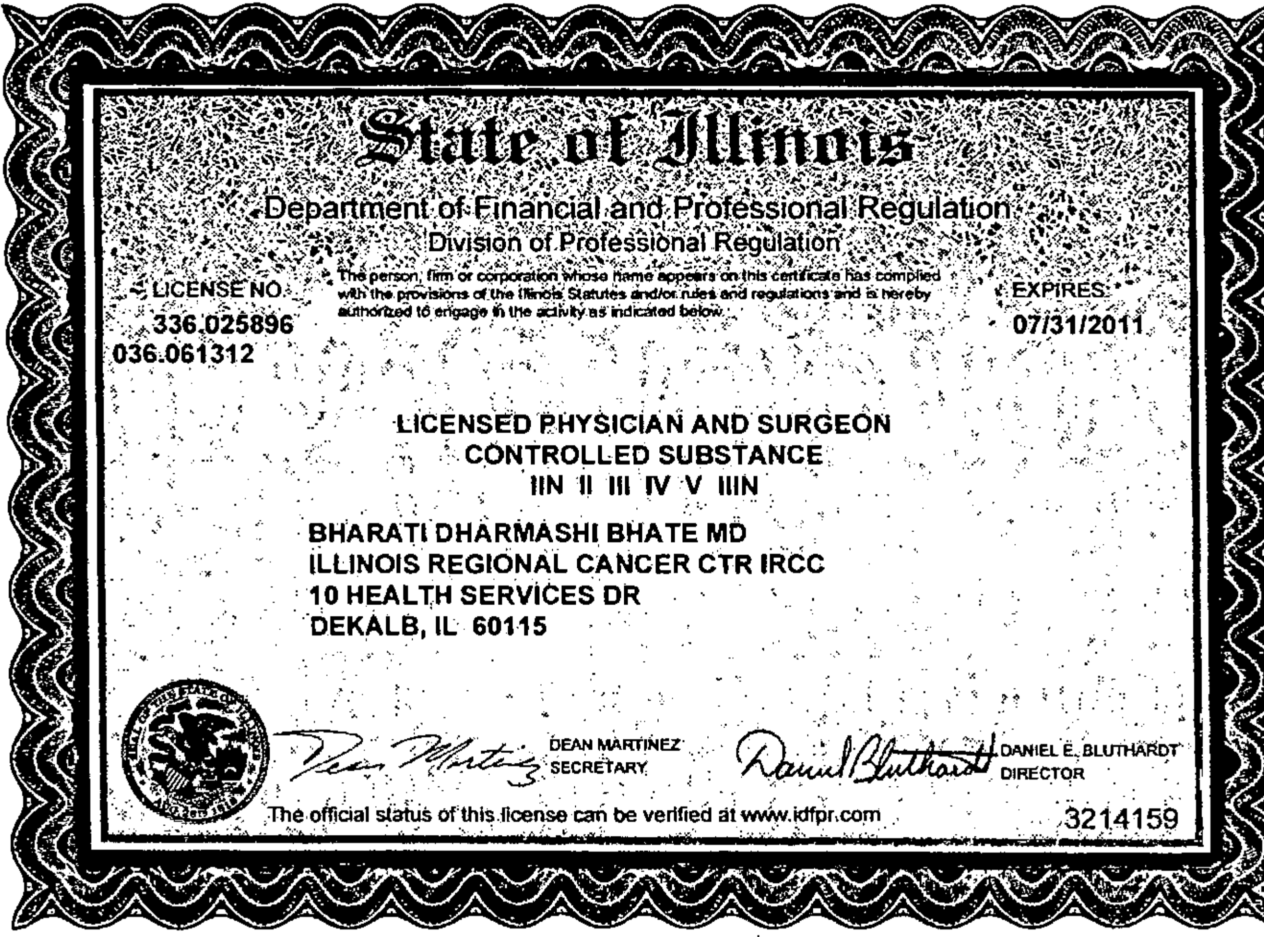
BHARATI DHARMASHI BHATE MD
ILL REGIONAL CANCER CTR IRCC
10 HEALTH SERVICES DR
DEKALB, IL 60115

DEAN MARTINEZ
SECRETARY

DANIEL E. BLUTHARDT
DIRECTOR

The official status of this license can be verified at www.idfpr.com

3214085



State of Illinois

Department of Financial and Professional Regulation

Division of Professional Regulation

LICENSE NO. 336.025896 036.061312

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES: 07/31/2011

LICENSED PHYSICIAN AND SURGEON
CONTROLLED SUBSTANCE
IIN II III IV V IIIN

BHARATI DHARMASHI BHATE MD
ILLINOIS REGIONAL CANCER CTR IRCC
10 HEALTH SERVICES DR
DEKALB, IL 60115

DEAN MARTINEZ
SECRETARY

DANIEL E. BLUTHARDT
DIRECTOR

The official status of this license can be verified at www.idfpr.com

3214159

The American Board of Radiology

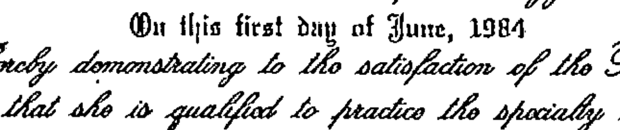
Organized through the cooperation of the
American College of Radiology, the American Roentgen Ray Society,
the American Radium Society, the Radiological Society of North America,
the Section on Radiology of the American Medical Association
and the American Society of Therapeutic Radiologists
Hereby certifies that

Bharati D. Bhate, M.D.

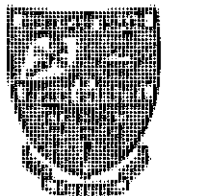
Has pursued an accepted course of graduate study
and clinical work, has met certain standards and qualifications and
has passed the examinations conducted under the authority of
The American Board of Radiology
On this first day of June, 1984
Thereby demonstrating to the satisfaction of the Board
that she is qualified to practice the specialty of

Therapeutic Radiology

THE AMERICAN BOARD OF RADIOLOGY · INCORPORATED IN THE DISTRICT OF COLUMBIA · 1934



President — Secretary



Kish System

September 21, 2009

Ms. Courtney Avery, Acting Vice Chairman
Illinois Health Facilities and Services Review Board
C/O Mr. Mike Constantino, Supervisor of Project Review
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Application Attachment #10, Background of the Applicant

Dear Ms. Avery and Members of the IHFSRB:

As requested by 77 Ill Admin Code 1110.230 and Attachment #10 of the Illinois Health Facilities and Services Review Board (IHFSRB), we certify that there have not been any Adverse Actions as defined under 77 Ill Admin Code 1110.230. a) 3) B), taken against any facility owned or operated by Kish*Health* System during the three years prior to filing of this application.

We authorize the IHFSRB to access any information necessary to verify any documentation of information submitted in response to the requirements of Attachment #10 of the Application for Permit or obtain any documentation of information pertinent to the subsection.

Sincerely yours,

Kish*Health* System

Kevin Poorten
President and CEO

State of Illinois
)
SS
)
DeKalb County

This instrument is acknowledged before me on September 21, 2009, by

"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/05/2012

Notary Public, State of Illinois
My Commission 10/05/12

Kish*Health* System provides access to high quality health care for all individuals, respecting their dignity, rights, and choices.

As a charitable institution, Kish*Health* System, its hospitals and other affiliates also recognize the importance of providing financial alternatives and charity services for its patients.

You may qualify for financial assistance
If you do not have insurance or if you have insurance coverage that does not adequately cover the charges, you may qualify for financial assistance offered by Kish*Health* System to help you meet your financial obligation.

Are you eligible for Medicaid?
You may be screened first to determine if you qualify for assistance under the state of Illinois Medicaid program.

- Are you blind?
- Are you disabled?
- Are you over 65?
- Are you the sole supporter of dependents under the age of 18?

If you can answer yes to any of these questions, Patient Financial Services can provide an application for Illinois Medicaid and assist you with the application process if desired.

If you cannot answer yes to the questions above, you may qualify for financial assistance offered by Kish*Health* System.

Required Information
Medical insurance, household income and number of dependents are the main factors considered to qualify for assistance. Financial assistance can be determined by completing a Financial Disclosure Worksheet and providing the following information to Patient Financial Services:

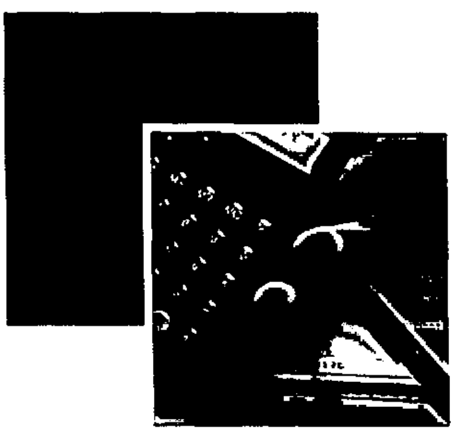
- If you are employed, the last 3 payroll check stubs from each company.
- Most recent income tax return signed and dated by individuals who filed OR provide a reason why income taxes were not filed.
- If unemployed and receiving unemployment benefits, a copy of the benefit notification, and the date benefits started.
- A copy of your Social Security checks or bank statement if direct deposited.
- Your workers compensation notification letter, when applicable.
- If you have been unemployed or no income, we require a written statement from the person(s) helping support you.

For more information
If you have questions or need assistance, please contact the Patient Accounts Department at 815.748.8983 or toll free at 800.397.1521 x8983.

For additional information regarding our financial policies, please visit us online at www.kishhospital.org, or www.vwch.org.

Kish*Health* System

Financial Assistance



Kish*Health* System Mission
We are the cornerstone of healthcare for the communities we serve – the first choice for service, comfort and safety. As a community owned health system, the Kish family unselfishly commits to excellence, education and innovation.

FINANCIAL DISCLOSURE WORKSHEET

Return completed form to: Kish*Health* System
Patient Financial Services
PO Box 846
DeKalb, IL 60115

Date__________________

Patient/Guarantor name: ______________________________ Account # (s): ____________________________

Address:____ Phone #:____________________
Street City State Zip

Social Security #:______________________ Date of Birth:_______________ Number in family:__________

Guarantor's Employer:____ Years there: ______________

Approx. Income: $_____________________ (weekly, bi-weekly, monthly) (gross, net)

Spouse's Name:____ Spouse's S.S.#:_____________________

Spouse's Employer:_______________________________________ Years there: ______________________

Approx. Income: $_____________________ (weekly, bi-weekly, monthly) (gross, net)

Other Monthly Income: $ ____________________ $ ____________________ $ ____________________

Describe Other Income____

Please list name, age and relationship of all persons living with you. (Exclude yourself)

Name Age Relationship Name Age Relationship

1.____ 3.____

2.____ 4.____

	Monthly Payment	Balance	Medical Bills
Rent/Mortgage			
Car/Truck Loan(s)			
Other Loan(s)			
Auto Insurance			
Medical Insurance			
Food/Groceries			
Utilities			
Telephone			
Credit Card(s)			
Other:_______			

I have carefully read and submitted the foregoing information provided on this worksheet to Kish*Health* System. The information is presented as a true and accurate statement of my financial condition on the date indicated.

I authorize Kish*Health* System to make whatever credit inquires it deems necessary in connection with this worksheet. I also authorize and instruct any person or consumer reporting agency to furnish to the hospital any information that it may have or obtain in response to such credit inquiries.

____ Date: ____________________

Patient/Guarantor Signature

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well being of the market area population to be served.

2. Define the planning area or market area, or other, per applicant's definition.

3. Identify the exiting problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

4. Cite the sources of information provided as documentation.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals.

For projects involving modernization, describe the conditions being upgraded. For facility projects, include statements of age and condition and regulatory citations. For equipment being replaced, include repair and maintenance records.

NOTE: The description of the "Purpose of the Project" should not exceed one page in length. Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III. - PROJECT PURPOSE, BACKGROUND AND ALTERNATIVES - INFORMATION REQUIREMENTS

PURPOSE OF THE PROJECT

1. The Kishwaukee Cancer Care Center (KCCC, the Center) houses outpatient medical oncology/chemotherapy services as well as physician offices. The proposed expansion, modernization, and relocation of the Center will allow Kish*Health* System (KHS) and Kishwaukee Community Hospital (KCH) to better care for the increasing number of cancer patients in DeKalb County and beyond, thereby reducing suffering, improving health and well being, and enhancing survival.
2. DeKalb County and other nearby counties is the service area for the replacement KCCC. Of the Center's total current patients, 85 percent reside in DeKalb County.
3. Three fundamental problems are currently facing outpatient cancer services at KCH will be addressed in the proposed project. The first is space for current programs. The current KCCC is severely undersized even to support current programs – current square footage is 16.9 percent of what is allowed by current HRSRB ambulatory care guidelines. This shortage of space detracts from patient privacy, from the ability to have visitors, and is operationally inefficient. The current location in a Professional Office Building cannot be expanded due to structural and system limitations. Second, the shortage of space precludes adding other services consistent with being a contemporary cancer care center. Finally, outpatient cancer care services at KCH are fragmented – the KCCC, PET/CT, and radiation therapy are all remote from each other. Cancer patients may have to use multiple locations in a single visit – not only does this fragmentation add to patient confusion, it detracts from continuity of care.
4. The information sources used in this application include KHS records, the American Cancer Society, the American College of Surgeons Commission on Cancer, the Illinois Department of Commerce and Economic Opportunity, HFSRB guidelines and standards, IDPH codes, BSA LifeStructures, patient surveys, and community focus groups.
5. The proposed project will resolve the fundamental problems currently facing the outpatient cancer services at KCH in a cost-effective manner. The KCCC will be relocated to new construction adjacent to but separate from the radiation therapy center (it will "wrap around" the radiation oncology center and have the advantage of a pastoral setting to contribute to a healing

environment. The current Hospital-based PET/CT also will be relocated to the new construction. In this way, the three major outpatient cancer care services will be consolidated as an "outpatient cancer center" in a way that preserves the current radiation therapy center facility. The new construction will be built to current codes and standards and have enough space to accommodate current programs as well as new programs, including complementary medicine, a Boutique, and research. It has been designed so that it can be expanded in the future. The new KCCC will be designed to be operationally efficient – key functional adjacencies have been designed into the floor plan. As a result of the improvements inherent in the project, the health status and well-being of local cancer patients will be improved

6. The following are KHS' and KCH's goals and measureable objectives with specific timeframes relating to achieving the goals for the proposed replacement KCCC:

Overriding Goal for the Project – Provide as much comprehensive care as possible for an increasing number of cancer patients in the greater DeKalb County community.

To accomplish this goal, the following objectives were established:

- Objective 1 – Provide synergy among the outpatient cancer services, and especially medical oncology infusion therapy, radiation oncology, and PT/CT scanning; consolidate outpatient cancer services in one location to improve quality and access.
- Objective 2 – Provide appropriate space for existing and proposed services to meet both clinical and psychosocial needs of patients and families and provide a healing environment incorporating nature and warmth.
- Objective 3 – Provide facilities that are hospitable and preserve patient and family privacy and dignity.
- Objective 4 – Provide operationally efficient facilities for patients and caregivers and provide for future expansion.
- Objective 5 – Provide a facility with capabilities to participate in clinical trails with a FDA compliant research pharmacy and a clinical trials nurse.

The goal and objectives will be met when the proposed new facility opens May 31, 2011.

Proposed Project includes Modernization that Upgrades Existing Conditions

The purpose of the proposed project is to modernize the facilities that house the KCCC. Modernization includes relocating the KCCC from its current location into a new structure contiguous to the radiation oncology center. The existing KCCC is located in a facility that is scheduled for demolition. The building was constructed in 1977, or more than 30 years ago. It was constructed as an office building under residential standards rather than commercial standards that will be used in the new structure. It is a wood frame building; the roof and HVAC systems are past their predicted life. The building does not have a sprinkler system. The KCCC is located in undersized space in two discrete locations. Being in two locations detracts from operational efficiency of the service.

The proposed project resolves the existing deficiencies.

SECTION III – PROJECT PURPOSE—BACKGROUND AND ALTERNATIVES—INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no costs.

Criterion 1110.230 –Project Purpose, Background and Alternatives

ALTERNATIVES

Document ALL of the alternatives to the proposed project:

Examples of alternative options include:

A) Proposing a project of greater or lesser scope and cost

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes

C) Utilizing other health resources that are available to serve all or a portion of the population proposed to be served by the project, and (there is no D).

2) Documentation shall consist of a comparison of the project to the alternative options. The comparison shall address cost, patient access, quality, and financial benefits in both the short-term (one to three years) after project completion) and long term. This may vary by project or situation.

3) The applicant shall provide empirical evidence including quantified outcome data that verifies improved quality of care, as available.

2. Comparison of Alternatives

Based on day-to-day operational experience and the counsel of BSA LifeStructures, Kish*Health* System (KHS, the System) and Kishwaukee Community Hospital (KCH, the Hospital) confirmed that the existing Kishwaukee Cancer Care Center (KCCC, the Center) is severely undersized and operationally inefficient; it must be replaced. In order to correct current unacceptable situation in the most thoughtful way, KHS and KCH clinical and administrative leadership established an overriding goal as well as a series of objectives for any future project to redevelop to KCCC.

To be considered as a viable option for the redevelopment of the KCCC, a project would have to meet the following goal and objectives:

Overriding Goal for the Project – Provide as much comprehensive care as possible for an increasing number of cancer patients in the greater DeKalb County community.

To accomplish this goal the leadership with the help of community focus groups established the following objectives:

- Objective 1 – Provide synergy among the outpatient cancer services, and especially medical oncology, radiation oncology and PET/CT; consolidate outpatient cancer services in one location to improve quality and access.

  By accomplishing this objective, there will be a single focus for outpatient cancer care on the campus. This single location will enhance multidisciplinary care and ease patient and family access to these services.

- Objective 2 – Provide appropriate space for existing and new services to meet both clinical and psychosocial needs of patients and families and provide a healing environment incorporating nature and warmth.

  By relocating existing services (medical oncology, PET/CT scanning, and physician offices) to new space, the space needs of each of the departments will be accommodated. Further, the new facility will have space to accommodate additional service needed by cancer patients including a "boutique" to provide services to enhance patient self-esteem during treatment, complementary medicine to help them maintain their health, as well as space for support groups and education. This objective, in part, responds the Institute of Medicine's *Cancer Care for the Whole Patient: Meeting Psychosocial Health Needs.*

- Objective 3 – Provide facilities that are hospitable and preserve patient and family privacy and dignity.

  Patients at the KCCC undergo medical oncology infusion/chemotherapy treatments, PET/CT scans, meet with their physicians and other professional staff; these services will be provided in private settings that preserve privacy and dignity.

- Objective 4 – Provide operationally efficient facilities for patients and care givers and provide for future expansion.

  Replacement facilities will not only provide adequate space for services provided but will also recognize essential functional adjacencies. The facilities will provide for future expansion.

- Objective 5 – Provide a facility with capabilities to participate in clinical trials with an FDA compliant research pharmacy and a clinical trials nurse.

  In order to provide as much cancer care as possible, the ability to administer chemotherapy drug trials in DeKalb is important. KCH's pending affiliation with Loyola University Medical School will enable drug trials to be part of the KCCC program.

Kish*Health* System and Kishwaukee Community Hospital leadership considered three alternatives and evaluated each using the established goal and objectives.

<u>Alternative 1 – Redevelop the KCCC and the Radiation Oncology Center in New Construction on a Greenfield Site</u>

The Kishwaukee Cancer Care Center is currently located in a Professional Office Building (POB) on the Kishwaukee Hospital campus that was constructed in 1977, or more than 30 years ago. The KCCC was relocated to this building in 2000, or more than a decade ago when it had outgrown the space that it had then occupied. The space was modernized prior to the move in. Since then, the space has been modernized and expanded twice to respond to increasing demand. The KCCC is again in need of expansion to accommodate volume and new services. KHS and KCH leadership considered another modernization of this building to house a more comprehensive KCCC

This alternative was considered in 2 steps. First KHS and KCH considered modernizing the POB for the KCCC. This was rejected for the following reasons.

- The Professional Office Building is a more than 30-year old wood framed structure that has limited useful life.
- The building's framing is combustible which is not suited for an institutional occupancy.
- Structurally, the building utilizes a residential-type wood truss system, which does not have the load bearing capacity to support the live and dead loads of the intended occupancy of the KCCC such as the PET/CT.

- The ventilation system is comparable to a residential installation and does not meet the requirements of a clinical environment.
- The electrical and life safety systems are also not adequate; these inadequacies contribute to the limited useful life of the building.
- The space does not have a sprinkler system.
- The current site of the POB near the water detention pond puts the lower level floor elevation just above the 100-year rain event, which has resulted in flooding of the structure in extreme weather conditions.
- Modernization of the space in the Professional Office Building would disrupt care provided in the KCCC; the construction could causes risk to immunosuppressed chemotherapy patients.
- Although there is enough space in the POB to expand the KCCC, the structural limitations of the building have made it unsuitable for not only the KCCC, but also for other tenants who are choosing to vacate the building in favor of more contemporary space. In addition, potential tenants are not interested in leasing space in this old building. Consequently, this building is scheduled for demolition. It would not be cost effective to invest in modernizing space in a building that is scheduled for demolition.

Given the structural, electrical, and other limitations of the POB, there is no economical retrofit scenario for the POB. The only option is to demolish and replace the KCCC in new construction on a new, greenfield site. If the POB were demolished and a new building constructed on a new site, the option on consolidating the KCCC and the radiation therapy center in a single center becomes an option.

- Although new construction housing a consolidated outpatient cancer center with all existing and proposed services could be developed to meet the goal and the objectives of KHS and KCH, the cost was prohibitive.
- The cost of constructing a consolidated KCCC and radiation oncology center in new construction would be $13,730,000. Total project cost would be $21,301,988 or 55.1 percent more than the alternative of choice.

Alternative 2 – Redevelop the KCCC within Existing KCH Space and in New Construction

Many clinical services that support the KCCC are located in the Hospital, including the laboratory, pharmacy and the PET/CT scanner; that being the case, KHS and KCH considered an alternative that would relocate the KCCC into the Hospital.

Alternative 2 was rejected for the following reasons:

- Consistent with HFSRB rules in place when the replacement KCH was approved and constructed, there is no shelled space in the new hospital building in which to redevelop the KCCC.
- The only vacant space in the Hospital is the recently discontinued Acute Mental Illness Unit. This unit was located in 4,767 GSF, or far less space than is needed by the KCCC.
- Since the Acute Mental Illness unit was located on the first floor of the replacement hospital, the leadership considered expanding the building in new construction adjacent to the unit. This would be an expensive alternative because it would have to meet hospital rather than ambulatory care construction codes. This alternative would be very disruptive to patient care in the Hospital.
- In addition, when the new replacement hospital was designed, the area adjacent to the Acute Mental Illness unit was master planned to be the location of a second inpatient tower, some time in the future. Implementing Alternative 2 would preclude using this strategic location for the orderly development of Kishwaukee Community Hospital
- Further, this option would not result in the co-location of all outpatient cancer service – the radiation oncology center would continue to be remote from the other outpatient cancer services.
- The construction cost of expanding the current hospital building would be $12,357,000; total project cost of this option would be $17,378,968, or 40.6 percent more than the alternative of choice.

Alternative 3 – Develop the KCCC Adjacent to but Separate from the Radiation Oncology Center

There is vacant land immediately adjacent to the existing radiation oncology center. Alternative 3 envisions replacing the existing and proposed KCCC functions adjacent to but separate from the radiation oncology center.

Alternative 3 is the option of choice for the following reasons:

- This location provides a pastoral setting for chemotherapy patients; patients in treatment stations will overlook a healing garden as well as a pond with wildlife and willow trees.
- A new KCCC on this site would be in new construction designed to meet the unique needs of chemotherapy patients, family, and staff and provide space for the new services being proposed such as complementary medicine, "The Boutique," and research. It would be proximate to the radiation oncology building so that all outpatient cancer services would be in one location; the PET/CT could be relocated to this building. There would be no fragmentation of services. At the proposed location, future expansion is possible.
- This alternative will achieve all of the benefits of "ideal" Alternative 1, but at a much lower capital and project cost. The construction cost will be $8,972,055; total project cost will be $16,434,272.

Comparison of Proposed Alternatives and Cost

Goals and Objectives	Does this Alternative Meet the Goal and Objectives?		
	Alternative 1 Replace both the KCCC and Radiation Oncology in New Construction	Alternative 2 Redevelop within in Existing KCH Space and in New Construction	Alternative 3 Develop the KCCC Adjacent to but Separate from the Radiation Oncology Center
Goal – Provide as much cancer care as possible for the greater DeKalb County community	Yes	Yes	Yes
Objective 1 – Provide synergy among the outpatient cancer services, especially medical oncology, radiation oncology, and PET/CT scanning	Yes	No	Yes
Objective 2 – Provide space for existing and proposed services to meet the clinical and psychological needs of patients.	Yes	Yes	Yes
Objective 3 – Provide facilities that are hospitable and reserve patient and family privacy and dignity	Yes	Yes	Yes
Objective 4 – Provide operationally efficient facilities for patients and caregivers and provide future expansion	Yes	No	Yes
Objective 5 – Provide facility with capabilities to participate in clinical trials.	Yes	Yes	Yes
Construction Cost	$13,730,000	$12,357,000	$8,972,055
Project Cost	$21,301,988	$17,378,968	$16,434,272

In summary, all of the alternatives could be developed to meet the goal and objectives for the project; however only the alternative of choice consolidates and expands outpatient cancer services in appropriate facilities at a prudent cost.

Quantified Outcome Data

Kishwaukee Community Hospital's administrative and clinical leadership has steadily enhanced the scope and quality of cancer services for the community.

The following quality initiatives are in place at KCH:

Physician Diligence

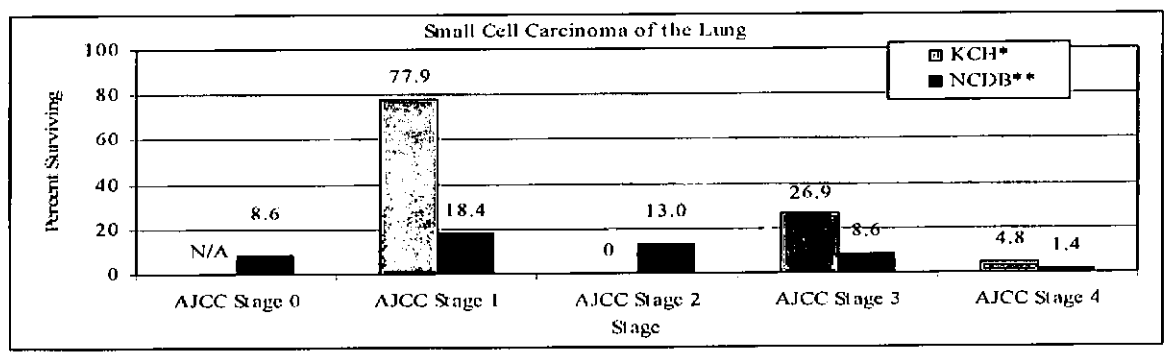
In the area of medical oncology infusion, much of the enhanced quality has been made in the use of new cancer drugs that more effectively target malignant cells. The Hospital's 2 medical oncologists are very diligent in keeping abreast of new developments and continually introducing new treatment regimens for their patients.

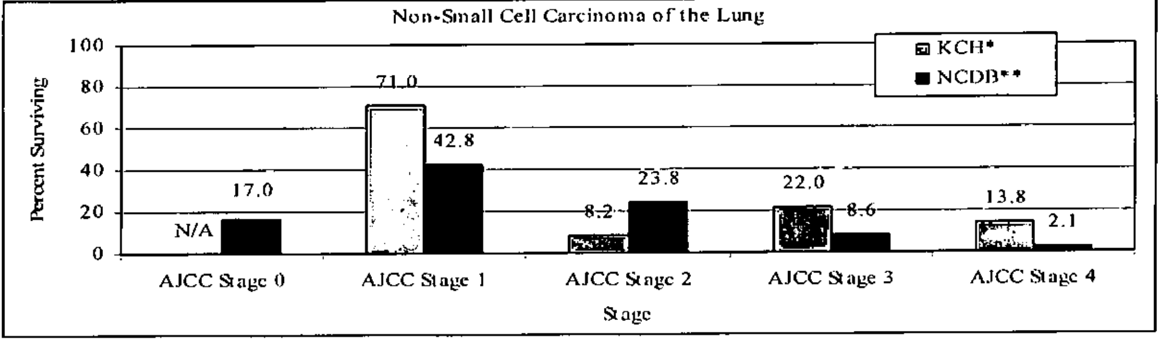
Cancer Committee Review

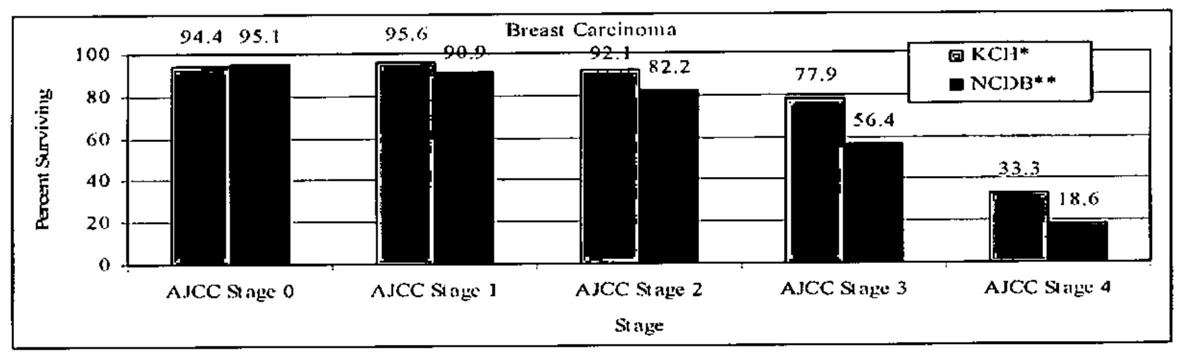
The KCH Cancer Committee regularly reviews the survival rates of KCH cancer patients in comparison to the National Cancer Data Base (NCDB), as recommended by the American College of Surgeons Commission on Cancer. Survival rates for lung; small cell and non-small cell carcinoma; breast; colon; prostate; and bladder carcinoma for patients registered at KCH are better than or comparable to the NCDB benchmarks. A series of charts illustrating the comparison of survival rates of KCH cancer patients to the NCDB is provided below.

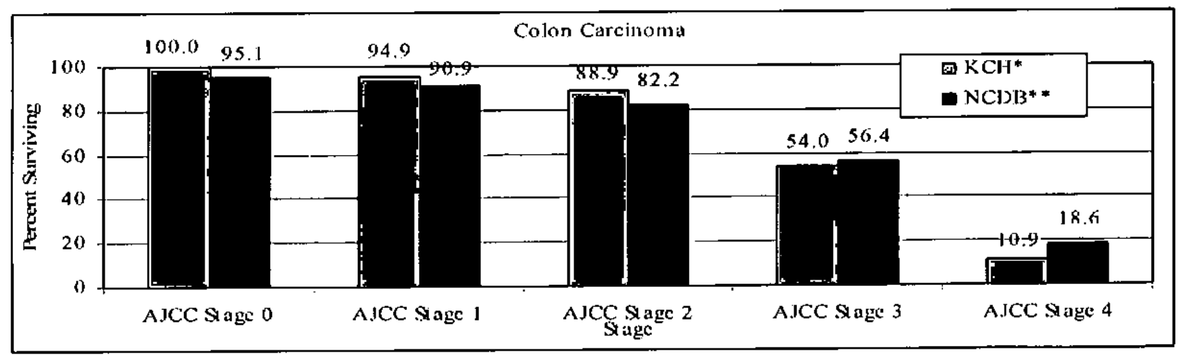
Top 5 Cancer Sites 5-Year Survival Rates with NCDB Comparison,

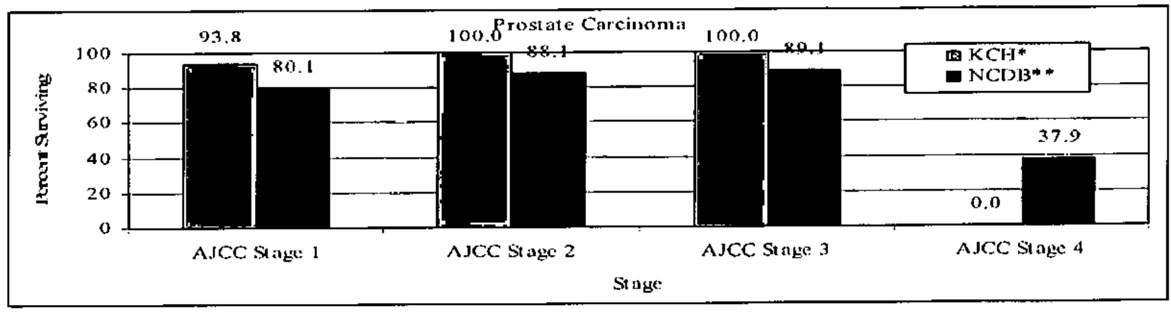
Cases Diagnosed 1998-2001

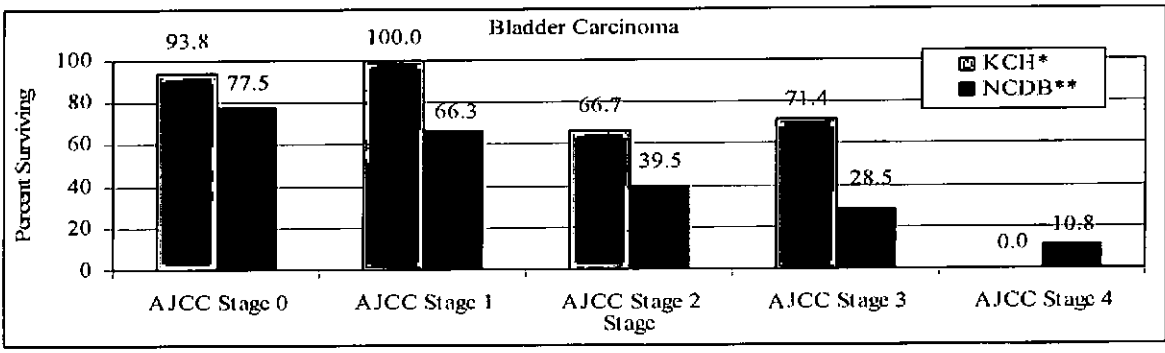












*KCH is using adjusted survival rates (cancer deaths only).

**NCDB is using observed survival rates (all deaths).

Source: KCH Cancer Committee; NCDB

Patient Satisfaction Surveys as Quality and Outcome Measures

Patient satisfaction is increasingly equated with quality and improved outcomes. More and more the federal government recognizes that listening to and acting on patient opinions is essential to improving the quality of healthcare in the US. Along with private insurers, the Center for

Medicare and Medicaid Services (CMS) is continuing to adopt quality measures (see below) including patient satisfaction metrics as measures of performance, value, and outcomes. In a recent article, Robert Wolosin, an associate with Press Ganey, a national leader in surveying patients, believes that "satisfaction data represents real events that transpire between providers and patients, and that it needs to be seen as equivalent to clinical indicators as a parameter of quality of care." (http://www.physiciansnews. com/cover1203.html)

Kishwaukee Community Hospital, not unlike others across the country, is meeting these challenges by quarterly surveying patients and effecting change according to the survey findings. A patient's satisfaction indicates how well he was cared for during encounters with physicians and staff. Patients are surveyed about effectiveness, efficiency, patient-centered care, safety, timeliness, comfort, as well as other care-centered issues.

Below is a summary of the results of the most recent patient satisfaction surveys which demonstrate commitment of the physicians and staff to outstanding quality outcomes.

Cancer Services Customer Survey Results

Fiscal Year	Quarter	Satisfaction Rank
FY 09	1st Quarter	99th Percentile
	2nd Quarter	99th Percentile
	3rd Quarter	96th Percentile
	4th Quarter	90th Percentile
FY 10	1st Quarter	99th Percentile

Source: Press Ganey

The following material patient comments are taken from the Press Ganey surveys:

"The treatment nurses are on top of everything – cannot give them enough kudos"

"I feel "good" due to the high quality and care provided. It's morale lifting to visit this facility. Dr. Siddiqui and Dr. Memon set the standard for this wonderful facility. My husband is also a patient and the staff and Dr. Siddiqui have made a critical difference in our lives. We are so grateful for the emotional support and excellent care provided."

"The staff is professional, friendly and awesome to all patients; when needed, we've had immediate access to the services and hematologists."

"Dr. Siddiqui and his staff took spectacular care of me throughout my and after my cancer treatment. I TRULY believe this compassion and dedication played an integral part in my recovery and my 5-year survival!"

"Needs remodeling"

"The center needs to expand. The drinks and treats are great comforts."

Joint Commission Accreditation

Kishwaukee Community Hospital's outpatient cancer services are fully accredited by the Joint Commission.

American College of Surgeons Commission on Cancer

KCH's cancer program has been accredited through the Commission on Cancer (CoC) of the American College of Surgeons since November 1981. To remain approved, KCH is surveyed every 3 years to evaluate compliance with standards established by the CoC. The key elements of the standards that a cancer must meet to be approved by CoC are:

- State-of-the-art pretreatment evaluation, staging, treatment of clinical and follow-up for cancer patients seen at the facility for primary and secondary care
- A cancer committee and staff who lead the program with setting goals, monitoring activity, evaluating patient outcomes, and improving care
- Hold cancer conferences to provide patient consultation and contribute to physician education
- Facilitate a quality improvement program for evaluating and improving patient outcomes, and
- Utilize a cancer registry and database for monitoring quality of care.

In a recent survey, KCH was awarded a Certificate of Accreditation with Commendation from the Commission on Cancer of the American College of Surgeons; this approval was awarded through 2011. This evaluation is voluntary and was conducted through an on-site survey process by experienced health care professionals who gathered extensive performance information as the basis for evaluating compliance. By undertaking this evaluation, KCH demonstrated commitment to quality care, ongoing improvement, and public accountability for the cancer care and services they provide. Special areas of commendation for KCH were:

- 100 percent of pathology reports reviewed by the surveyor were in compliance with College of American Pathologists (CAP) guidelines.
- There are many prevention and early detection programs offered to the community each year.
- Registry staff participated in educational activities each year. The CTR attended a national activity during the survey cycle.

- There are many cancer-related quality improvements implemented each year by the Cancer Committee.

The Committee on Cancer Accreditation is evidence of KCH's commitment to quality of care for cancer patients. See Attachment 12, Exhibit 1.

Center for Medicare and Medicaid

The Center for Medicare and Medicaid Services is recommending 4 oncology inpatient quality measures in the future. Three of the 4 goals measure timeliness and appropriateness of radiation, chemotherapy, and hormone therapy. Of these 3, KCH has achieved 91 percent or greater compliance since 2005. The fourth quality measure has not yet been measured as it is a new requirement.

Summary

In summary, the diligence of the medical oncologists in introducing new treatment regimens, the ongoing quality review activities of the KCH Cancer Committee, patient surveying that is conducted regularly, Joint Commission accreditation, American College of Surgeons Accreditation with Commendation, and high rankings on the CMS quality metrics together verify that KCH provides quality care with commendable outcomes.

THE COMMISSION ON CANCER AWARDS THIS

Certificate of Accreditation

WITH COMMENDATION

to the Community Hospital Cancer Program of

Kishwaukee Community Hospital

Dekalb, IL

Program approved through 2011

STEPHEN B. EDGE, MD, FACS
CHAIR, COMMISSION ON CANCER
AMERICAN COLLEGE OF SURGEONS

DIANA DICKSON-WITMER, MD, FACS
CHAIR, ACCREDITATION COMMITTEE
AMERICAN COLLEGE OF SURGEONS

The American College of Surgeons does not warrant or make any guarantees or assurances related to outcomes of treatment provided by institutions which have cancer programs accredited by the Commission on Cancer

SECTION IV - Project Scope, Utilization, and Unfinished/Shell Space

Criterion 1110.234 – Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF THE PROJECT:

1. Document that the amount of physical space proposed for this proposed project is necessary and not excessive.

2. If the gross square footage exceeds the GSF standards in Appendix B, justify the discrepancy by documenting one of the following:

    a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies.
    b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in size exceeding the standards in Appendix B.
    c. The project involves the conversion of existing bed space and results in excess square footage.

1. Proposed Square Footage is Necessary and Not Excessive

Introduction

A principal goal of Kish*Health* System (KHS, the System) and Kishwaukee Community Hospital (KCH, the Hospital) is to provide as much cancer care in the community as possible. The purpose of this project is to provide enhanced cancer care services in an adequately sized and functionally operational facility to the increasing number of cancer patients in the greater DeKalb County area.

KCH and KHS retained BSA LifeStructures (BSA) to assist them in the development of Kishwaukee Cancer Care Center (KCCC). BSA LifeStructures has planned and/or designed more than 35 cancer centers.

BSA LifeStructures philosophy is consistent with KHS and KCH goals. BSA's philosophy is to focus on the patient experience by creating healing space – space that reassures patients that they are not alone in their fight with cancer. To that end, BSA consultants moderated community focus groups to obtain key information in planning operations and designing the KCCC facility. As a result, the proposed facility is homelike, is amply sized for family members who are so critical in the healing process, and has extensive educational options for patients and family.

Background – Clinical Leadership

For many years, very limited medical oncology infusion / chemotherapy services were provided in the DeKalb community by a primary care physician. When he relocated, no other physician was willing to provide the service.

Approximately 13 years ago, to ensure the availability of medical oncology services to the community, KCH recruited a medical oncologist. Upon his arrival, the newly recruited oncologist provided chemotherapy services as part of his practice, which was then located in the radiation oncology building. In 2002, the physician's practice and the medical oncology service were relocated to the Professional Office Building (POB) on the Hospital's campus to accommodate the increasing demand for the service.

In 2005, KCH acquired the service and designated it as a department of the Hospital. Based on continuing demand, a second medical oncologist was recruited in 2006.

Background – Location of Cancer Care Services Today

Integrated outpatient and support services fill an essential role in the treatment of cancer patients. Today, KHS and KCH provide fundamental outpatient cancer care and support services in at least four separate locations.

The first location is the Kishwaukee Cancer Care Center (KCCC, the Center) that includes medical oncology infusion / chemotherapy services along with the medical oncologists' offices. The KCCC space (both outpatient therapy and offices) includes 2 discrete spaces in the campus-based POB. These separate locations, in the POB, result in very inefficient operations. For example, the addition of a nurse practitioner has overcrowded the office side with two oncologists and the nurse practitioner all using 4 exam rooms. This is causing delays in seeing the patients from scheduled appointment time. Additional exam room space is in the second suite 30 feet away. The only option was to move one oncologist to the second suite. This required additional clerical staff for the second suite. The main office, clerical staff and phone triage nurse will be in the main suite causing them to walk between suites with patient records and phone messages. Since KCH is still using paper charts, this creates an additional space for staff to look for medical records. There is no space to add complementary medicine services and other services to meet cancer patients' special needs.

The second location is the Illinois Regional Cancer Center (the IRCC; radiation oncology center), a joint venture between Health Progress, Inc., a subsidiary of KHS and the radiation oncologist. The IRCC is located approximately 100 yards from the Hospital and remote from the KCCC.

Other key outpatient cancer services are located in the Hospital, the third location. Blood draws and blood analysis are required prior to most treatments and office visits. Blood is drawn at KCCC or the Hospital and analyzed in the Hospital's laboratory the day before the treatment or visit (requiring the patient to make 2 trips to the campus). All specimens must be picked up and delivered to the Hospital. At times, staff must make special trips to the Hospital to deliver STAT specimens. The PET/CT scanner – a key imaging tool used for cancer diagnosis and treatment planning, is also located in the Hospital. Ninety (90) percent of all PET/CT scans are for outpatient cancer patients.

Finally, some medical oncology administrative space is located in other suites in the POB because staff support space in the KCCC has been allocated to patient care functions.

These multiple locations detract from multidisciplinary care and ease of access for often fragile cancer patients.

Future Vision

The vision of KHS and KCH leadership is to develop a comprehensive cancer center that would bring all major cancer-related outpatient diagnostic and treatment services to one location. The proposed Center will bring existing services together in one location, will accommodate new programs for cancer patients, and have the potential to expand in the future.

The proposed project supports and advances this vision by co-locating all key outpatient cancer services proximate to the existing radiation oncology building. All spaces in the new structure will be appropriately sized and designed for patient comfort, safety, and operational efficiency. The new structure will house existing medical oncology infusion / chemotherapy services including a blood draw and lab as well as pharmacy areas for ordering and preparing chemotherapy drugs. It will also house a replacement physician suite with offices and exam rooms, including one capable of being used for minor procedures. Offices for a nurse practitioner and a research nurse will also be part of the physician suite.

The adjacency of the physician suite to the infusion area meets CMS requirements for physician supervision when chemotherapy drugs are being administered.

By bringing all of the outpatient cancer services on the campus to one location, access, new programs and enhanced continuity of care can be achieved. The new building will be sized to accommodate

current and conservatively projected volume for medical oncology infusion, the physician suite, and related services.

Deficiencies of the Current KCCC in the POB

The Professional Office Building (POB) that currently houses the Kishwaukee Cancer Care Center was constructed in 1977, or more than 30 years ago. It was built to residential rather than commercial standards; for example, the building has a wood frame and does not have a sprinkler system.

The KCCC has undergone 3 modernizations, the most recent being in 2006; the space has been enlarged from 1 to 2 suites to accommodate increasing patient volume and facilitate patient flow. Unfortunately, contiguous space for the expansion was not available so the Center is located in two discrete and disconnected areas on the lower level of the building; it is difficult to maneuver wheelchairs and carts from one area to another.

Even with these expansions, the available space is undersized for the current and expected future volume of the Center. The current space has 2 treatment rooms – a group treatment room with 8 stations and a private room – for a total of 9 stations. The private treatment room has a door to separate it from the group area and thus isolate severely immunosuppressed patients, if necessary.

In the group treatment room, curtains provide the only privacy – there is no auditory barrier due to space constraints. Space for visitors is very restricted; because the group treatment room is small, it can only accommodate 3 visitors for 8 patients, so many patients cannot have family or other visitors with them during treatment. The private room can accommodate 1 visitor.

Some patients' treatment protocols require that the patient receive radiation therapy immediately after their chemotherapy treatment for the chemotherapy to be effective. With the current distance between the POB / KCCC (chemotherapy) and the radiation oncology building, patients must drive (or be driven) from one building to the other to complete their treatment.

The current medical oncology space does not have a laboratory and staff must transport STAT lab specimens to the Hospital on average 7 to 8 times a day to be processed.

KCH will be implementing electronic medical records during 2010; the additional computers in the treatment stations will further exacerbate the crowded conditions.

Today, the two KCCC locations are located in 1,017 GSF. Based on the current State Agency Standard of 667 clinical GSF per station, the current area is undersized by at least 4,986 GSF. It is only 16.9 percent of the allowable square footage.

9 stations x 667 clinical GSF per station = 6,003 allowable GSF

1,017 current clinical GSF < 6,003 allowable clinical GSF

1,017 current clinical GSF ÷ 6,003 allowable clinical GSF = 16.9 percent

The proposed State Agency Standard for clinical service areas is 800 GSF per treatment station. This proposed standard further underscores the inadequacy of the current KCCC space.

The space is remote from Hospital services, especially PET/CT and lab, and the radiation oncology services which may also be required as part of a chemotherapy protocol.

The current space cannot be cost-effectively expanded. The POB will be demolished when medical oncology and 2 remaining health system entities are relocated to other sites.

As medical oncology volumes continue to grow, additional and more appropriate space is needed for medical oncology and related services and for staff support.

Community access will be limited without additional space. As a consequence of the undersized and fragmented space, care does not meet contemporary expectations of cancer care delivery.

The Benefits of the Proposed Space

The new KCCC and related outpatient services will enhance the ability of Kish*Health* System and Kishwaukee Community Hospital to provide high quality patient care to patients. The environment of the new Center will be soothing and relaxing; all treatment stations are open to the peaceful scene of a healing garden and a pond with wildlife and willow trees.

The new center will meet contemporary building standards and will provide patients with services that ease the anxiety and discomfort that accompany medical oncology infusion treatment. Combining the medical oncology infusion services and the radiation oncology services into adjacent space will allow for a more progressive, comprehensive approach to cancer care delivery. Additionally, patients will no longer have to travel to the main Hospital building for lab and PET/CT services; these existing services will be consolidated from other campus locations along with physician offices. The proximity of the two key outpatient cancer services will allow for significant operational improvements; outpatient cancer services at Kishwaukee Community Hospital will no longer be fragmented.

The design of the proposed building is based on site visits made by clinical and administrative staff to several other hospital and functional cancer centers as well as input from patients and community focus groups that were held in the fall of 2008. As a result, the design of the proposed KCCC will not only

house all existing cancer services, but it will have available space for new services that will add to the comprehensiveness of outpatient services at KCH. The design:

- Contains exam rooms in the Physician Suite that will also be designed with space to help educate patients and families.
- Enhances the ability to hold multidisciplinary conferences among modalities to plan patient treatment and address undesirable therapy side effects.
- Provides an area to house education space to provide individual education sessions as well as community education and group training for staff. The American Cancer Society will have office hours in the Center for a patient navigator to aid in education and even the funding of therapy.
- Will support research protocols by providing an area for Loyola University Medical Center (LUMC) subspecialists. Today, patients on research protocols must travel into the medical centers in Chicago. This relationship and LUMC will bring subspecialists to DeKalb on a rotating basis. These specialists are on the leading edge of cancer research and will provide very specialized care and leading edge research protocols so patients won't have to leave the area.
- Includes PET/CT and selected lab services are essential to cancer diagnosis and ongoing evaluation of treatment and will be relocated to the new Center which will:
    - Reduce the number of trips patients make to KCH when patients can have their blood drawn immediately prior to treatment or physician visit rather than having to come to the Hospital the day before.
    - Consolidate services in the new building thereby increasing the efficiency of RNs who will no longer have to deliver blood to the Hospital for STAT blood draws done at the KCCC.
- Provide complementary medicine with therapies such as massage therapy and acupuncture to minimize the side effects of therapy and a "Boutique" for fitting clothing, wigs,a s well as for breast prostheses, special bras, and active wear. These services will also include make-up consultants for those patients who wish to enhance their appearance and enhance their self-esteem during treatment.
- Allows for future expansion, as necessary.

A floor plan for the proposed KCCC is included as Attachment 13, Exhibit 1.

2. **Justification of Square Footage**

All clinical areas in the proposed outpatient cancer center are less than the State Agency's allowable square footage.

JUSTIFICTION OF CLINICAL SQUARE FOOTAGE

1. Ambulatory Care Clinical Area – Medical Oncology Infusion Area

The proposed replacement Kishwaukee Cancer Care Center (KCCC, the Center) includes a medical oncology infusion area with 9 infusion/chemotherapy stations, 1 of which will have a private toilet.

In addition to the chemotherapy stations, the Center includes scheduling function; a port draw room; a pharmacy area including rooms for mixing infusion drugs, data entry as well as pharmacy order processing; a blood draw area and lab for blood analysis; a nurse station; a medication and supply room; a nourishment area (for coffee, water and snacks) as well as a patient kitchen (where patients can warm or refrigerate their own food); an equipment room; emergency cart storage, a wheelchair alcove; and internal circulation. Staff will share a lounge and locker room that is located in the physician suite.

The State Agency guideline for ambulatory care is 667 GSF per treatment/key room. Based on 9 justified key rooms, the Center can justify 6,003 GSF. The applicants are proposing 5,344 GSF, or less than the allowable GSF.

9 key rooms x 667 GSF per key room = 6,003 allowable GSF

5,344 proposed GSF < 6,003 allowable GSF

The proposed Ambulatory Care Area, the Kishwaukee Medical Oncology Infusion Area has less square footage than allowable under the State Agency guideline.

2. Diagnostic Imaging – PET/CT in the KCCC and CT in the Vacated Area

KCH currently provides PET/CT services in the Hospital's imaging department. Since more than 90 percent of the PET/CT scans performed at the Hospital are for cancer outpatients, the applicants determined that relocating the PET/CT unit to the proposed new structure would enhance cancer care.

Due to increasing demand by our medical oncologists for on-site PET scanning ability and the distance (in excess of 40 miles) our patients were traveling to receive this rapidly accepted diagnostic imaging, administration decided in 2006 to install a combined PET/CT in the replacement hospital being constructed to meet this need. The CT could also provide backup for the facility's main CT.

The PET/CT suite will have 1,640 GSF; the space includes 2 injection rooms, a hot lab, the PET/CT procedure room and the control area, as well as area support and circulation. The State Agency has no square footage guidelines for PET/CT units.

The space in the Hospital vacated by the PET/CT will be replaced with a new CT scanner, giving KCH three CT scanners – the existing and new scanner in the Hospital's Imaging Department and the PET/CT scanner at the KCCC.

As described in the Kishwaukee Community Hospital replacement CON, Permit #05-004, the Hospital's Imaging Department has 10,813 GSF. With the proposed replacement CT scanner, the department will have the following proposed rooms and allowable square footage.

Modality	KCH Volume 2008	State Agency Volume Guideline (visits per room)	State Agency GSF Guideline (GSF per room)	Rooms Justified	Rooms Proposed	Allowable GSF
Diagnostic Radiology	26,778	6,500	1,386	5	4	5,544
Mammography	3,277	2,000	1,386	2	2	2,772
Ultrasound	5,975	2,000	2,000	3	2	2,772
Computerized Tomography	16,762	2,000	1,386	9	2	2,772
Total					10	13,860

The proposed square footage in the Hospital's imaging department is less than the allowable GSF.

10,813 proposed GSF < 13,860 allowable GSF

The proposed Diagnostic Imaging Area in the Hospital has less square footage than allowable under the State Agency guideline. If the square footage of the PET/CT in the new structure is added to the square footage in the Hospital-based department, the square footage of the two areas remains less than the allowable square footage.

PET/CT + other general imaging square footage = total imaging square footage

1,640 GSF + 10,813 GSF = 12,453 proposed DGSF

13,860 allowable GSF + 1,386 (estimated GSF for PET/CT) = 15,246 allowable GSF

12,453 proposed GSF < 15,245 allowable GSF

The proposed Ambulatory Care Area, the Kishwaukee Medical Oncology Infusion Area has less square footage than allowable under the State Agency guideline.

3. Complementary Medicine

Complementary medicine services are important to the well-being of cancer patients; these services help patients retain their health and fight their disease.

The complementary medicine service will offer massage therapy and acupuncture. Research has shown massage therapy enhances the effectiveness of chemotherapy drugs.

The applicants propose 166 GSF for the complementary medicine services.

The State Agency has no square footage guidelines for complementary medicine services.

JUSTIFICATION OF NON CLINICAL SQUARE FOOTAGE

Numbers 4 through 9 are deliberately unused.

10. Physicians' Suite

Two medical oncologists direct the care of medical oncology infusion/chemotherapy patients at the Kishwaukee Cancer Care Center (KCCC). These physicians are under contract with the Hospital/System; the Hospital/System provides their office space.

The KCCC will include office space for these oncologists consistent with CMS requirements for physicians to be in the vicinity and on site to supervise chemotherapy patients.

The physician suite will include offices for the physicians as well as for a nurse practitioner and research nurse and 6 exam/education rooms, one of which will be suitable for use as a procedure area. The suite also includes a nurse station, space for a phone triage RN, and a staff lounge and locker area that will also be used by the chemotherapy staff. In addition, the area will include the practice manager's office, a file/copy room, a storage room, and internal circulation. The physician suite will be located in 4,171 GSF. The State Agency has no guidelines for physician offices.

11. Public and Support Space

The public support space includes a canopy; the entry; 3 vestibules; the main lobby and waiting areas; reception and registration; a resource center with cancer-related information for patients and their families; a conference room for multidisciplinary team meetings; a shared office for the social worker, dietician, patient navigator, cancer registrar and patient insurance specialists; a classroom with classroom storage for community, staff, and patient education, the Director's office and related support

space. The project includes 9,161 GSF of public space and support space. The State Agency has no square footage guidelines for public and support areas.

12. The Boutique

Space in the new structure, 438 GSF, will be leased to Delores Ruland Center to provide a Boutique for patients undergoing chemotherapy. See Attachment 76 for letter of intent to lease. This service will provide a dressing room that will serve for clothing, breast prosthesis fittings, special bras, and active wear fittings. The Boutique will also have a wig fitting area and space for make-up consultants. The State Agency has no square footage guidelines for nonclinical building services.

13. Building Services

Building services include electrical rooms, telecommunication closets, an IT room, a soiled utility area, a trash room, a mechanical room, housekeeping and storage. Building services will occupy 1,301 GSF.

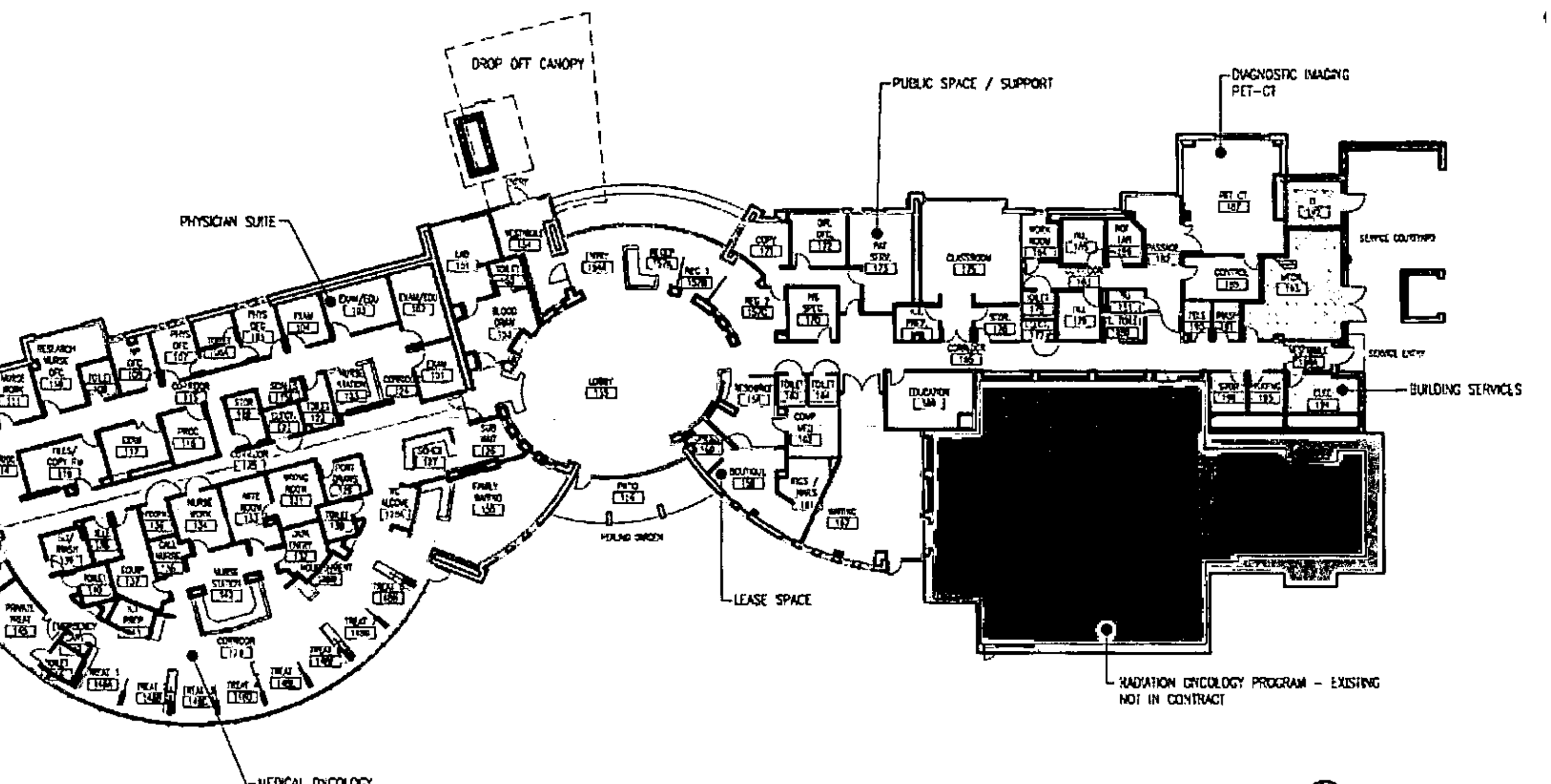
Summary

The new structure will include 7,150 clinical GSF and 15,071 non-clinical GSF for a total of 22,221 GSF. The structure will also include 1,217 building gross square feet. The building will include a total of 23,438 BGSF. All spaces in the project are less than the State Agency guidelines.

A drawing of the proposed project is included at Attachment 13, Exhibit 1.

2.b Impediments Letter

The following letter, Attachment 13, Exhibit 2, prepared by Michael A. Czyrka of BSA Life Structures describes certain cost premiums associated with the project.


DROP OFF CANOPY
PHYSICIAN SUITE
PUBLIC SPACE / SUPPORT
DIAGNOSTIC IMAGING
PET-CT
BUILDING SERVICES
LEASE SPACE
RADIATION ONCOLOGY PROGRAM - EXISTING
NOT IN CONTRACT
MEDICAL ONCOLOGY
NOT TO SCALE
BSA
LifeStructures

BSA
LifeStructures

November 9, 2009

Ms. Courtney Avery, Acting Vice Chair
Illinois Health Facilities and Services Review Board
525 W. Jefferson St. 2nd Floor
Springfield, IL 62761

Re: KCCC - Attachment 13, Size of Project
Kish Health System, DeKalb, IL

Dear Ms. Avery:

BSA LifeStructures is actively involved in the Kishwaukee Community Cancer Center (KCCC) project, located on the Kish Health Campus in DeKalb, Illinois. As an integral part of our services, we worked closely with the Kish Health Leadership in developing the master plan for the campus. This master plan evaluated alternatives for locating comprehensive cancer care services in one facility and locating these services on campus. The alternative to develop the KCCC adjacent to but separate from the existing radiation oncology center was selected as the option of choice.

As the option of choice, this alternative meets the goals and objectives of the project as well as the long term campus master plan. This option, although most cost effective of all alternatives considered, does contain cost premiums which are outlined as follows:

In constructing the KCCC adjacent to the existing radiation oncology facility, an enhanced structural system was utilized in order to preserve the stability of the existing adjacent structure, without disruption. The two structural systems are independent of each other, due to the existing radiation oncology facility being unable to support adjacent loading.

Another cost premium in construction adjacent to the existing radiation oncology facility is the requirement to add shielding between the existing linear accelerator vault and the new facility. This added shielding is required due to sidewall radiation from the primary beam of the linear accelerator between the vault and the new building. Three options were considered for this shielding: adding steel sheeting, a concrete wall or a lead brick wall. The concrete wall shielding was determined to be most cost effective and also can serve a 2nd function as lateral bracing for the building addition.

Due to the sloping site, the locating of the KCCC adjacent to the existing radiation oncology center also requires excavation and earth work beyond what may be customary for a building addition or new facility on a green field site. There are substantial drainage ponds for the campus located to

one side of the site limiting the placement of the building. Substantial excavation and grading is necessary to create a level site for the KCCC and required parking and access. There is a cost savings with the excavated soils which will be retained on the Hospital campus vs. hauling the soils away as spoils. This unused soil will be stockpiled and preserved for future grading material on campus. Underground utilities are also required to be relocated which are in the location of the new KCCC.

Phasing of the project in construction also adds a cost premium, due to the preservation and maintenance of the active existing radiation oncology center. A temporary patient parking lot, driveway, and entry will need to be provided for access to the center during construction. Alterations to the existing building exterior to permit the new addition will also be phased to avoid disruption of patient services.

The multiple programs of a comprehensive cancer care center facility also impact the configuration and complexity of the building plan and design. A singular entry and lobby was created for ease of wayfinding, with double loaded public corridor circulation to the physician suite / medical oncology wing as well as the education / diagnostic imaging area. The footprint of the building conforming to the existing site constraints supports the comprehensive program approach, but with a cost premium compared to a new free standing facility on a relatively flat site.

The design of the KCCC utilizes materials (exterior and interior) that align with those found on campus at the Hospital. Brick and limited stone are the primary exterior materials to compliment high performance window systems for energy efficiency and building longevity. The interior design utilizes sustainably produced finishes and creates a healing environment for patients, staff and visitors.

The Kishwaukee Community Cancer Center is designed to provide as much comprehensive care as possible for an increasing number of cancer patients in the greater DeKalb County community.

Sincerely,

Michael A. Czyrko, AIA, ACHA
Principal in Charge

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished Shell Space

READ THE CRITERION and provide the following information

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to those projects or portions of projects that involve services, functions or equipment for which HFPB has not established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110 Appendix B.

Annual Utilization Exceeds Utilization Standards Specified in 1110, Appendix B

Medical oncology/chemotherapy at Kish*Health* System (KHS) and Kishwaukee Community Hospital (KCH, the Hospital) is a hospital-based ambulatory care service (Section 1110. Appendix B). The State Agency rules suggest than an ambulatory service show an annual utilization of 2,000 visits per room (station) in the second full year of operation. Current utilization of the KCH chemotherapy service is 4,621 visits/treatments; based on the State Agency rule, this service could support 3 treatment rooms/stations. The department currently has 9 stations; KCH did not understand why current volume would only support one-third of the rooms that are now available and busy.

Because the State's methodology for determining the 2,000 visits/treatments per room/station standard for ambulatory care rooms is not explained in the rules, KCH reviewed other State Agency rules including the surgery rules (Section 1110.1540) to determine the expected number of hours per room per year. Based on the surgery rules, an outpatient room can be justified by 1,500 hours of utilization per year.

250 days per year x 7.5 hours per day x 80 percent occupancy = 1,500 hours per room

Based on this calculation, 1,500 hours of utilization could justify one ambulatory care room or station. Using the room utilization and the 2,000 visits per room standards, KCH determined that the State Agency guideline was based on 45 minutes per visit.

1,500 hours per room ÷ 2,000 visits per room = 0.75 hours or 45 minutes per visit.

In Attachment 71, the applicants described how actual visit time was used to justify the number of rooms/stations proposed. Current medical oncology infusion time at KCH is 2.43 hours per visit/treatment. It is evident that chemotherapy treatments at KCH are more than 3 times longer than the

average ambulatory care visit used as the guide in the rules. When comparing the "average" to the actual, the number of rooms allowed by the rules and the number of rooms needed by KCH were very different.

In the second full year of operation, FY 2013, KCH expects to have 4,991 visits/treatments. These treatments will require 12,129 hours of treatment time or enough hours to justify 9 rooms.

4,991 treatments x 2.43 hours = 12,129 hours of treatment

12,129 hours of treatment ÷ 1,500 hours per room = 8.1 or 9 rooms.

When consideration of the actual visit/treatment time is factored into the determination of needed rooms, three times as many rooms can be justified as the "average" guideline would suggest. The number of rooms being proposed by KHS and KCH will meet the State Agency's utilization standard by the second full year of utilization.

KHS and KCH believe that the State Agency guideline understates the number of allowable rooms. As detailed in Attachment 71, the following limitations of the rules result in very conservative projections:

- Projections can only be extended for the number of years that actual data is provided. Therefore, because the Hospital has owned the KCCC for only 4 years, only 4 years of projections could be used. The strong population growth in the DeKalb area, therefore, has not been factored into the projections.
- The projections do not use a factor to account for the expected increasing incidence of cancer in the service area population.
- Market share has been held constant.
- The Kishwaukee Cancer Care Center (KCCC) cannot be available 1,500 hours a year; treatments cannot be administered unless there is a physician available to supervise chemotherapy patients and the medical oncologists are not only available for 230 hours of coverage per year or the equivalent of 0.2 room.

4 hours per Friday x 50 weeks x 1 physician = 200 hours unavailable Friday afternoon coverage

2.5 hours x 12 months x 1 physician = 30 hours of other hours of unavailable coverage

200 hours of unavailable coverage + 30 hours of unavailable coverage =
230 hours of unavailable coverage

230 hours of unavailable coverage = 1,500 hours of utilization per station = 0.2 room

- The time required for research drug trials is not factored into the need equation. This time accounts for an additional 438 hours per year or the equivalent of 0.3 room.

Based on these factors, KHS and KCH believe that the KCCC will operate in excess of the State Agency guideline by the end of the second full year of utilization.

SECTION VIII. - SERVICE SPECIFIC REVIEW CRITERIA

R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize General Long Term Care must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms	# to Establish	# to Expand	# to Modernize
☒ Ambulatory Care Kishwaukee Outpatient Cancer Care Center	9 Medical/Oncology Chemotherapy Stations	9 Medical/Oncology Chemotherapy Stations		0	9 Medical/Oncology Chemotherapy Stations
☒ Diagnostic Imaging PET/CT	Number of PET/CT 1	Number of PET/CT 1		0	1
☒ Diagnostic Imaging Inct PET/CT	Total Number of CT's including PET/CT 2	Total Number of CT's including PET/CT 3		1	0

3. READ the applicable review criteria outlined below and SUBMIT all required information:

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) –	Need Determination – Establishment
Service Modernization	(c)(1) –	Deteriorated Facilities
		and/or
	(c)(2) –	Necessary Expansion
		PLUS
	(c)(3)(A) –	Utilization – Major Medical Equipment
		Or
	(c)(3)(B) –	Utilization – Service or Facility

APPEND DOCUMENTATION AS INDICATED BELOW, IN NUMERIC SEQUENCE AFTER THE LAST PAGE OF THE APPLICATION FORM:

APPLICABLE REVIEW CRITERIA	Attachment Number
Need Determination - Establishment	62
Service Demand	63
Referrals from Inpatient Base	64
Physician Referrals	65
Historical Referrals to Other Providers	66
Population Incidence	67
Impact of Project on Other Area Providers	68
Utilization	69
Deteriorated Facilities	70
Necessary Expansion	71
Utilization -Major Medical Equipment	72
Utilization - Service or Facility	73

Introduction

Kish*Health* System (KHS, the System) and Kishwaukee Community Hospital (KCH, the Hospital) are vital community healthcare resources serving residents of DeKalb County and beyond. KCH's goal is to provide as much comprehensive care as possible for an increasing number of cancer patients in the greater DeKalb community.

The KHS and KCH mission for cancer services is to be the first choice for patients because of attention to service, comfort, and safety. KHS and KCH along with the medical oncologists are always striving to provide the latest cancer care techniques and medications to diagnose and treat cancer in the community hospital setting.

In 2008, KCH's cancer program received a Three-Year Accreditation Award with Commendation from the American College of Surgeons Commission on Cancer (CoC). The commendation reflected KCH's many cancer-related prevention and early detection programs offered to the community each year, the number of educational programs in which the Cancer Registry staff participated, and the many cancer-related quality improvements implemented each year by the Hospital's Cancer Committee. In addition, the CoC noted that 100 percent of the pathology reports reviewed by the surveyor at Kish were in compliance with College of American Pathologists (CAP) guidelines.

KCH's multidisciplinary cancer care program is provided by a staff of cancer professionals who deliver inpatient, outpatient, ancillary, and community outreach services.

Multidisciplinary Cancer Care Team

- KCH's Cancer Committee is a multidisciplinary team comprised of physicians from several specialties as well as representatives from departments that provide or support patient cancer care. The Committee guides and implements cancer-related policies and programs for KCH and meets bi-monthly to accomplish these activities. The Committee's focus is to maximize safety and quality care. The Cancer Committee also monitors patient survival rates and clinical practice quality. They compare KCH survival rates with other facilities in the National Cancer Database through the Commission on Cancer and other sources such as the National Comprehensive Cancer Network.
- KCH's medical staff includes several physicians who care for cancer patients. Among these physicians are: 2 medical oncologists; 1 radiation oncologist; 5 surgeons, who perform cancer surgery; as well as specialists in pulmonology, urology, otolaryngology, dermatology, and gastroenterology. The staff also includes radiologists skilled in reading cancer-related images,

including breast MRI and digital mammography, interventional radiologists who offer chemoembolization and radio frequency ablation to treat cancer, and pathologists.

- KCH has a team of other professionals who have expertise in the care of cancer patients – these include but are not limited to oncology-trained and certified nurses, a dietician who counsels cancer patients, pharmacists, physical therapists, social workers, and financial counselors.
- The members of the multidisciplinary cancer care team at KCH are continually being updated on clinical skills and chemotherapy drugs.
- KCH's medical and clinical staff members and allied health professionals who care for cancer patients are involved in monthly Oncology Grand Rounds. Grand Rounds are educational conferences. Cases for presentation are selected on the basis of complexity and unusual manifestations of cancer as well as presentation of other pertinent medical literature such as treatment guidelines of the National Comprehensive Cancer Network.

Cancer Care Facilities and Services

- The Kishwaukee Cancer Care Center (KCCC, the Center), an outpatient facility, offers advanced diagnostic testing including genetic testing and counseling, and treatments including the most current medical oncology/ chemotherapy. At the KCCC these therapies include hormonal therapy, steroid therapy, and the use of monoclonal antibodies. These therapies control the growth or, in some cases, destroy and cure cancer altogether. Many therapies using a combination of drugs or together with surgery and radiation oncology, show higher survival rates.

  Other supportive treatments are also provided. These treatments are important for maintaining kidney function and the production of disease-fighting white and red blood cells.

  At the Center, patients are able to receive IV antibiotic therapy, iron infusions, as well as some medications used in Crohn's Disease and other disease processes such as Remicade.

  The KCCC includes two medical oncologists' offices.

- Illinois Regional Cancer Center (IRCC, radiation oncology) is an outpatient radiation therapy treatment center; it is joint venture between Health Progress, Inc (a subsidiary of Kish*Health* System) and a physician. The IRCC treats all types of cancerous tumors. Radiation therapy is used to irradiate only the cancerous area while sparing healthy surrounding tissue.

Patients are evaluated using specialized computers that create images of the cancerous areas in the body; this is known as 3-D conformal treatment planning, which provides computer images that show the size, shape, and location of the tumor allowing the physician to shape the radiation beams to the tumor shape and size.

IRCC offers progressive treatments including Intensity Modulated Radiation Therapy (IMRT), and Image Guided Radiation Therapy (IGRT), as well as traditional radiation therapies.

- Kishwaukee Community Hospital has busy inpatient and outpatient cancer services. Cancer inpatients use intensive care and general medical surgical beds as well as inpatient surgery services. Outpatients also use surgery services.

  The following is a summary of CY 2008, YDT 2009 (January through September), and 2009 annualized volumes of key hospital-based inpatient and outpatient services. Although observation and surgical day care cases have remained stable, total admissions and surgeries show continuing increases.

Kishwaukee Community Hospital Oncology Utilization Data

	CY 2008	YTD CY 2009	Annualized CY 2009
Inpatient			
Inpatient Admissions (all oncology diagnoses- principal, secondary, other)	563	489	652
Inpatient Days (all oncology diagnoses- principal, secondary, other)	2,675	2,287	3,023
Inpatient Surgeries (principal oncology diagnosis only)	93	75	100
Outpatient			
Observation and Surgical Day Care Cases (all oncology diagnoses- principal, secondary, other)	1,099	799	1,065
Observation and Surgical Day Care Days (all oncology diagnoses- principal, secondary, other)	1,140	815	1,087
Outpatient Surgeries (principal oncology diagnosis only)	264	199	265
Total			
Admissions, Observation and Surgical Day Care Admits & Cases (all oncology diagnoses- principal, secondary, other)	1,662	1,288	1,717
Admissions, Observation and Surgical Day Care Days (all oncology diagnoses- principal, secondary, other)	3,815	3,082	4,109
Inpatient and Outpatient Surgeries (principal oncology diagnosis only)	357	274	365

Oncology Diagnosis Codes Used: 140-239.9, V13.1, V58.0-V58.12, V67.1-V67.2, 990, V71.1
YTD 2009 utilization includes January through September 2009
Source: Hospital Data, Meditech

- Ancillary services used by cancer patients include: laboratory, primarily for pathology and blood analysis; pharmacy to prepare chemotherapy drugs; pain management; diagnostic imaging including breast MRI, digital mammography, and MRI and PET/CT fusion for treatment planning; interventional radiology; and physical therapy. PET/CT and MRI/CT fusion software allows two images to be fused together for more accurate planning and radiation treatment.
- DeKalb County Hospice is wholly owned and operated by Kish*Health* System. The Hospice offers assistance to end-of-life patients in the Hospital and the home.

Cancer Screening and Support Services

- Multidisciplinary teams of KCH physicians and other professionals who are involved in the care of cancer patients offer a Breast Cancer Multidisciplinary Clinic as well as a Head and Neck Multidisciplinary Clinic implemented in 2007.
- KCH has an active Cancer Registry; the registry is a key component of American College of Surgeons approved cancer program at KCH. The Registry staff complete and collect data on patients diagnosed and/or treated at KCH. The Registry staff maintain life-time annual follow-up on each patient. This information can then be used for studies by KCH physicians and administration, and research by the American Cancer Society, the American College of Surgeons, and the Illinois State Cancer Registry.
- The Hospital sponsors community cancer screening, prevention, and education programs such as MammaCare Self-Breast Exam and training community health fairs. KCH participates in programs to fund mammograms for those without insurance through the state and a local clinic, and offers skin cancer screenings every summer. KCH also provides community presentations on cancer awareness and screening. The Hospital sponsored the American Cancer Society Relay for Life. KCH offers screenings through the KCH Community Wellness Program. These include PSA (prostate-specific antigen), colonoscopy, mammography, Pap smear, and self-breast exam.
- KCH offers many community wellness classes that help to promote health lifestyle choices, including skin protection from the sun, smoking cessation, healthy eating, and weight loss. Over the last few years, KCH has offered several classes for cancer survivors on long-term effects of chemotherapy, *Exercise and Cancer*, *Alternative Medicine and Cancer*, art therapy, recently introduced music therapy, and living and coping with cancer.

- In addition, KCH offers various support groups and programs such as: *Men with Cancer Networking Group, Caregiver Networking*, and *Women with Cancer Networking Group*. In addition to these free networking groups for cancer patients and their caregivers, other support programs that are available include a healing arts program, pet therapy, *Look Good Feel Better* program through the American Cancer Society.
- KCH offers a patient navigator program for women with suspicious mammograms and women diagnosed with breast cancer. The navigator facilitates timely appointments to expedite the process of confirmed diagnoses and helps to resolve barriers to care. KCH's most recent report from the patient navigator shows that average time (excluding outliers) from suspicious mammogram to confirmed diagnosis is only 8.2 days. The patient navigator also looks at the whole needs of cancer survivors to make needed referrals to optimize their recovery and quality of life. The patient navigator provides emotional support and guidance to women

While most of these services are located in the Hospital, radiation oncology is located in a separate building; the Illinois Regional Cancer Center. Medical oncology/chemotherapy services are currently in a third location, a Professional Office Building owned by the Hospital; the service is a department of the Hospital. The proposed project envisions relocating and expanding the existing Kishwaukee Cancer Care Center in new construction adjacent to but separate from the IRCC building. This will result in a comprehensive outpatient cancer center on the Hospital campus.

The current KCCC facility is severely undersized and operationally inefficient. The new structure will be sized to meet current and future need until 2013. It will house 9 private treatment stations, a small mixing room for the preparation of chemotherapy drugs, and physician suite. Unlike the current facility, the "new" KCCC will have blood draw and analysis capability for the convenience of cancer patients as well as new services to expand KCH's cancer care capability, including complementary medicine and a boutique to provide self esteem building services for patients undergoing treatment. The PET/CT which is primarily used for the diagnosis and staging of cancer treatment will be relocated from the Hospital to the KCCC.

Recently Kish*Health* System entered into an arrangement with Loyola University Medical Center that will bring Loyola's cancer specialists to the KCH campus to provide care and establish a research function. As part of this arrangement, DeKalb residents will have local access to research protocols. The research function and investigational drugs will be administered in the new facility.

The relocated and expanded KCCC, along with the pending relationship with Loyola University Medical Center, will advance KCH's goal of providing as much comprehensive cancer care as possible for the increasing number of cancer patients in the greater DeKalb County community.

Background

The purpose of this application is to seek a permit to relocate, expand, and modernize outpatient medical oncology services at Kishwaukee Community Hospital.

The earliest medical oncology/chemotherapy services in the DeKalb area were provided by a local primary care physician. When this physician moved out of the area, no other local physician was willing to provide the service.

To ensure the availability and continuity of medical oncology services in the community, approximately 13 years ago, Kish*Health* System recruited a medical oncologist. Upon his arrival, the newly recruited oncologist provided chemotherapy services as part of his practice which was then located in the present radiation oncology building. In 2002, due to space constraints, the physician's practice and the medical oncology service were relocated to the Professional Office Building (POB) on the Hospital's campus to accommodate the space requirements for the increasing demand for the service.

In 2005, Kishwaukee Community Hospital acquired the medical oncology service and designated it as a department of the Hospital.

The initial medical oncology service originally provided by a primary care physician is the same service that was provided by the medical oncologist for more than a decade, and is the same service that was acquired by the Hospital in 2005. Hence the service has been serving the community for more than a decade.

However, while accurate records of new cancer cases are available, records of chemotherapy treatment of volumes are not available before May of 2005. The first full year the service operated as department of the Hospital was CY 2006; for that reason, the Hospital can only provide 4 full years of data. According to the Health Facilities and Services Review Board rules, for purposes of this project, the Hospital can only project volume for 4 years – or until 2013.

Because only 4 years of historical data are available, the projection time frame allowed in this application is only 4 years, compared to a maximum allowed by the HFSRB when 10 years of historical data is available. The filing date of this application (November 2009) would allow only CY 2008 data to be used; using CY 2008 data does not reflect the strong growth that was

recording during the 4-years of FY data. Therefore, the applicant used FY utilization data for the purpose of projecting chemotherapy treatments.

Projection of Future Need for Medical Oncology Services at KCH

The following information was used to prepare the volume projections for chemotherapy treatments and procedures.

Patient Origin and Map of the Service Area

Kish*Health* System and Kishwaukee Community Hospital is a community-based system and hospital that serves primarily the residents of DeKalb County and the nearby counties. The Kishwaukee Cancer Care Center (KCCC, the Center) serves the same area. Attachment 71, Exhibit 1 shows CY 2008 patient origin for all patients to the Center.

The KCCC service area has two basic components. The first is DeKalb County which accounts for 84.48 percent of the Center's patients. The second is other Illinois areas which include Ogle, Kane, and Lee counties which together account for 14.90 percent of the patients and the remaining less than 1.0 percent of the patients that are from out of state or are unknown.

Attachment 71, Exhibit 2 is a map showing the location of DeKalb County and of the Hospital.

Service Area Population

Since no other area accounts for more that 4.93 percent of the patients, KCH focused on the change in demographics in DeKalb County in developing utilization projections.

Attachment 71, Exhibit 3 shows the population change for DeKalb County. The source of the population data is the Illinois Department of Commerce and Economic Opportunity (DCEO).

This exhibit shows historical population as well as growth through 2030. The population is reported in the same age cohorts typically used in cancer analysis – 0-39, 40-49, 50-59, 60-69, 70-79, and 80+. For purposes of projecting future volume at the KCCC, the population in the 40+ age cohorts (the target age group) was used because this population age group accounts for 96 percent of the patient volume. Further, the DCEO projections include the Northern Illinois University student population which would distort the projections for the younger age group since it is unlikely that students would use cancer services at the KCCC.

The following data from Exhibit 3 show the strong growth expected in the target age group over the projection period and beyond.

Summary of Population Age 40+ Growth in DeKalb County, 2006 to 2017

Population by Year					Percent Change		
Area	2006	2009	2013	2017	2006-2009	2009-2013	2013-2017
DeKalb County – 40 +	34,902	36,860	39,798	42,988			
Change	-	1,958	2,938	3,190	5.6	8.0	8.0

Source: DCEO

As noted on this table, growth of the target population is expected to be stronger between the years 2009 to 2013 and from 2013 to 2017 than it was between 2006 and 2009.

Medical Oncology Treatment and Procedure Volumes, FY2006 to FY2009

The historical utilization of chemotherapy treatments increased 38.9 percent between FY 2006 and FY 2009.

Chemotherapy Treatments, FY 2006 to FY 2009

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2006 –FY 2009 Percent Change
Chemotherapy Treatments	3,327	3,545	4,024	4,621	38.9

Source: Hospital Records

Cancer Incidence Rates in DeKalb County

Cancer incidence rates continue to increase as the population ages and more sophisticated diagnostic tools detect more cancer cases, many early in the disease process so that outcomes and survival are substantially improved.

The Illinois Department of Public Health, Illinois Cancer Registry collects and reports statistics about cancer in Illinois (see http://www.idph.state.il.us/ cancer/statistics.htm). One reported statistic is cancer incidence by year. The most recent data on the Registry's web site, shows that DeKalb County has an all sites incidence rate of 490.2 (the 2002 to 2006 total per 100,000 age-adjusted to the 2000 U.S. standard million population). The Illinois rate is slightly lower or 488.8. More current DeKalb County specific incidence rates are not available.

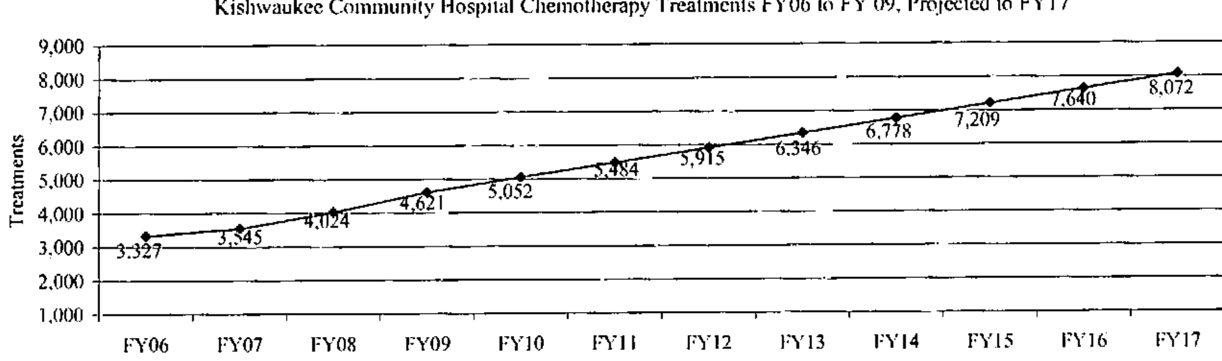
Since the Illinois Cancer Registry does not report trends in incidence rates, KCH elected to hold the incidence rate constant in the projections; this appears to be a conservative assumption.

Projected Chemotherapy Treatments at Kishwaukee Community Hospital

To determine future outpatient chemotherapy volume at KCH, two alternative projection methodologies were used. The first method, the historical growth method, is based on projecting 4 years of historical data into the future. The current HFSRB rules allow projections for as many years as historical data is provided. Since KCH has only owned this service for 4 years, (although others have provided the service for more than a decade and 10 years of new cancer cases are available), only 4 years of projected data may be used. Even so, KCH has projected 8 years into the future to better understand future growth potential. The second method is based on market factors including population growth and aging. None of the projections include any increase in market share.

Method 1 — Historical Growth Method

The first method is based on 4 years of historical data and is projected using an average annual growth rate (AAGR) for 3 years. See the chart below and Attachment 71, Exhibit 4.



The trend line methodology is based on growth of 38.9 percent or 1,294 chemotherapy treatments from FY 2006 to FY 2009. This growth rate could result in 6,346 treatments in 2013. The applicants also projected growth to FY 2017 to anticipate expected future growth. This trend line demonstrates that growth will continue for the next 8 years or to 8,072 treatments, well before the useful life of the proposed building will be met.

Method 2 — Market-Based Methodology

The market-based methodology is based on current utilization and projected population growth in DeKalb County, the source of 84.48 percent of the cancer patients to KCH. The market-based projections use the population growth in the 40+ age cohorts in DeKalb County; these cohorts that account for 96 percent of the cancer patients at KCH.

The applicants believe this is the most achievable projection methodology.

Chemotherapy Treatment Volume

Chemotherapy treatments, sometimes called medical infusion therapy or medical oncology infusions, involve the use of drugs to destroy cancer cells. A chemotherapy patient may take one or a combination of drugs. Most of these drugs are given by vein using intravenous (IV) therapy. Sometimes surgery and radiation therapy are used in conjunction with chemotherapy treatments.

Chemotherapy treatment volume at the Kishwaukee Cancer Care Center, as noted above, increased 38.9 percent between FY 2006 and FY 2009, or to 4,621 treatments. Based on Method 2, KCH has projected 4,991 chemotherapy treatments in 2013 and 5,407 treatments in 2017.

The formula used to project future chemotherapy treatments is:

Current treatments x 40+ population change x change in incidence rate = future treatments

The year FY2013 will be the second full year of operation after the proposed new facility opens.

4,621 treatments in FY2009 x 1.08 (40+ population change) x 1.0 (constant incidence rate)

= 4,991 treatments in FY 2013

The applicants used this same formula to project 2017 treatments to understand the implications of growth immediately after the facility opens.

4,621 treatments in FY 2009 x 1.17 (40+ population change) x 1.0 (constant incidence rate)

= 5,407 treatments in FY 2017

Projected strong population growth in the market beyond 2013 will place additional demands for proposed / allowable number of treatment stations.

PET/CT Volume

Positron emission tomography/computed tomography (more commonly referred to as PET/CT) is a medical imaging modality that combines in a single gantry system both positron emission tomography (PET) and an x-ray computed tomography (CT), so that the images acquired from both devices can be taken sequentially in the same session and combined into a single superposed (co-registered) image. Thus functional imaging by PET can be more precisely aligned or correlated with anatomic imaging obtained by CT scanning. Two- and three-dimensional image reconstruction may be rendered as a function of a common software and control system.

PET and CT scans are both standard imaging tools that physicians use to pinpoint disease states in the body. A PET scan demonstrates the biological function of the body before anatomical changes take place, while the CT scan provides information about the body's anatomy, and of a cancer tumor, such as size, shape and location. By combining these two scanning technologies, a

PET scan enables physicians to more accurately diagnose, and identify cancer and other disorders. In cancer care, surgical planning, radiation therapy, and cancer staging have been changing rapidly under the influence of PET/CT availability. In addition to providing diagnostic and treatment advantages as a combined unit, PET/CT has the advantage of providing both functions as stand-alone examinations, being in fact, two devices in one.

KCH currently operates a PET/CT in the Hospital; because approximately 90 percent of the exams on the PET/CT unit are for cancer patients, KCH proposes to relocate this unit to the new Cancer Center.

PET and CT Volumes at KCH, CY 2005 through CY 2008

Modality	CY 2006			CY 2007			CY 2008		
	IP	OP	Total	IP	OP	Total	IP	OP	Total
PET/CT	0	0	0	1	47	48	6	306	312
Other CT Scans	3,630	10,723	14,353	3,769	12,443	16,212	3,906	12,544	16,450
Total CT Scans	3,630	10,723	14,353	3,770	12,490	16,260	3,912	12,850	16,762

Source: Hospital Data

The number of PET scans and the number of CT scans done on the co-registered unit, the PET/CT scanner are the same.

The currently Hospital-based PET/CT also functions as a back-up CT scanner when needed. When the PET/CT relocated to the Center, KCH will replace the relocated PET/CT with a second Hospital-based CT scanner. Even with the 2 scanners at the Hospital, the PET/CT may also be used for CT scanning during periods of high demand.

As noted above, the two existing scanners reported more than 16,000 CT scans (excluding the PET/CT scans) during each of these last 3 years. The current State Agency guideline for CT scanners is 2,000 visits per unit. KCH's current volume could support at least 9 units based on this guideline. Current volume justifies adding a third CT scanner at the Hospital.

Complementary Medicine

Complementary medicine services including massage therapy and acupuncture to help patients retain their health and fight their disease.

Neither the current nor the proposed Health Facilities and Services Review Board guidelines include need guidelines for complementary medicine services.

Conversion of Volume to Key Rooms

Determining Visits per Key Room

The Kishwaukee Cancer Care Center (KCCC) being proposed by Kish*Health* System and Kishwaukee Community Hospital (KCH, the Hospital) is classified in the Illinois Health Facilities and Service Review Board Application for Permit, July 2009 Edition in Section XIII R. as a "Clinical Service Area other than a Category of Service" as "Ambulatory Care Services (organized as a service)" and as an "Outpatient Clinical Service Area" in Section 1110.40 of the rules. It is also classified as "Ambulatory Care" in Section 1110, Appendix B, State and National Norms.

The State Agency guideline for ambulatory care is 2,000 visits per "room." The term ambulatory care means medical care including the diagnosis, observation, treatment, or rehabilitation that is provided on an outpatient basis. Since this guideline appears a wide range of ambulatory care that is organized as a service, time per visit varies widely. For example, the time for a simple test is a few minutes, while more complex ambulatory treatments take several hours.

KCH assumed that the average time for an ambulatory care visit under Section 1110. Appendix B guidelines could be determined by taking room utilization for surgery (the only such calculation in the State Agency rules) and dividing that by the number of visits prescribed per room. In Section 1110.1540, the State Agency rules provide the following formula for determining hours of operation per surgery room:

250 days per year x 7.5 hours per day x 80 percent occupancy = 1,500 hours of surgery per room

By using these two factors—hours of time per room and number of visits per room – KCH determined the average time per visit used by the State Agency for ambulatory care was 45 minutes.

1,500 hours per room ÷ 2,000 visits per room = 0.75 hours or 45 minutes per room

The State Agency rules and the current application also refer to "key rooms." The Agency provided the following definition for "key room": a term used in space planning to designate the primary functional component of a department used to develop a space program estimate of square footage for the department. Examples of key rooms include, but are not limited to, surgical suites, treatment stations for dialysis, imaging rooms for radiology, etc." HFPB e-mail dated February 17, 2009. To be conservative for purposes of this application, KCH assumed that each chemotherapy station would be considered a "key room" in the KCCC.

Next, KCH determined how the time for chemotherapy treatments and procedures in the KCCC compared to the State's calculated average time of 45 minutes per visit.

Chemotherapy Treatment Stations

At the KCCC, total patient times in the chemotherapy room include treatment time as well as clean up and set up time. Patient preparation is started the day before with the nurses and pharmacists verifying orders and drug dose. Once the patient arrives medications are prepared by the pharmacists and nurses as other nurses access the patient. KCH determined that the average treatment time was 2.43 hours or 146 minutes and concluded that this would be an appropriate average treatment time for a chemotherapy treatment in the replacement KCCC.

Based on the 2013 expected chemotherapy volumes and actual time in the chemotherapy station, KCH determined that 9 chemotherapy stations could be justified.

4,991 chemotherapy treatments in 2013 x 2.43 hours per treatment = 12,129 treatment hours

12,129 treatment hours ÷ 1,500 hours per station = 8.1 or 9 allowable treatment stations

KCH also determined the need for stations in 2017.

5,407 chemotherapy treatments in 2017 x 2.43 hours per treatment = 13,139 treatment hours

13,139 treatment hours ÷ 1,500 hours per station = 8.8 or 9 allowable treatment stations

9 proposed chemotherapy treatment rooms = 9 allowable treatment rooms

The number of treatment stations allowed by both the calculated need in 2013 and 2017 was the same; however, these calculations suggest that by 2017 the replacement center will be near capacity. The proposed KCCC facility has been designed with expansion capability.

PET/CT

Based on current HFSRB guidelines, KCH could justify 9 CT scanners.

16,762 CT scans in CY 2008 ÷ 2,000 scans per unit = 8.4 or 9 allowable CT scanner

Based on proposed CT guidelines, or 7,000 scans per unit, KCH could justify 3 CT scanners.

16,762 CT scans in CY 2008 ÷ 7,000 scans per unit = 2.4 or 3 allowable CT scanners
3 proposed scanners = 3 allowable scanners

At the completion of the relocation and modernization of the KCCC, KCH will have 3 CT scanners.

The current HFSRB guidelines do not have volume guidelines. However, the proposed Section 1110.Appendix B suggests 3,600 visits per scanner. Based on the proposed guideline, KCH could justify 1 PET scanner.

312 PET scans in CY 2008 ÷ 3,600 scans per unit = 0.1 or 1 allowable scanners

1 proposed scanner = 1 allowable scanner

Conservative Assumptions

The applicants believe that the projected need projections for chemotherapy rooms / stations is conservative for the following reasons:

- The projections consistent with the HFSRB rules are for only 4 years; the continuing strong DeKalb County population growth has not been factored into the projections.
- The projections do not use a factor to account for the expected increasing incidence of cancer in the DeKalb County population.
- Market share has been held constant.
- The Kishwaukee Cancer Care Center is not available the full number of hours that is described in Section 1110.1540. Physicians must be on site and available to supervise chemotherapy treatments. There is no physician coverage on Friday afternoon (or for 200 hours per year) or for 2.5 hours per month (or for 30 hours per year). No treatments can be administered unless there is physician supervision. The hours reduce available capacity by almost 0.2 room.
- Research drug trials were not factored into the need equation. At start-up, the KCH and Loyola physicians estimate at least 15 patients per year will be participating in drug trials. Based on 15 average treatments per patient, drug trial patients will account for 180 treatments. At 2.43 hours per treatment, the drug trials will require 438 treatment hours or 0.3 room.

180 treatments x 2.43 hours per treatment = 438 treatment hours

438 treatment hours ÷ 1,500 hours per room = 0.3 room

Together, physician availability and drug trials appear to account for the need for 0.5 room. These operational realities and continuing strong area population growth suggest the need for more than the planning infusion stations in the foreseeable future.

Kishwaukee Cancer Care Center Patients
Patient Origin, CY 2008

County	City	Zip	Patients	Percent
DeKalb	DeKalb	60115	436	46.68
	Sycamore	60178	200	21.41
	Genoa	60135	40	2.48
	Waterman	60556	20	2.14
	Shabonna	60550	19	2.03
	Cortland	60112	18	1.93
	Kingston	60145	16	1.71
	Malta	60150	15	1.61
	Kirkland	60146	10	1.07
	Other		43	1.60
Total DeKalb			789	84.48
Ogle	Rochelle	61068	31	3.32
	Other		15	1.61
Total Ogle			46	4.93
Kane			29	3.10
Lee			27	2.89
Other Illinois			37	3.98
Out of State and Unknown			6	0.66
Grand Total			934	100.00

Source: Hospital Data

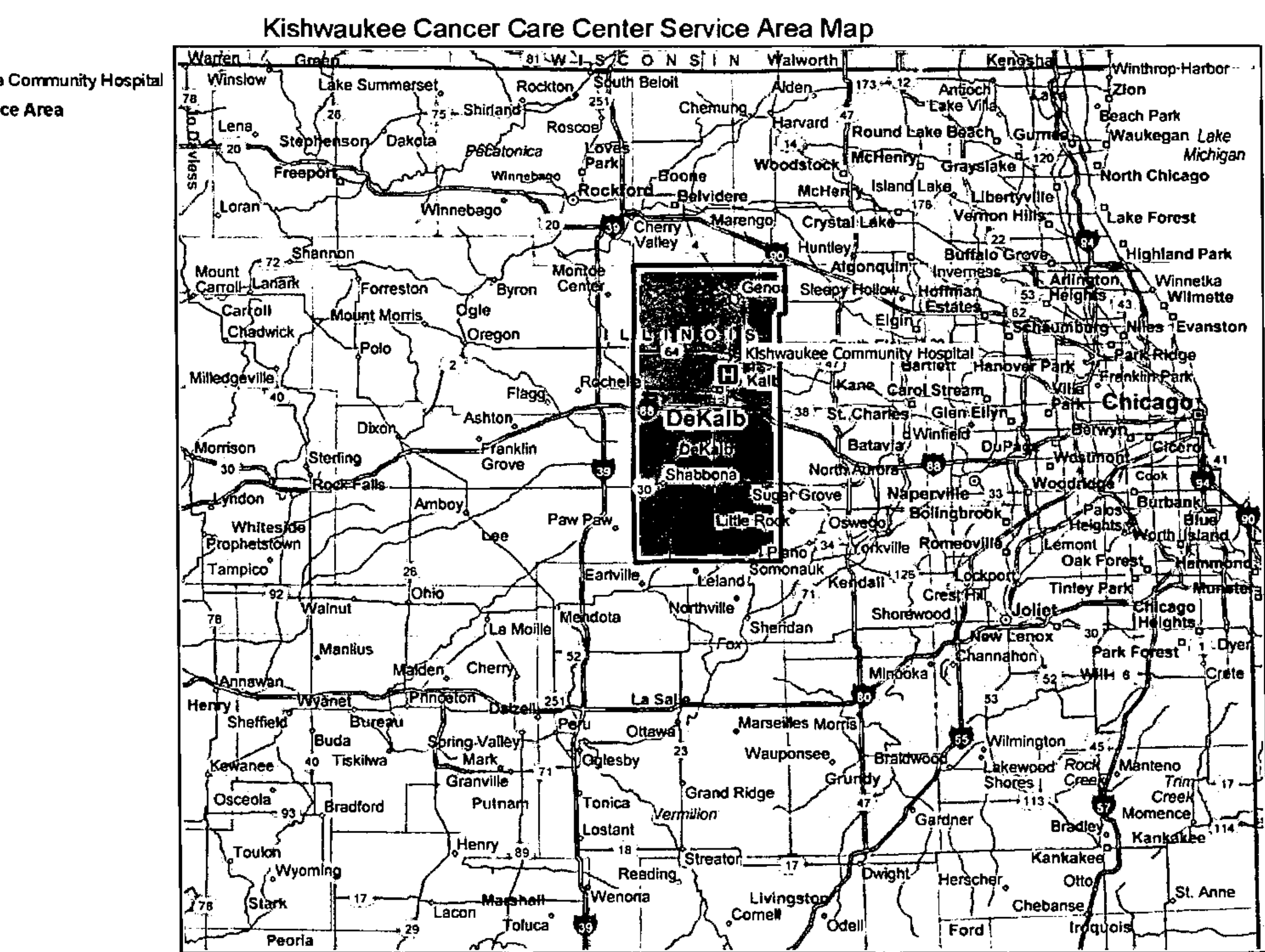
Kishwaukee Cancer Care Center Service Area Map

Pushpins

Kishwaukee Community Hospital

Counties/Service Area

DeKalb



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DeKalb County Population 2000 - 2030 by Age Cohort

Age Cohort	2000	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2020	2030
0-39	58,597	61,787	62,396	63,004	63,613	64,221	64,760	65,298	65,837	66,375	66,914	67,432	67,949	69,502	70,943
40-49	11,550	13,170	13,199	13,229	13,258	13,288	13,326	13,364	13,403	13,441	13,479	13,681	13,882	14,487	15,929
50-59	7,689	9,617	9,987	10,358	10,728	11,099	11,423	11,747	12,072	12,396	12,720	12,758	12,797	12,912	13,822
60-69	4,772	5,502	5,732	5,963	6,193	6,423	6,723	7,023	7,323	7,623	7,923	8,289	8,655	9,752	11,228
70-79	3,954	3,686	3,679	3,671	3,664	3,657	3,748	3,839	3,930	4,021	4,112	4,316	4,519	5,130	7,918
80+	2,556	2,927	2,957	2,987	3,017	3,047	3,055	3,062	3,070	3,077	3,085	3,110	3,135	3,209	4,360
All	89,118	96,689	97,950	99,212	100,473	101,735	103,035	104,334	105,634	106,933	108,233	109,585	110,937	114,992	124,200

Source: Illinois Department of Commerce and Economic Opportunity (DCEO)

Kishwaukee Community Hospital Cancer Visits FY06 to FY 09. Projected to FY17

	Actual				Projected							
Chemotherapy Treatments	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Absolute Growth Method												
Treatments	3,327	3,545	4,024	4,621	5,052	5,484	5,915	6,346	6.778	7,209	7,640	8,072
Annual Change		218	479	597	431	431	431	431	431	431	431	431
Percent Change (%)		6.55	13.51	14.84	9.33	8.54	7.87	7.29	6.80	6.36	5.98	5.65
Percent Growth Method												
Treatments	3,327	3,545	4,024	4,621	5,220	5,897	6,661	7,525	8,501	9,603	10,848	12,254
Annual Change		218	479	597	599	677	765	864	976	1.102	1,245	1,406
Percent Change (%)		6.55	13.51	14.84	12.96	12.96	12.96	12.96	12.96	12.96	12.96	12.96
CAGR Method												
Treatments	3,327	3,545	4,024	4,621	5,156	5,753	6,418	7.161	7,990	8,915	9,946	11,097
Annual Change		218	479	597	535	597	666	743	829	925	1,032	1,151
Percent Change (%)		6.55	13.51	14.84	11.57	11.57	11.57	11.57	11.57	11.57	11.57	11.57

Growth Calculation	FY06	FY09	Absolute Growth	Percent Growth (%)	CAGR (%)
Chemotherapy Treatments	3,327	4,621	431	12.96	11.57

Source: Hospital Data

SECTION VIII - SERVICE SPECIFIC REVIEW CRITERIA

Criterion 1110.3030 – Clinical Service Areas Other Than Categories of Service – Review Criteria

READ THE REVIEW CRITERION and provide the following information:

c) Service Modernization
The applicant shall document that the proposed project meet one of the following.

Kish*Health* System (KHS) and Kishwaukee Community Hospital (KCH) have chosen to respond to B) Service or Facility.

A) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.

B) Service or Facility
Projects involving the modernization of a service or facility shall meet or exceed the utilization standards for the service, as specified in Appendix B. The number of key rooms being modernized shall not exceed the number justified by historical utilization rates for each of the last two years, unless additional key rooms can be justified per subsection (c) (2) Necessary Expansion.

Kish*Health* System (KHS) and Kishwaukee Community Hospital (KCH) have chosen to respond to (c) (2) Necessary Expansion, Attachment 71.

C) If no utilization standards exist, the applicant shall document in detail its anticipated utilization in terms of incidence of disease or conditions, or population use rates.

Utilization standards exist in Section 1110.Appendix B. KHS and KCH have anticipated utilization in terms of market demographics. No market share increases were factored into the projections. This discussion is included in Attachment 71.

T. Financial Feasibility

This section is applicable to all projects subject to Part 1120.

REVIEW CRITERIA RELATING TO FINANCIAL FEASIBILITY (FIN)

Does the applicant (or the entity that is responsible for financing the project or is responsible for assumin applicant's debt obligations in case of default) have a bond rating of "A" or better?
Yes ☒ No ☐.

If yes is indicated, submit proof of the bond rating of "A" or better (that is less than two years old) from Fitch's, Moody's or Standard and Poor's rating agencies and go to Section XXVI. **If no is indicated, submit the most recent three years' audited financial statements including the following:**

1. **Balance sheet**
2. **Income statement**
3. **Change in fund balance**
4. **Change in financial position**

A. Criterion 1120.210(a), Financial Viability

1. Viability Ratios

If proof of an "A" or better bond rating has not been provided, read the criterion and complete the following table providing the viability ratios for the most recent three years for which audited financial statements are available. Category B projects must also provide the viability ratios for the first full fiscal year after project completion or for the first full fiscal year when the project achieves or exceeds target utilization (per Part 1100), whichever is later.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each. Insert the worksheets after this page.

2. Variance

Compare the viability ratios provided to the Part 1120 Appendix A review standards. If any of the standards for the applicant or for any co-applicant are not met, provide documentation that a person or organization will assume the legal responsibility to meet the debt obligations should the applicant default. The person or organization must demonstrate compliance with the ratios in Appendix A when proof of a bond rating of "A" or better has not been provided.

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312 233-7001
reference no.: 40166475

July 30, 2008

Kishwaukee Health System
626 Bethany Road
DeKalb, IL 60115
Attention: Mr. Loren Foelske, Chief Financial Officer

Re: *$63,050,000 Illinois Finance Authority (Kishwaukee Health System) (CIFG), Series 2005 Revenue Bonds*

Dear Mr. Foelske:

Pursuant to your request for a Standard & Poor's underlying rating (SPUR) on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "A-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

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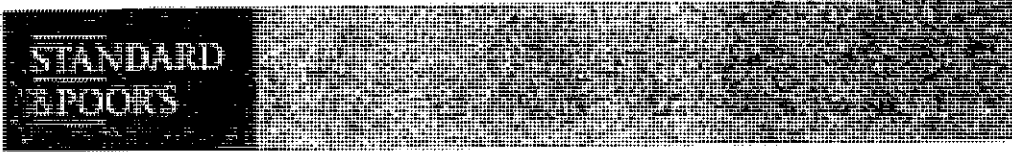
Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

Standard & Poor's SLC

gr
enclosures

cc: Ms. Betty Lam
Mr. Townsend Albright



My Credit Profile
Kishwaukee Health System, IL - ' A-/Stable'

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Competition And Service Area

Illinois Finance AuthorityKishHealth System; Hospital

Publication date:	01-Aug-2008
Primary Credit Analyst:	Suzie Desai, Chicago (1) 312-233-7046; suzie_desai@standardandpoors.com
Secondary Credit Analyst:	Brian T Williamson, Chicago (1) 312-233-7009; brian_williamson@standardandpoors.com

Credit Profile		
US$70.213 mil hosp rev bnds (Kishwaukee Hlth Sys) ser 2008 dtd 06/27/2008 due 10/01/2018		
Long Term Rating	A-/Stable	New
Illinois Educl Fac Auth, Illinois		
Kishwaukee Hlth Sys, Illinois		
Illinois Fin Auth (Kishwaukee Health System) (CIFG)		
Unenhanced Rating	A-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'A-' standard long-term rating to Illinois Finance Authority's $70.4 million series 2008 fixed rate revenue bonds issued for KishHealth System (KHS), formerly known has Kishwaukee Health System. Additionally, Standard & Poor's affirmed its 'A-' underlying rating (SPUR) on the authority's series 2005 auction-rate bonds, issued for KHS.

The series 2005 bonds are expected to be refunded by the series 2008 bonds, however, with the addition of a debt service reserve fund, there is approximately $6 million of net additional par amount of bonds.

KHS has generated better-than-forecasted performance in recent years and maintained a robust balance sheet; however, KHS has experienced some expected and unexpected pressure to financials related to the new hospital opening as well as some shorter-term challenges that it is addressing. Management expects another year of light operating performance, but operations should begin to improve thereafter as KHS begins to realize the benefits of its new hospital and enhanced services. In addition, capital-spending plans in the next year or two require KHS to maintain historically strong operating cash flow to absorb the capital plans and maintain the current rating.

The 'A-' rating reflects:

- Successful completion of the new replacement hospital that opened on time and on budget in October 2007 (mid-fiscal year 2008);
- Solid balance sheet measures, which are better than forecasts and medians and include, strong

unrestricted cash levels of 260 days' cash on hand at fiscal year-end 2008, cash to pro forma debt of 139%, and pro forma leverage of 30%; and

- Adequate pro forma maximum annual debt service (MADS) coverage of 3.7x but which is down slightly from previous years, due to both the increased costs of the new hospital coming online midyear as well as softer volumes and a higher Medicaid payor mix; and
- A steady primary market share of 65% in a growing service area with the nearest competitor 30 miles away

Offsetting factors include:

- Near-term operating pressure from the opening of the new hospital with continued pressure over the next year or so as KHS operates a full year with an increased expense base, coupled with some unexpected volume and operating challenges in fiscal 2008 that should be alleviated over the next year or two; and
- Some competition in the secondary service areas due to recently completed construction at hospitals to the south and east, as well as possible new clinics and outpatient-ambulatory surgery centers to the far south, given that area's favorable demographics.

KHS is located in DeKalb, Ill., about 60 miles west of Chicago. KHS is the parent of Kishwaukee Community Hospital (KCH), a 100-staffed-bed facility; Valley West Community Hospital (VWCH), a 25-staffed-bed critical-access hospital; Hauser-Ross Eye Institute & Surgery Center, a freestanding ambulatory surgery and eye care center; and several other entities and joint ventures. VWCH and KCH, which also includes the Hauser-Ross Eye Institute & Surgery Center, account for about 97% of KHS's total assets. The series 2005 bonds are secured by a gross-revenue pledge of the obligated group (KHS, KCH, and VWCH), which accounts for about 99% of the entire system. Unless otherwise noted, the financials presented below are for the system.

KCH's new replacement hospital, which was fully operational by October 2007 has all private rooms, in-house MRI and PET/CT scanning services for the first time and is expected to have new cardiac catheterization services in Spring 2009. With the completion of the replacement hospital in fiscal 2008, unrestricted cash dropped to $112 million from $118 million as KHS made its $15 million equity contribution towards the project. However, this is still equal to a strong 260 days' cash on hand with pro forma cash-to-long-term debt equal to about 139%. Additionally, liquidity is expected to increase to $125 million by the end of 2009 due to limited capital expenditure of less than $5 million. Pro forma leverage is consistent with medians at 30%. These numbers exclude a 30% guarantee on an $8.7 million loan by one of KHS's 30%-owned affiliates. Capital expenditures are likely to increase in 2010 as the hospital plans a new building for cardiac rehabilitation ($8 million) and a regional oncology center ($6 million-$8 million), with plans to fund these projects from operating cash flow. While operating cash flow has been good in recent years and KHS will likely spend for these projects over a one- to two-year scenario, management must focus on maintaining historically strong cash flow to absorb both the capital spending and the increased debt service, which management will begin to pay in full now that construction of the hospital is complete.

Fiscal 2008 saw a drop in operating results compared with fiscal 2007, and previous years. The 2008 budget experienced volume pressure, increased costs associated with locum tenens, and increased Medicaid payor mix as well as expected increased costs associated with the new replacement hospital. Operating income totaled $6.7 million in fiscal 2008 (3.7% margin), down from the exceptionally strong 2007 operating income of $17.3 million (10.4% margin). There were some vacancies in cardiology related to a change in employment agreement with one of KHS's key cardiologists who should return to the hospital in fall 2009. Additionally, management has recruited additional cardiology coverage from nearby Rockford and Elgin. The vacancies resulted in both volume reductions as well as increased costs associated with locum tenens covering call service. KHS experienced about $1 million in transition costs to the new hospital as well as some increased depreciation and interest expense. There was also acceleration of contractual rates due to Medicaid patients using the emergency room more frequently. The hospital plans to build a primary clinic to provide appropriate care outside the hospital setting to mitigate this expense.

Excess income decreased to $12.4 million or a 6.7% margin in fiscal 2008 compared with $23.7 million, or a 13.7% margin, in fiscal 2007, but and just slightly under forecasts. Pro forma MADS coverage decreased to 3.7x in fiscal 2008 as compared with 4.3x in fiscal 2007, excluding a 30% guarantee on an $8.7 million loan by one of KHS's 30%-owned affiliates. Including the full 100% guaranty, debt service coverage would be 3.6x. Debt burden in fiscal 2008 was moderate at 4.0%. Management expects to

generate approximately $2.7 million in operating income in 2009, which is in line with initial projections provided at the time of the series 2005 issuance.

Despite the fact that overall volumes were generally good in fiscal 2008, there were declines in cardiology and behavioral health volumes due to the lack of full-time permanent coverage in both these area. Inpatient admissions were flat compared with the previous year at 7,170, with inpatient surgeries down slightly, but outpatient surgeries continuing to increase. Management expects volumes to continue to grow as it is located in a growing service area and VWCH and KCH are the only hospitals in DeKalb County. There continues to be increased competition in the southern part of the county as that area is growing even faster, with several competitor hospitals opening nearby outpatient and surgery centers.

KHS entered into a floating- to fixed-rate swap coinciding with the 2005 debt issuance and Standard & Poor's assigned it a Debt Derivative Profile (DDP) overall score of '2' on a scale of '1' to '4', with '1' representing the lowest risk and '4', the highest. The overall score of '2' reflects Standard & Poor's view that KHS's swap reflects a low credit risk at this time. KHS expects to terminate its only swap in conjunction with the refinancing and management expects minimum impact to unrestricted cash levels.

Outlook

The stable outlook reflects Standard & Poor's expectation that favorable demographics and volume growth, coupled with good expense controls, will allow KHS to operate at rating median levels despite the larger expense base of the new replacement hospital. Furthermore, management will need to demonstrate sustained operational performance, given some of the short-term challenges experienced over the past year, the potential for increased competition in the near to intermediate term, and increased capital spending plans in the next two to three years to maintain the rating. KHS doest not expect to issue additional debt for the next two years.

Organizational Profile

KCH and VWCH account for the majority of KHS, but there are several other entities, including Kishwaukee Health Foundation; Health Progress Inc., an entity to facilitate KHS's joint ventures; DeKalb County Hospice; and the Kishwaukee Medical Foundation. Some of Health Progress' joint ventures include Midlands Surgery Center, an ambulatory surgery center that opened during fiscal year 2006; Illinois Regional Cancer Center; and DeKalb Magnetic Resonence Center. All of the entities generated positive excess income or just a small loss in fiscal 2008, except for Health Progress, which experienced an increased loss of $1.6 million. The losses and additional expenses can be attributed to the two new partnerships of Health Progress as well as one partnership that is not performing as expected. Management hopes to reduce the level of losses to more historic levels of under $1 million in fiscal 2009. While management has successfully grown its active physician base from 138 to 201 between 2006 and 2008, management may start employing more physicians as needed to maintain appropriate levels of service for the community.

Competition And Service Area

KHS's location should benefit from a growing population base as residents continue to move west from the neighboring Chicago suburban counties. Population in DeKalb County, presently at 100,470 grew 11.31% between 2002 and 2007 and is expected to grow by 8.6% over the next five years. KCH and VWCH are the only two hospitals located in DeKalb County, and market share for KCH has remained steady at 65% in the primary service area and 43% for the greater service. Management expects to increase its market share by accessing insurance contracts that KHS is not in, recruiting physicians, and targeting a few core service areas (cardiac care, cancer care, and interventional services) to evolve into a regional health care provider. Volumes at VWCH and KCH continue to be strong with the 2007 replacement of certain physicians who had left in 2005 and 2006.

Though KCH and VWCH are the only hospitals in DeKalb County, the greater service area is somewhat competitive with similar size and larger hospitals located in the neighboring counties of Winnebago (Rockford Memorial Hospital; Swedish American, 'A-'; and OSF Saint Anthony Medical Center, part of OSF Health Care, 'A') and Kane (Delanor Community Hospital, 'A'; Sherman Hospital, 'A-'; and Provena Mercy and Saint Joseph Hospitals, part of Provena Health System, 'A-'). Many of these hospitals are involved or have recently completed their own construction projects, which could effect volumes, but mostly in the secondary service area. Additionally, hospitals from the southwest suburbs are beginning to look west to possibly develop clinics and outpatient- and ambulatory-surgery centers, which could compete with VWCH. In addition, while the majority of KHS's patient volume comes from the primary service area, the secondary service area still accounts for about 20% of total patient volumes and has a growing population base.

U. Economic Feasibility

This section is applicable to all projects subject to Part 1120.

SECTION XXVI. REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON)

A. Criterion 1120.310(a), Reasonableness of Financing Arrangements

Is the project classified as a Category B project? Yes ☒ No ☐. If no is indicated this criterion is not applicable. If yes is indicated, has proof of a bond rating of "A" or better been provided? Yes ☒ No ☐. If yes is indicated this criterion is not applicable, go to item B. If no is indicated, read the criterion and address the following:

Are all available cash and equivalents being used for project funding prior to borrowing? ☐ Yes ☒ No

If no is checked, provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following:

1. a portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order that the current ratio does not fall below 2.0 times; or
2. borrowing is less costly than the liquidation of existing investments and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Criterion 1120.310(b), Conditions of Debt Financing

Read the criterion and provide a notarized statement signed by two authorized representatives of the applicant entity (in the case of a corporation, one must be a member of the board of directors) that attests to the following as applicable:

1. The selected form of debt financing the project will be at the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years) financing costs, and other factors;
2. All or part of the project involves the leasing of equipment or facilities and the expenses incurred with such leasing are less costly than constructing a new facility or purchasing new equipment.

C. Criterion 1120.310(c), Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

2. For each piece of major medical equipment included in the proposed project, the applicant must certify one of the following

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total Cost
Departments	Cost/Square Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. $	Mod. $	(G + H)
	New	Mod.	New	Circ.*	Mod.	Circ.	(A x C)	(B x E)	
Clinical									
Medical Oncology Infusion Area	420		5,344				$ 2,244,180		$ 2,244,180
PET/CT	696		1,640				1,140,877		1,140,877
Complementary Medicine	400		166				66,469		66,469
Total Clinical	483		7,150				3,451,530		3,451,530
Non-clinical									
Physician Suite	289		4,171				1,205,058		1,205,058
Public and Support Space	376		9,161				3,443,212		3,443,212
Lease Space for Boutique	272		438				118,968		118,968
Building Services	303		1,301				393,843		393,843
Total Non-clinical	242		15,071				5,161,080		5,161,080
Total Clinical and Non Clinical	386		22,221				8,612,610		8,612,610
Building Net to Gross	295		1,217				359,445		359,445
Total Construction			23,438				8,972,055		8,972,055
Contingency							800,000		800,000
Total							$ 9,772,055		$ 9,772,055

* Include the percentage (%) of space for circulation

Totals may not add due to rounding

REVIEW CRITERIA RELATING TO ECONOMIC FEASIBILITY (ECON) (continued)

a. that the lowest net cost available has been selected; or

b. that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.

3. List the items and costs included in preplanning, site survey, site preparation, off-site work, consulting, and other costs to be capitalized. If any project line item component includes costs attributable to extraordinary or unusual circumstances, explain the circumstances and provide the associated dollar amount. When fair market value has been provided for any component of project costs, submit documentation of the value in accordance with the requirements of Part 1190.40.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes ☒ No ☐. If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes ☒ No ☐. If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

APPEND DOCUMENTATION AS ATTACHMENT 76 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Criterion 1120.310(d), Projected Operating Costs

Read the criterion and provide in the space below the facility's projected direct annual operating costs (in current dollars per equivalent patient day or unit of service, as applicable) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. If the project involves a new category of service, also provide the annual operating costs for the service. Direct costs are the fully allocated costs of salaries, benefits, and supplies. Indicate the year for which the projected operating costs are provided.

	Fiscal Year Beginning May 1, 2011	Fiscal Year Beginning May 1, 2012
Inpatient Revenue	$150,879,970	$163,131,424
Outpatient Revenue	$193,520,802	$211,286,012
Gross Patient Revenue	$344,400,772	$374,417,435
Patient Days	22,338	22,785
Patient Days Equivalent*	50,989	52,295
Salaries & Wages	$37,581,536	$40,086,113
Benefits	$11,839,526	$12,628,557
Supplies	$24,918,973	$26,579,669
Total Operating Cost	$74,340,035	$79,294,339
Operating Cost per Equivalent Patient Day**	$1,458	$1,516

**Patient Days Equivalent*

Inpatient Days
(Inpatient Revenue/Gross Patient Revenue) =
Equivalent Patient Days

2011

22,338
150,879,907 / 344,400,772 = 50,989

2012

22,785
163,131,424 / 374,417,435 = 52,295

***Operating Cost Per Equivalent Patient Days*

2011

74,340,035
50,989 = $1,458

2012

79,294,339
52,295 = $1,516

E. Criterion 1120.310(e), Total Effect of the Project on Capital Costs

Is the project classified as a category B project? Yes ☒ No ☐. If no is indicated, go to item F. If yes is indicated, provide in the space below the facility's total projected annual capital costs as defined in Part 1120.130(f) (in current dollars per equivalent patient day) for the first full fiscal year of operation after project completion or for the first full fiscal year when the project achieves or exceeds target utilization pursuant to 77 Ill. Adm. Code 1100, whichever is later. Indicate the year for which the projected capital costs are provided.

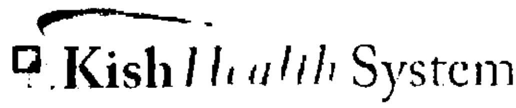
	Fiscal Year Beginning May 1, 2011	Fiscal Year Beginning May 1, 2012
Inpatient Revenue	$150,879,970	$163,131,424
Outpatient Revenue	$193,520,802	$211,286,012
Gross Patient Revenue	$344,400,772	$374,417,435
Patient Days	22,338	22,785
Patient Days Equivalent*	50,989	52,295
Depreciation & Amortization	$8,934,403	$8,670,963
Interest	$4,410,046	$4,379,046
Annual Capital Costs	$13,344,449	$13,050,009
Annual Capital Cost per Equivalent Patient Day	$262	$250

2011

$$\frac{13,344,449}{50,989} = \$262$$

2012

$$\frac{13,050,009}{52,295} = \$250$$



November 9, 2009

Ms. Courtney Avery, Acting Vice Chair
and Members
Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, IL 62761

RE: Kish Health System
Kishwaukee Community Hospital

Dear Ms. Avery:

The undersigned, as authorized representatives of KishHealth System and Kishwaukee Community Hospital, in accordance with 77 Ill. Adm. Code 1120.310(b) and the requirements of Section XXVI.B of the CON Application for Permit, hereby attest to the following:

> The selected form of debt financing for this project will be the lowest net cost available or if a more costly form of financing is selected, that form is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional debt, term (years), financing costs, and other factors.
>
> None of the project involves the leasing of equipment or facilities.

Signed and dated as of November 9, 2009

Kishwaukee Health System
Kishwaukee Community Hospital

By: [signature]
Kevin Poorten
Its: President and CEO/Member, Board of Directors

By: [signature]
Loren Foelske
Its: Chief Financial Officer

Notarized by: [signature]
Date: November 9, 2009

"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/06/2012

F. Criterion 1120.310(f), Non-patient Related Services

Is the project classified as a category B project and involve non-patient related services? Yes ☒ No ☐. If no is indicated, this criterion is not applicable. If yes is indicated, read the criterion and document that the project will be self-supporting and not result in increased charges to patients/residents or that increased charges are justified based upon such factors as, but not limited to, a cost benefit or other analysis that demonstrates the project will improve the applicant's financial viability.

Letter of Intent

This letter will confirm the intent of Delores Ruland Center, ("Tenant") to lease space in the proposed Kishwaukee Cancer Care Center building ("Building"), which is estimated to be completed and ready for occupancy by May 2011.

Tenant is interested in pursuing a lease of space in the Building on the following terms and conditions.

1. The size of the Tenant's space in the Building will be approximately 420 square feet. The actual square footage will be finalized by the parties after the final floor plans have been approved.

2. The lease term will be five (5) years with two (2) 5-year options to renew.

3. Tenant understands that a written lease agreement for the space to be leased will be required.

The undersigned understands that this letter serves to outline the general business terms of a proposed lease and is expressly subject to the execution of a final lease agreement in addition to obtaining a Certificate of Need for the Building.

This letter of intent is executed on this 13th day of October, 2009.

TENANT

Delores Ruland

BY: Patty Rungley

ITS: President

LANDLORD

Kishwaukee Community Hospital

BY: [signature] 10/13/2009

ITS: Mike Kocott
Assistant Vice President of Marketing and Planning

October 13, 2009
Debra A. Sells

"OFFICIAL SEAL"
DEBRA A. SELLS
Notary Public, State of Illinois
My Commission Expires 10/05/2012

SAFETY NET IMPACT STATEMENT that describes all of the following:

1. **The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.**

   Kish*Health* System (KHS) and Kishwaukee Community Hospital (KCH) do not anticipate any material impact on any essential safety net services in the community. The projected need for the service is based solely on the Hospital's volume, current infusion time, and population growth projections prepared by the Illinois Department of Economic Opportunity. No market share increase is projected. There are no other medical oncology services in the Hospital's service area.

   Rather, the proposed new replacement Kishwaukee Cancer Care Center (KCCC) will continue to function as a department of the Hospital and all patients will have access to the Hospital's generous charity care policies; this access will enhance safety net services to cancer patients at the Hospital.

   The only impact would be on Loyola University Medical Center, but this impact would not be material. A small number of patients on Loyola's chemotherapy protocols would be treated at the KCCC rather than having to travel to Maywood. From about 10 to 15 patients per year are expected to relocate their care from Loyola to Kishwaukee Community Hospital.

2. **The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.**

   KHS and KCH do not anticipate any impact of any other provider or health system to cross subsidize safety net services. The proposed project will not relocate patients or revenue (except for the small number of research patients from Loyola) from any other hospital to KCH.

3. **How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.**

   Not applicable. The proposed project does not include the discontinuation of a facility or service.

Safety Net Impact Statements shall also include all of the following:

1. **For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.**

	2006	2007	2008
Charity Care			
VW Inpatient Count	37	40	41
KCH Inpatient Count	235	189	213
Total KCH & VW Count Inpatient	272	229	254
VW Outpatient Count	318	482	395
KCH Outpatient Count	859	1001	1055
Total KCH & VW Outpatient	1177	1483	1450
VW Inpatient Cost	$44,113	$156,504	$188,344
KCH Inpatient Cost	$744,744	$843,948	$953,380
Total KCH & VW Cost	$788,857	$1,000,452	$1,141,724
VW Outpatient Cost	$187,708	$275,449	$359,177
KCH Outpatient Cost	$476,704	$766,382	$874,493
Total KCH & VW Cost	$664,412	$1,041,831	$1,233,670

Source: Hospital Data

Kish*Health* System and Kishwaukee Community Hospital certify that the above reported charity care information is accurate and complete.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

Kish*Health* Systems (KHS) includes Kishwaukee Community Hospital (KCH) and Valley West Hospital (VW). These two facilities account for approximately 98 percent of KHS's patients and revenue.

Medicaid			
VW Inpatient Count	358	335	234
KCH Inpatient Count	993	1003	782
Total KCH & VW Count Inpatient	1351	1338	1016
VW Outpatient Count	5435	6079	6473
KCH Outpatient Count	15938	16362	17588
Total KCH & VW Outpatient	21373	22441	24061
VW Inpatient Net Revenue	$976,895	$1,179,898	$347,683
KCH Inpatient Net Revenue	$2,384,462	$2,641,547	$1,093,848
Total KCH & VW Net Revenue	$3,361,357	$3,821,445	$1,441,531
VW Outpatient Net Revenue	$392,822	$1,099,213	$1,903,733
KCH Outpatient Net Revenue	$1,970,221	$3,003,119	$5,871,802
Total KCH & VW Net Revenue	$2,363,043	$4,102,332	$7,775,535

Source: Hospital Data

Kish*Health* System and Kishwaukee Community Hospital certify that the above reported Medicaid information is accurate and complete.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service

Kish*Health* System and Kishwaukee Community Hospital participate in numerous safety net services. The following are just two examples:

The Community Cares Clinic

Kish*Health* System in collaboration with Northern Illinois University (NIU) and private donors provides The Community Cares Clinic (the Clinic) which offers affordable access (primarily to the uninsured, underinsured and Medicaid population in DeKalb County) to primary medical care for individuals and families. The goal of the Clinic is to allow patients to establish an ongoing relationship with medical providers to meet their health care needs.

The available scope of services at the Clinic includes primary non-emergency care for infants, children, and adults, such as managing high blood pressure, diabetes, high cholesterol, and asthma. Specific services include annual physicals, well child exams, sick care, immunizations, school and sports physicals, and basic testing provided by an on-site laboratory. The Clinic has an English and Spanish bilingual staff.

The Community Cares Clinic is also a clinical training site for NIU nursing, nurse practitioner, dietetics, public health, and clinical laboratory science students.

The Thebeau Charity Cancer Care Fund and the Baack Charity Cancer Care Fund

The Thebeau Charity Cancer Care Fund and the Baack Charity Cancer Care Fund were both established to provide funding for indigent Kish*Health* System patients. The Thebeau Charity Cancer Care Fund provides treatment, procedures, medications, and/or wigs for qualified DeKalb County residents. The Baack Charity Care Fund provides funding for indigent Kish*Health* System patients who cannot afford needed complementary cancer medications to ease physical pain and the side effects of radiation and / or chemotherapy treatments or medical supplies.

APPENDIX 1

2009 COMMUNITY BENEFITS PLAN REPORT

KISH*HEALTH* SYSTEM

Form AG-CBP-I
2/05

LISA MADIGAN
ATTORNEY GENERAL

Annual Non Profit Hospital Community Benefits Plan Report

Hospital or Hospital System: Kish Health System

Mailing Address: One Kish Hospital Drive (Street Address/P.O. Box) DeKalb IL 60115 (City, State, Zip)

Physical Address (If different than mailing address):

(Street Address/P.O. Box) (City, State, Zip)

Reporting Period: 05/01/08 (Month Day Year) through 04/30/09 (Month Day Year) **Taxpayer Number:** 36-3649080

If filing a consolidated financial report for a health system, list below the Illinois hospitals included in the consolidated report.

Hospital Name	Address	FEIN #
Kishwaukee Community Hospital	One Kish Hospital Drive DeKalb IL 60115	23-7087041
Valley West Community Hospital	11 East Pleasant Avenue Sandwich IL 60148	36-4244337

1. **ATTACH Mission Statement:**
The reporting entity must provide an organizational mission statement that identifies the hospital's commitment to serving the health care needs of the community and the date it was adopted.

2. **ATTACH Community Benefits Plan:**
The reporting entity must provide it's most recent Community Benefits Plan and specify the date it was adopted. The plan should be an operational plan for serving health care needs of the community. The plan must:
    1. Set out goals and objectives for providing community benefits including charity care and government-sponsored indigent health care.
    2. Identify the populations and communities served by the hospital.
    3. Disclose health care needs that were considered in developing the plan.

3. **REPORT Charity Care:**
Charity care is care for which the provider does not expect to receive payment from the patient or a third-party payer. Charity care does not include bad debt. In reporting charity care, the reporting entity must report the actual cost of services provided, based on the total cost to charge ratio derived from the hospital's Medicare cost report (CMS 2552-96 Worksheet C, Part 1, PPS Inpatient Ratios), not the charges for the services.

Charity Care..$ 2,057,261

ATTACH Charity Care Policy:
Reporting entity must attach a copy of its current charity care policy and specify the date it was adopted.

4. **REPORT Community Benefits actually provided other than charity care:**
See instructions for completing Section 4 of the Annual Non Profit Hospital Community Benefits Plan Report.

Community Benefit Type

Language Assistant Services	$ 216,441
Government Sponsored Indigent Health Care	$ 27,300,531
Donations	$ 430,485
Volunteer Services	
a) Employee Volunteer Services $ 113,892	
b) Non-Employee Volunteer Services $ 422,736	
c) Total (add lines a and b)	$ 536,628
Education	$ 347,612
Government-sponsored program services	$ —
Research	$ —
Subsidized health services	$ 10,423,084
Bad debts	$ 20,446,856
Other Community Benefits	$ 660,131

Attach a schedule for any additional community benefits not detailed above.

5. **ATTACH Audited Financial Statements for the reporting period.**

Under penalty of perjury, I the undersigned declare and certify that I have examined this Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto. I further declare and certify that the Plan and the Annual Non Profit Hospital Community Benefits Plan Report and the documents attached thereto are true and complete.

Kevin Poorten, President + CEO
Name / Title (Please Print)

815-756-1521 ext. 153323
Phone: Area Code / Telephone No.

[signature] 10/22/09
Signature

10/22/09
Date.

Phillip Johnson
Name of Person Completing Form

815-756-1521 ext. 153545
Phone: Area Code / Telephone No.

pjohnson@kishhospital.org
Electronic / Internet Mail Address

815-748-8914
FAX: Area Code / FAX No.

MISSION STATEMENTS

KishHealth System (adopted 2005)

We are the cornerstone of health care for the communities we serve—the first choice for service, comfort and safety. As a community-owned health system, the Kish family unselfishly commits to excellence, education and innovation.

Kishwaukee Community Hospital (adopted 1994)

Kishwaukee Community Hospital serves all people with skill and compassion, while respecting their dignity, rights, and choices, by offering access to high quality preventive, curative, and rehabilitative care, delivered in a cost effective manner. Kishwaukee Community Hospital recognizes the need to effectively manage resources for present and future generations.

Valley West Community Hospital (adopted 2008)

Valley West Community hospital will strive to provide high quality primary care and community health education, while promoting community health services in a friendly, caring environment.

Valley West Community hospital is committed to providing health care in accordance with the highest medical and ethical standards of care, compassion and respect for all, protecting the dignity, autonomy and integrity of all our patients, while managing the medical resources at our disposal with wisdom and fairness.

DeKalb County Hospice (adopted 2006)

To assist people to live with dignity and hope in ways that best meet their needs while coping with end-of –life issues , and to support grieving family and community members.

Hauser-Ross Eye Institute (adopted 1987)

Whereas we believe medical and surgical eye care should be a marriage between love and technology, we devote ourselves to the union of the healing arts with modern science. Our goal is to improve the vision and quality of life for the patients we are privileged to serve.

Kishwaukee Health Foundation (adopted 1999)

The Kishwaukee Health Foundation supports and encourages health and human services through fund raising assistance to KishHealth System's not-for-profit community activities.

Community Benefits Plan for FY 2009
Adopted: March 2009

Goals and objectives for providing community benefits
The Accounting and Marketing & Public Relations Department will prepare an annual report of Community Benefits that will be reviewed by the senior leadership team. The report will include expenses and a narrative of community benefit activities in the following areas:

Charity Care

- As part of its charitable mission, KHS provides financial assistance, including access to pharmaceutical assistance for patients who meet the eligibility criteria established in its Financial Assistance Policy.
- The policy is by the board of directors annually. The last review was March 25, 2009.
- An underlying principle of the health system's financial assistance policy is that fear of a hospital bill should never prevent any patient from seeking essential health care for medically necessary services.
- For FY 09, the guideline for financial assistance eligibility is family income up to 350% of the federal poverty level.
- The health system adheres to the requirements of the Hospital Uninsured Patient Discount Act of 2009, providing uninsured patients discounts when family income is at or below 600% of the federal poverty level for Kishwaukee Community Hospital, 300% of the federal poverty level for Valley West Community Hospital.
- A patient also may qualify for financial assistance based on extenuating circumstances related to family size, family income, employment status, and other financial obligations including other medical expenses.
- Access to pharmaceutical assistance especially reaches out to cancer patients.
- Access to free mammograms is provided to patients referred by TriCounty Community Health Center.
- Other patients are referred to the Illinois Breast and Cervical Cancer Program for assistance with breast and cervical cancer screenings and treatment.

Government Sponsored Indigent Health Care
Kish*Health* System will track and report annually the amount of unreimbursed costs of Medicare, Medicaid and other federal, state and local government sponsored indigent healthcare.

Bad Debt
Bad debt will be calculated for payment that was expected but not received. This amount will be included in the annual Community Benefit report.

Language Assistance
Kish*Health* System will employee Spanish interpreters available or on call 24/7 and will contract for translation services for other languages; communication services also will be provided for the visually and hearing impaired.

Cash and In-Kind Donations

- Each year an allocation will be made in the operating budget for donations to community events and organizations that improve the health, welfare and quality of life in the communities served by Kish*Health* System.
- The Marketing & PR Department also will track in-kind donations and services such as surplus supplies, food, bottled water, and free nutrition consults for cancer and bariatric patients.

Volunteer Services

- Kish*Health* System employees will regularly report to the Director of Marketing & Public Relations, materials, services, time and money donated in connection with health system-sponsored community benefit activities.
- Kish*Health* System will encourage and facilitate payroll deductions for employee donations to United Way, Kishwaukee Health Foundation and DeKalb County Hospice.
- Kish*Health* System will operate a Volunteer Services Department and track the number of adult and teen volunteer hours donated to the hospitals.
- The health system will provide staff support and cover costs for the annual Auxiliary Balls that raise money for hospital improvements and healthcare scholarships.

Education

- The health system will maintain a medical library for patient, doctor and employee use.
- Clinical experiences will be provided for students at Northern Illinois University, Kishwaukee College and other schools in the areas of nursing, radiology, pharmacy, physical therapy, respiratory therapy, social services, and social services The cost of providing employee trainers and job-shadowing will be tracked.
- A limited number of unpaid and paid internships will be offered in both clinical and non-clinical areas.
- The Auxiliaries and the Health Foundation will award healthcare scholarships annually.

Research: (none in fy09)
Costs of research activities not covered by grants and donations will be calculated and reported.

Subsidized health services
A number of programs and services may operate at a loss, but will be subsidized because they improve the health and safety of the community. These include but are not limited to:

- Operating Diabetes Education Centers at Kishwaukee Community Hospital and Valley West Community Hospital.
- Providing free post-partum mom and baby home visits.
- Operating Community Wellness Departments to provide free and low cost education, screenings, a Wellness Club and programs for schools and other organizations. The Community Wellness Department also provides tuition waivers for childbirth education classes for low income women, including a special childbirth class for pregnant teens.
- Operating an Emergency Medical Services System to oversee and train area EMS providers; and preparedness for disasters including bio-terrorism events.

- Operating a Child Development Center for children with attention deficit disorder
- Providing free support services for local cancer patients.
- Providing Employee Assistance Program for community clients and health system employees.
- Providing Continuing Medical Education
- Costs associated with assuring adequate physician coverage and access to primary care.

Other
The Health System will calculate miscellaneous community benefit expenses. Including but not limited to:

- Costs associated with the development and start up of the Community Cares Clinic to service low and moderate income families.
- Unlimited Performance Rehabilitation and Sports Medicine free activities in the community related to exercise and fitness.
- Cost of publishing Community Wellness guides and Health Sense magazine for KCH and VWCH
- Personnel expenses for employees who work at the health system's Community Wellness Fairs.
- Property taxes and sales taxes paid.

Populations and communities served by Kish*Health* System

- Kish*Health* System serves all of DeKalb County, IL and border communities in Kane, Ogle, LaSalle and Kendall counties. (Attachment 2.2)

- This geographic area includes a growing Hispanic population. (Attachment 2.21). Northern Illinois University students and visitors is a population unique to our service area.

Health care needs considered in developing this plan

1. The Top 3 priorities identified in the DeKalb County Health Department Community Needs Assessment and Plan, adopted in November 2007 by the DeKalb County Board, are:
   - Inadequate access to primary health care (see details below)
   - Type II Diabetes (see Subsidized health services regarding Diabetes Education Center)
   - Cardiovascular Disease (see details below).

2. Needs identified by Kish*Health* System
   - Inadequate Access to Primary Care
   - Cancer Services
   - Cardiovascular Services
   - Community Outreach
   - Emergency Medical Services & Preparedness

Inadequate Access

- To specifically address the lack of access to primary care, Kish*Health* will operate a primary care clinic in conjunction with Northern Illinois University targeted at low and moderate income families, the Medicaid population, and the uninsured. The goal is to open this clinic during the latter half of FY09. (The Community Cares Clinic opened n August, 2009.)

- A representative from the Kishwaukee Community Hospital Wellness Department attends meetings of the Latino Action Group and participated on the Health subcommittee to help improve the Hispanic community's access to healthcare.
- The Valley West Wellness Department representative sat on the e Kendall County Health Initiatives Council, to facilitate services to underserved populations in the southern part of the health system's market.
- Physicians recruited by Kish*Health* System are required to provide care to all.
- Health system operates a clinic in Shabbona, an underserved rural area, to provide primary care access.

Cancer Services

- Free support services continue to be provided for cancer patients based on input from cancer patients.
- Access to prescription assistance will be provided.
- Free and low cost cancer screenings will be provided during the year.

Cardiovascular Disease

Because cardiovascular disease is a major health issue facing many in our community, the health system will take the following actions:

- Recruit more cardiovascular specialists.
- Seek state approval to provide cardiac catheterization (received in April 2009; opened cath lab in May, 2009.)
- Offer affordable cardiovascular screenings such as free blood pressure checks, HeartWise Cardiac Health Evaluation.
- Offer healthy lifestyle classes, such as stop smoking classes, cholesterol management, heart disease education.

Community Wellness

Part of the health system's mission is to provide community education and promote disease prevention. To accomplish this, the health system operates a Community Wellness Department. Community Wellness initiatives follow guidelines established by the U.S. Department of Health & Human Services' Healthy People 2010, as well as community health needs identified by the health system.

Wellness Department activities at **Kishwaukee Community Hospital** for FY 09 included the following:

- 1,792 free blood pressure checks at weekly clinics;
- 3,007 contacts at hospital-sponsored Wellness Fair;
- 1,409 members of Kish Hospital's free Wellness Club, which provides discounts at fitness centers and for healthy menu selections at restaurants, free wellness classes and free and reduced cost health screenings;
- 300 participants in the Weight No More 10-week class on nutrition and exercise;
- 354 participants in the two-day Safe Sitter class for pre-teens;
- 436 tuition waivers for childbirth education classes; including 29 participants in the class, "Prepared Childbirth for Young Moms," targeted to pregnant teenagers.
- 20 free physician lectures on various health topics.

- The price of the HeartWise Cardiac Health Evaluation was reduced significantly to make it more affordable. As a result, the risk assessments increased 123% at Kish Hospital. The program has saved lives including at least one non-symptomatic individual who required immediate open heart surgery based on the results of his evaluation.

- Kish Hospital Community Wellness increased school programs by 205% reaching a total of 3,954 students, pre-kindergarten through high school. The programs, taught by nurse educators, meet Illinois learning standards in health promotion, prevention, treatment of illness and injury, understanding human body systems and factors that influence growth and development, and promoting and enhancing health and well-being through effective communication and decision-making skills.
- At Kish Hospital, the Girls Only program, a puberty program for pre-teens and their mothers, increased 118% and the Prepared Childbirth classes increased 25%.
- Smoking Cessation classes are held quarterly and had 72 contacts. The $25 fee is refunded if the participant attends all four classes.

Other community outreach and wellness efforts

- Cancer and diabetes support groups meet regularly
- Kish Kids Party is a free educational program for children scheduled for surgery.
- FitFest, a walking event, with the Kishwaukee Family YMCA to celebrate Employee Health and Fitness Day. More than 300 participate.
- KCH OB nurse made 509 newborn home visits. The home visits are free of charge and are conducted, 48-72 hours after discharge to evaluate the infant, encourage good parenting, and to check the mother.
- KCH maintains a web sits, which include useful health information for consumers.
- A free, quarterly Community Wellness magazine for Kish Hospital is published quarterly and mailed to 60,000 residents, providing information about programs, free screenings, and general health tips.
- A free, 16-page newsletter, *HealthSense*, is mailed to 60,000 households twice a year, containing information about disease and health management. .
- Free weekly blood pressure checks.
- Free mammograms, PAP, and HIV testing provided in conjunction with Tri-County Community Health Center, DeKalb County Health Department and Illinois Breast Cancer and Cervical Cancer Program.

Community Wellness activities for FY09 at **Valley West Community Hospital**, included:

- 16 CPR classes for teachers, healthcare providers and the general public. More than 200 local high school students also received CPR training.
- Baby sitter training, puberty program for pre-teens and their parents, self-esteem and personal health, diabetes management, and cancer support groups.
- Approximately 130 people participated in a 14-week guided exercise and nutrition Weight No More program sponsored by Valley West in conjunction with the Fox Valley Family YMCA.
- Physicians offered more than 20 free lectures on medical topics at Valley West including Hepatitis C, asthma, COPD, healthy weight loss, various foot conditions, various cancers (prostate, lung cancer and colorectal), diabetes, calcium scoring, Parkinson's disease, chronic lung disease, colonoscopy, and hormone imbalances.
- Hospital personnel assist with our own health fairs, Career Fairs for 2 local high schools. Hospital tours for approximately 200 preschool and K-3 school children are conducted each year.
- Twice a year a reduce-priced PSA blood test and program are offered for prostate cancer screening. Twice a year, a low cost cholesterol screening is offered to the public, along with the educational component of the test results.

- The price of the HeartWise Cardiac Health Evaluation was reduced significantly to make it more affordable. As a result, the risk assessments increased 964% at Valley West. The program has saved lives including at least one non-symptomatic individual who required immediate open heart surgery based on the results of his evaluation.
- A Wellness Fair is held in conjunction with Sandwich Freedom Days each June/July, offering to the more than 1,000 in attendance, 10-12 free screenings including vision acuity, blood glucose, posture evaluation, thermographic neurological testing, blood pressure, oxygen saturation of blood, skin cancer, surface muscle testing, visual foot analysis, and body fat analysis.
- Blood pressure screenings are done weekly in the main lobby for the public.
- Valley West Community Wellness increased school programs by 1230%, reaching 2,300 students, pre-kindergarten through high school. The programs, taught by nurse and wellness educators, meet Illinois learning standards in health promotion, prevention, treatment of illness and injury, understanding human body systems and factors that influence growth and development, and promoting and enhancing health and well-being through effective communication and decision-making skills.
- The Maternity Suites offers a continuing and regular schedule of birthing classes, New Baby care, Sibling class and a free breastfeeding class included with each prepared childbirth session. New mothers receive a basket of gifts from the Valley West Auxiliary.
- Valley West participates in Sandwich Park District, Sandwich Freedom Days, The YMCA Summer Scamper and the YMCA Triathlon by serving water, fruit juice and watermelon at the finish line for runners in these races.
- Valley West furnishes a box of first-aid supplies to youth summer sports teams, 4-H campers, etc.
- Scout troops are invited for tours/lessons in badge work and health education suited to their age group.
- "To Your Health," a syndicated, non-commercial, daily 60-second health update is sponsored by the hospital and aired each morning on a local radio station.
- A 5-Minute radio program each Monday morning and evening features health system employees and staff physicians talking about health concerns, diagnoses, and technology related to their areas of expertise.
- The hospital sponsors support groups for cancer patients and those living with diabetes. These groups meet monthly, offering speakers on topics of interest and support from professional staff.

Emergency Medical Services and Emergency Preparedness

Emergency Medical Service and Emergency Preparedness is the hospital's leading subsidized service. Kishwaukee Community Hospital is the EMS Resource Hospital in Region 1 in DeKalb County, responsible for overseeing, training, and critiquing all emergency providers. In this role, the hospital establishes all the direct patient care protocols for pre-hospital care and monitors this care through radio communication as ambulances are en route to the hospital. Because it's a resource hospital, KCH has a system called Kish*Health* EMS System, which provides training and continuing education for pre-hospital providers and teaches EMT and paramedic courses for Kishwaukee College.

Kishwaukee Community Hospital also is designated by the American Heart Association as a provider of CPR, First Aid, and Advanced Life Support courses. The hospital also maintains an EMS Training Center at an offsite location.

EMS training in FY 09 included 2,196 teaching hours, reaching 2,322 participants. Highlights include:

- Special training classes for Northern Illinois University police officers and Genoa-Kingston firefighters
- Fall and spring EMT-B classes
- Paramedic class
- 15 classes a month at 11 locations for EMS continuing education.
- 62 American Heart Association basic and advanced cardiac life support and first aid classes for healthcare providers and the lay public with 724 participants
- Free public CPR class with 20 participants

Disaster training activities included:

- Disaster drill was staged in September 2008 with hospital personnel, local police, fire and 13 area EMS providers, DeKalb County American Red Cross and Voluntary Action Center, local Boy Scouts and Boy Scout leaders. The scenario was a tornado at a local elementary school, involving 60 victims. In addition to the disaster drill, the Boy Scouts camped out overnight on hospital grounds and hospital personnel provided training for their emergency preparedness merit badge.
- Northern Illinois University mass casualty homecoming event
- NIU Events Safety Task Force 2-day training
- Semi-monthly NIU meetings
- DeKalb School District Safety Task Force
- DeKalb County Local Emergency Planning Committee quarterly meetings

Other outreach

- Two EMS staff members provided a free first aid station at the five-day Sandwich Fair for a total of 144 staff hours.

KISHWAUKEE HEALTH SYSTEM Adopted 1/30/07

POLICIES AND PROCEDURES

FINANCIAL ASSISTANCE POLICY AND PROCEDURE

1.0 PURPOSE. In furtherance of its mission to promote the health and well-being of the community it serves, the Kishwaukee Health System ("KHS") Board of Directors has adopted this Financial Assistance Policy and Procedure (the "Policy") (formerly the KHS Charity Care Policy) to define the process KHS shall use to determine whether a patient is eligible for a charitable waiver of, or reduction in, charges for the health care Medically Necessary Services he or she has received from KHS.

2.0 APPLICATION. This Policy shall apply to KHS, KHS hospitals, including Kishwaukee Community Hospital and Valley West Community Hospital, KHS subsidiary corporations, including, without limitation, DeKalb County Hospice and Health Progress, any other entity in which KHS has controlling equity ownership, and any KHS vendors who furnish Medically Necessary Services to KHS patients under contract with KHS or a KHS hospital. Any reference to KHS in this Policy includes any entity listed in this section 2.0.

3.0 DEFINITIONS. In this Policy, the following capitalized terms shall have the meanings set forth in this section 3.

3.1 Bad Debt. A patient account receivable that KHS initially anticipated to be paid at the time health care Medically Necessary Services were furnished, but later deems to be uncollectible and eligible to be written-off pursuant to KHS' Billing and Collections Policy.

3.2 Director. The KHS Director of Patient Financial Services.

3.3 Family. The patient, his or her spouse (including a legal common law spouse) and his or her legal dependents as defined by the United States Internal Revenue Code and its implementing regulations.

3.4 Family Income. Gross wages, salaries, wages, welfare benefits, strike benefits, unemployment benefits, dividends, interest income, Social Security benefits, workers compensation, veterans benefits, training stipends, military allotments, regular support from Family not living in the household, child support, alimony, support from a parent if a parent claims the child on taxes, government pensions, private pensions, insurance and annuity payments, and income from rents, royalties, estates and trusts.

3.5 Financial Assistance. A charitable waiver of, or reduction in, charges for Medically Necessary Services KHS furnishes to a patient. The term "Financial Assistance" shall be synonymous with the term "charity care" when used in this Policy or other KHS policies, procedures and documents.

MTW1384394

3.6 Financial Disclosure Worksheet. The form attached hereto as Exhibit B which must be completed by a patient seeking Financial Assistance. The Financial Disclosure Worksheet may be modified from time to time by KHS as necessary to administer this Policy.

3.7 Medically Necessary Medically Necessary Services. Physician-ordered care required to treat an illness or condition. Medically Necessary Services do not include cosmetic services (e.g., elective bariatric procedures), care that is experimental in nature, non-medical services such as social, educational, and vocational services, or services that are not routinely furnished by KHS or within KHS' capabilities.

4.0 POLICY AND PROCEDURE.

4.1 Underlying Principles. As part of its charitable mission, KHS provides Financial Assistance to all patients who meet the eligibility criteria set forth in this Policy. The principles underlying this Policy include the following:

- Fear of a hospital bill should never prevent any patient from seeking essential health care Medically Necessary Services.

- All patients should be treated fairly, with dignity, compassion and respect.

- Availability of Financial Assistance should be broadly communicated to community members in a clear, understandable, and dignified manner and in languages appropriate to the communities and patients served.

- Financial Assistance must be provided in a manner that balances the need to provide monetary support for financially or medically needy individuals with the KHS Board of Director's fiduciary responsibility to manage KHS' finances in a manner that allows for the continued fulfillment of KHS' charitable mission.

- Financial assistance does not eliminate personal responsibility: patients eligible for Financial Assistance are expected to access available public or private program funding in order to be eligible for Financial Assistance and each patient is expected to contribute to the cost of his or her care based on his or her individual ability to pay.

- Determination of a patient's eligibility for Financial Assistance under this Policy shall be made in a non-discriminatory manner.

4.2 Charges for Medically Necessary Medically Necessary Services; Consideration of Actual Costs. KHS sets standard charges for its Medically Necessary Medically Necessary Services; however, Medicare and Medicaid pay significantly less than these standard charges and managed care and other contracted care entities may pay less than these standard charges. KHS' standard charges may be charitably waived or reduced for patients who meet the eligibility criteria set forth in section 4.3 of this Policy. In determining the amount of Financial Assistance offered to an eligible patient, KHS may consider the actual cost of the Medically Necessary Medically Necessary Services provided to such patient. In furtherance of its fiduciary obligation

to maintain the financial solvency of the organization, KHS shall budget annually the total amount of Financial Assistance expected to be offered, but such budgeted amount shall not constitute a cap on the total amount of Financial Assistance, in the aggregate, that KHS may offer in any given fiscal year.

4.3 Eligibility. Patients who fall within either one of the following eligibility categories may be offered Financial Assistance.

(a) Family Income At or Below Established Federal Poverty Level Family Income Guidelines. With respect to any amounts not covered by a responsible third party payor, a patient meeting a Federal Poverty Level Family Income category shall be eligible to receive Financial Assistance. The Financial Assistance guidelines describing the Federal poverty level percentages and the corresponding amount of charitable waiver of, or reduction in, charges for Medically Necessary Services are attached hereto as Exhibit A. The applicable percentage of the Federal Poverty Level and the corresponding charitable waiver or reduction amount shall be subject to annual review and adjustment by the KHS Board of Directors.

(b) Uninsured or Underinsured Patients. A patient failing to meet the criteria in section 4.3(a) may be eligible for Financial Assistance in an amount to be determined by KHS based on the following criteria:

(i) Family Income relative to Family size and other related factors such as current financial obligations and living expenses.

(ii) Employment status, including, but not limited to, future earning capacity with consideration of the likelihood of a financial capacity sufficient to meet his or her financial obligations in an acceptable time period.

(iii) Future and current ability to pay.

(iv) Medical expenses as a percentage of a patient's annual gross income, the total amount of medical bills outstanding, and the frequency of payments to be made in relation to factors (i) through (iii) above.

(v) Credit report information.

(vi) Actual cost of care provided.

(vii) Other factors deemed appropriate by KHS from time to time.

(c) Assets Not Considered. In determining a patient's eligibility for Financial Assistance under this Policy, KHS shall not consider the value of a patient's personal or real property, including, without limitation, savings accounts, retirement or IRA funds, life insurance, trust accounts, and real estate, and shall not attach or force the pledge or use of such assets.

(d) Re-Evaluation of Eligibility. KHS may evaluate a patient's eligibility for Financial Assistance at any time during or after the patient's receipt of Medically Necessary Services, including during the collection process. *See* KHS' Billing and Collection Policy. A patient's eligibility for Financial Assistance shall be re-evaluated when a closed account is reopened and whenever a patient requests re-evaluation based on a change in Family Income, Family size, or a change in any other factor affecting the patient's ability to pay for Medically Necessary Services.

4.4 Patient Responsibilities. Patients who wish to be considered for Financial Assistance must act reasonably and cooperate fully with KHS by providing all necessary information and assisting in completing the Financial Disclosure Worksheet and, if applicable, all required forms and applications for government-sponsored programs.

4.5 Communication of Policy. KHS shall make every effort to communicate to patients the availability of Financial Assistance.

(a) Availability of Policy Information. A summary of this Policy shall be posted on the KHS website. This posting shall include instructions for applying for Financial Assistance, a copy of the Financial Disclosure Worksheet that must be completed, and Financial Assistance eligibility guidelines. Financial Assistance applications and brochure shall be placed in all admission, registration and waiting areas of KHS hospitals and KHS clinic sites that provide Medically Necessary Services. Conspicuously posted signage shall be placed in each KHS hospital's emergency department, the admissions office, registration areas, and public restrooms. Such signage shall clearly convey the availability of Financial Assistance to eligible patients.

(b) Culturally Sensitive Communications. KHS shall ensure Financial Assistance applications, forms, brochures, and signage are posted in all languages that constitute the primary language for at least 5% of the KHS patient population based on U.S. Census data for DeKalb, Kendall, Kane, LaSalle, Lee and Ogle Counties, Illinois.

4.6 Training Regarding Policy. KHS shall provide training annually to all staff who interact with patients regarding the availability of Financial Assistance. Such training shall also be provided to new hires, as part of their employee orientation. Participation in this training shall be mandatory and shall be designed to ensure that staff are aware of the availability of Financial Assistance and where to direct a patient who requests more information regarding same. All KHS financial counselors shall receive additional training regarding this Policy and the procedures for determining a patient's eligibility for Financial Assistance. KHS shall also ensure health care vendors and collection agencies under contract with KHS are provided a copy of this Policy.

5.0 PROCEDURE.

5.1 Identification of Eligible Patients.

(a) Notice of Policy. All patients who present for Medically Necessary Services shall receive general written or oral information regarding the availability of Financial Assistance. KHS shall provide a Financial Disclosure Worksheet to any patient requesting Financial Assistance and KHS financial counselors shall be available to assist patients in completing the Financial Disclosure Worksheet.

(b) Timely Request for Financial Information. KHS shall request a patient's general financial information during the pre-admission interview or as soon as possible upon the patient's request for Medically Necessary Services at KHS. This request shall occur after medical screening and/or stabilizing treatment in the case of emergency Medically Necessary Services.

(c) Special Notice to Self-Pay Patients. KHS shall include written information regarding the availability of Financial Assistance in all bills sent to self-pay patients. Such information shall inform the patient of the availability of Financial Assistance, as well as alternative funding options, such as government-sponsored programs, grants, community funding and crime victim funding. Informational material also shall include contact information for a KHS representative who can provide further information regarding this Policy.

5.2 Determination of Eligibility.

(a) Timing. KHS shall determine if a patient is eligible for Financial Assistance under this Policy as close as possible to the time of admission or the provision of Medically Necessary Services, assuming that adequate eligibility information is readily available. Before an application for Financial Assistance is reviewed for eligibility, KHS shall assist the patient in determining whether other resources, including community aid, Medicaid and Medicare, welfare or other community resources, may be available. To assist in this process, KHS may refer patients to program enrollment personnel or, as appropriate, assist patients in applying for Medicaid or other community assistance.

(b) Applying for Financial Assistance. KHS shall require each patient seeking Financial Assistance to complete a Financial Disclosure Worksheet. KHS shall assist patients who request help completing the Financial Disclosure Worksheet. If a patient provides an incomplete Financial Disclosure Worksheet to KHS, a KHS financial counselor or other patient accounts representative shall contact the patient or other responsible party to attempt to gather any additional needed information to process the Financial Assistance request.

(c) Patient Responsibility to Update Financial Information. A patient applying for Financial Assistance must update their Financial Disclosure Worksheet upon each inpatient admission, regardless of past receipt of Financial Assistance. For all outpatient and other Medically Necessary Services, KHS shall require patients who have previously requested

Financial Assistance to update their Financial Disclosure Worksheet on a periodic basis to ensure their financial circumstances have not changed.

(d) Determination of Financial Assistance. KHS shall determine if a patient is eligible for Financial Assistance based on the information provided in the Financial Disclosure Worksheet. KHS shall make Financial Assistance only after a complete and accurate Financial Disclosure Worksheet is obtained, unless KHS determines that the patient has good cause for not completing the Worksheet (e.g., homeless, deceased, etc.), in which case KHS may make the determination based on available information. Patients who, based on the information disclosed in the Financial Disclosure Worksheet, meet the eligibility criteria set forth in section 4.3(a) shall receive the amount of Financial Assistance listed in Exhibit A, as may be amended from time to time. If a patient does not meet the eligibility criteria set forth under section 4.3(a) of this Policy as evidenced by the Financial Disclosure Worksheet, the Director, or his or her designee, shall evaluate if the patient is eligible for Financial Assistance under section 4.3(b). The Director, or his or her designee, may approve up to $5,000 of Financial Assistance to a patient who is eligible under section 4.3(b). If the Director, or his or her designee, determines a patient may be eligible for an amount in excess of $5,000, he or she shall obtain approval for such amount from the individual listed below, based on the proposed amount of Financial Assistance.

Proposed Amount of Financial Assistance:	Approval By:
$5,001 to $15,000	Vice President, Finance
$15,001 to $25,000	Administrator
$25,001 to $35,000	President/CEO Kishwaukee Health System
Any amount over $35,000	Board of Directors

5.3 Notification of Financial Assistance Determination. When possible, KHS shall provide patients with written notice of KHS' Financial Assistance determination within 14 days of submission of a completed Financial Disclosure Worksheet.

5.4 Appeals. If a patient is denied Financial Assistance, he or she may submit a letter of appeal to the Director. The Director, or his or her designee, shall review the letter and provide the patient a written response within 14 days of receipt of the patient's letter of appeal.

6.0 **PROHIBITIONS.** KHS shall not routinely waive Medicare deductibles or coinsurance, but KHS may waive Medicare deductible and coinsurance amounts if KHS determines, in good faith, that the patient meets the eligibility criteria under this Policy and applicable law. KHS shall not advertise the waiver of Medicare cost-sharing amounts relating to any Medically Necessary Services.

7.0 ACCOUNTING AND RECORDKEEPING.

7.1 Documentation of Charity Care. KHS shall maintain documentation of all completed Financial Assistance applications submitted, and the determinations made pursuant to

same either to grant or deny Financial Assistance. KHS shall also document changes in eligibility determinations upon re-evaluation of a patient's eligibility for Financial Assistance.

7.2 Accounting for Financial Assistance. KHS shall maintain separate accounts for the provision of Financial Assistance and the write off of Bad Debts under the KHS Billing and Collections Policy. KHS may write off inactive outstanding Bad Debt balances for Medically Necessary Services provided before a patient was eligible for or failed to complete an application for Financial Assistance pursuant to the Billing and Collections Policy; however, such accounts shall not be accounted for as Financial Assistance and shall instead be allocated to Bad Debt. KHS shall identify the gross charges related to Financial Assistance and exclude these amounts from the accounts receivable and revenue reporting in its financial statements, as indicated by revised Financial Accounting Standards Board, KHS' external auditor's recommendations, and the judgment and agreement of KHS management and the KHS Board of Directors.

8.0 REVIEW OF FINANCIAL ASSISTANCE PROVIDED AND VENDOR COMPLIANCE.

8.1 Review of Amount of Financial Assistance Provided. The Business Affairs Committee of the Board of Directors shall periodically review the amount of Financial Assistance provided and the level of Bad Debt write-offs (running comparison periods, budgeted expectations and actual, monthly, year-to-date and prior year). The Vice President of Finance shall report any unusual fluctuations and other significant/material matters relating to Financial Assistance and/or Bad Debts to the Business Affairs Committee of the KHS Board of Directors.

8.2 Vendor Compliance. KHS shall inform all vendors providing Medically Necessary Services to KHS patients under contract with KHS, including, without limitation, provider-based physician groups, when KHS determines a patient is eligible for Financial Assistance under this Policy. On at least an annual basis, KHS shall obtain reports from vendors providing Medically Necessary Services to KHS patients under contract with KHS regarding the amount of Financial Assistance provided by such vendor during the previous fiscal year. KHS shall ensure that its collection agencies are aware of this Policy and require that such agencies refer patients that may be eligible for Financial Assistance to KHS for re-evaluation of eligibility, where appropriate.

8.3 Review of Policy. The KHS Board of Directors shall annually review this Policy.

9. INTERPRETATION. In the event of any conflict between this Policy and any other KHS policy, including without limitation, the KHS Billing and Collections Policy, the terms of this Policy shall apply. It is the intent of this policy to comply with all federal, state and local laws. If any law, current or future, conflicts with this Policy, such law shall supersede this Policy.

APPROVED BY TITLE DATE

7/06
DATE REVISED

EXHIBIT A
FPL Eligibility Guidelines
Effective: March 2008

Family Size	Family Income in $$			Financial Assistance Discount %	Federal Poverty Guidelines in $$	Family Income as a % of the Federal Poverty Guidelines
1	0	-	20,800	100%	10,400	200%
	20,801	-	26,000	75%		250%
	26,001	-	31,200	50%		300%
	31,201	-	36,400	25%		350%
2	0	-	28,000	100%	14,000	200%
	28,001	-	35,000	75%		250%
	35,001	-	42,000	50%		300%
	42,001	-	49,000	25%		350%
3	0	-	35,200	100%	17,600	200%
	35,201	-	44,000	75%		250%
	44,001	-	52,800	50%		300%
	52,801	-	61,600	25%		350%
4	0	-	42,400	100%	21,200	200%
	42,401	-	53,000	75%		250%
	53,001	-	63,600	50%		300%
	63,601	-	74,200	25%		350%
5	0	-	49,600	100%	24,800	200%
	49,601	-	62,000	75%		250%
	62,001	-	74,400	60%		300%
	74,401	-	86,800	25%		350%
6	0	-	56,800	100%	28,400	200%
	56,801	-	71,000	75%		250%
	71,001	-	85,200	50%		300%
	85,201	-	99,400	25%		350%
7	0	-	64,000	100%	32,000	200%
	64,001	-	80,000	75%		250%
	80,001	-	96,000	50%		300%
	96,001	-	112,000	25%		350%
8	0	-	71,200	100%	35,600	200%
	71,201	-	89,000	75%		250%
	80,001	-	106,800	50%		300%
	106,801	-	124,600	25%		350%
9	0	-	78,400	100%	39,200	200%
	78,401	-	98,000	75%		250%
	98,001	-	117,600	50%		300%
	117,601	-	137,200	25%		350%
10	0	-	85,600	100%	42,800	200%
	85,601	-	107,000	75%		250%
	107,001	-	128,400	50%		300%
	128,401	-	149,800	25%		350%

Other Community Benefits - include supporting schedule listed w/ dollars

Description	Dollar amount	KCH	VWCH	KHS
Health Fair EOC 4440	$31,468	$16,993	$14,475	
Health Fair Other (non-EOC 4440)	$3,025	$1,852	$1,173	
Community Education	$211,881	$109,056	$31,884	$70,942
NIU school shooting tragedy	$10,000	$10,000		
Primary care clinic for uninsured/underinsured	$18,332			$18,332
Property taxes support community EOC 9300	$217,810	$207,775	$10,035	
Unlimited Performance XX 7432 cc community sup	$108,277	$100,517	$7,759	
Sales Tax support community EOC 7093	$175	$19	$156	
Sales Tax collected credits of ao 01.2800.0020	$6,489	$6,489	$0	
Total Other community Benefits	$607,458	$452,701	$65,483	$89,274

S:com benefit stats/State of IL com ben stmt FY 08 4th year of filing.xls