

ORIGINAL

10-077

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

NOV 15 2010

Facility/Project Identification

Facility Name:	Heartland Regional Medical Center	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address:	3333 West DeYoung Street		
City and Zip Code:	Marion, IL 62959		
County:	Williamson	Health Service Area	V
		Health Planning Area:	F-06

Applicant Identification

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

Exact Legal Name:	Marion Hospital Corporation d/b/a Heartland Regional Medical Center
Address:	3333 West DeYoung Street Marion, IL 62959
Name of Registered Agent:	
Name of Chief Executive Officer:	Philip G. Dionne
CEO Address:	same
Telephone Number:	618/998-7000

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

Type of Ownership

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an Illinois certificate of good standing.
- o 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:	Anne M. Murphy
Title:	Partner
Company Name:	Holland + Knight
Address:	131 S. Dearborn Street Chicago, IL 60603
Telephone Number:	312/578-6544
E-mail Address:	anne.Murphy@hklaw.com
Fax Number:	312/578-6666

Additional Contact

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

Name:	Philip G. Dionne
Title:	CEO
Company Name:	Heartland Regional Medical Center
Address:	3333 W. DeYoung Street Marion, IL 62959
Telephone Number:	618/998-7000
E-mail Address:	Philip_g_Dionne@chs.net
Fax Number:	

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Street Address:	3333 West DeYoung Street		
City and Zip Code:	Marion, IL 62959		
County:	Williamson	Health Service Area	V Health Planning Area: F-06

Applicant Identification

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

Exact Legal Name:	Community Health Systems, Inc.
Address:	4000 Meridian Blvd. Franklin, TN 37067
Name of Registered Agent:	
Name of Chief Executive Officer:	Wayne Smith
CEO Address:	same
Telephone Number:	615/465-7000

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Type of Ownership

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
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Title:	Partner
Company Name:	Holland + Knight
Address:	131 S. Dearborn Street Chicago, IL 60603
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E-mail Address:	anne.Murphy@hklaw.com
Fax Number:	312/578-6666

Additional Contact

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

Name:	Philip G. Dionne
Title:	CEO
Company Name:	Heartland Regional Medical Center
Address:	3333 W. DeYoung Street Marion, IL 62959
Telephone Number:	618/998-7000
E-mail Address:	Philip_g_Dionne@chs.net
Fax Number:	

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance]

Name:	Philip G. Dionne
Title:	CEO
Company Name:	Heartland Regional Medical Center
Address:	3333 W. DeYoung Street Marion, IL 62959
Telephone Number:	618/998-7000
E-mail Address:	Philip_g_Dionne@chs.net
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:
Address of Site Owner:
Street Address or Legal Description of Site:

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:		
Address:		
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois certificate of good standing.o 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.		

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.

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)]

<p>Part 1110 Classification:</p> <p><input checked="" type="checkbox"/> Substantive</p> <p><input type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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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		6	18		18
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)					
• Diagnostic & Interventional Radiology/Imaging					
• 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.

The applicants are proposing to replace the hospital's existing 12-bed intensive care unit (ICU) with an 18-bed ICU developed through the construction of a small one level addition to the south side of the hospital to house the ICU, exclusively.

This is a "substantive" project because it does not meet any of the limiting definitions of a "non-substantive" project.

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	\$75,000		\$75,000
Site Survey and Soil Investigation	10,000		10,000
Site Preparation	205,000		205,000
Off Site Work			
New Construction Contracts	3,993,255		3,993,255
Modernization Contracts			
Contingencies	249,075		249,075
Architectural/Engineering Fees	394,300		394,300
Consulting and Other Fees	125,000		125,000
Movable or Other Equipment (not in construction contracts)	1,948,370		1,948,370
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$7,000,000		\$7,000,000
SOURCE OF FUNDS		NON-CLINICAL	TOTAL
Cash and Securities	\$7,000,000		\$7,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$7,000,000		\$7,000,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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): September 1, 2012

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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON CLINICAL							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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**.

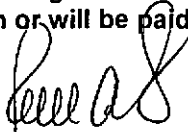
FACILITY NAME: Heartland Regional Medical Center			CITY: Marion, IL		
REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	68	5,452	17,899	None	68
Obstetrics	12	1,068	2,394	None	12
Pediatrics					
Intensive Care	12	582	3,696	+6	18
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	92	7,102	23,989	+6	98

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 Marion Hospital Corporation 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

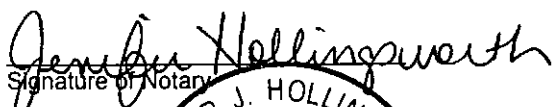
Rachel A. Seifert
PRINTED NAME
Executive V.P. & Secretary
PRINTED TITLE


SIGNATURE

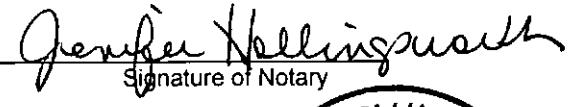
Martin G. Schweinhart
PRINTED NAME
President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10th day of November, 2010

Notarization:
Subscribed and sworn to before me
this 10th day of November, 2010


Signature of Notary




Signature of Notary



*Insert EXACT legal name of the applicant

CERTIFICATION

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- 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);
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SIGNATURE

Rachel A. Seifert

PRINTED NAME

Executive VP Secretary
& General Counsel

PRINTED TITLE

SIGNATURE

Martin G. Schweinhart

PRINTED NAME

SVP, Operations

PRINTED TITLE

Notarization:

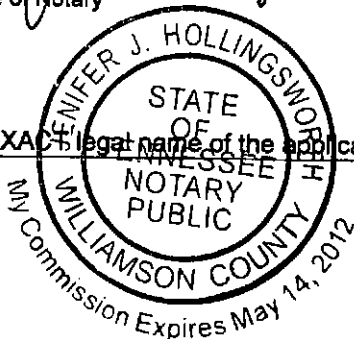
Subscribed and sworn to before me this 10th day of November, 2010

Notarization:

Subscribed and sworn to before me this 10th day of November, 2010

Jennifer Hollingsworth
Signature of Notary

Seal



*Insert EXACT legal name of the applicant

Jennifer Hollingsworth
Signature of Notary

Seal



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 III. 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:

Not Applicable

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 to 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:

Not Applicable

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.

SECTION VII. - CATEGORY OF SERVICE - REVIEW CRITERIA

1. This Section is applicable to all projects proposing establishment, expansion or modernization of **ALL categories of service that are subject to CON review**, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960], WITH THE EXCEPTION OF:
 - General Long Term Care;
 - Subacute Care Hospital Model;
 - Postsurgical Recovery Care Center Alternative Health Care Model;
 - Children's Community-Based Health Care Center Alternative Health Care Model; and
 - Community-Based Residential Rehabilitation Center Alternative Health Care Model.

If the project involves any of the above-referenced categories of service, refer to " SECTION VIII.- Service Specific Review Criteria" for applicable review criteria, and submit all necessary documentation for each service involved..

2. READ THE APPLICABLE REVIEW CRITERIA FOR EACH OF THE CATEGORIES OF SERVICE INVOLVED. [Refer to SECTION VIII regarding the applicable criteria for EACH action proposed, for EACH category of service involved.]
3. After identifying the applicable review criteria for each category of service involved (see the charts in Section VIII), provide the following information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Planning Area Need - Formula Need Calculation:

1. Complete the requested information for each category of service involved:

Refer to 77 Ill. Adm. Code 1100 for information concerning planning areas, bed/station/key room deficits and occupancy/utilization standards.

Planning Area F-06

Category of Service	No. of Beds/Stations/Key Rooms Proposed	HFSRB Inventory Need or Excess	Part 1100 Occupancy/Utilization Standard
Intensive Care/ICU	18 (addition of 6)	Need of 1	60%

Using the formatting above:

2. Indicate the number of beds/stations/key rooms proposed for each category of service.
3. Document that the proposed number of beds/stations/key rooms is in conformance with the projected deficit specified in 77 Ill. Adm. Code 1100.
4. Document that the proposed number of beds/stations/key rooms will be in conformance with the applicable occupancy/utilization standard(s) specified in Ill. Adm. Code 1100.

B. Planning Area Need - Service to the Planning Area Residents:

1. If establishing or expanding beds/stations/key rooms, document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
2. If expanding an existing category of service, provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, document that at least 50% of the projected patient volume will be from residents of the

area.

3. If expanding an existing category of service, submit patient origin information by zip code, based upon the patient's legal residence (other than a health care facility).

APPEND DOCUMENTATION AS **ATTACHMENT -19**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

C. Service Demand - Establishment of Category of Service

Document "Historical Referrals" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Referrals

If the applicant is an existing facility, document the number of referrals for the last two years for each category of service, as formatted below:

EXAMPLE:

Year	CY or FY	Category of Service	Patient Origin by Zip Code	Name & Specialty of Referring Physician	Name & Location of Recipient Hospital
2008	CY	Medical/Surgical	62761 [Patient Initials]	Dr. Hyde	Wellness Hospital

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in Criterion 1110.530(b)(3)

3. Project Service Demand - Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the Criterion titled "Project Service Demand - Based on Rapid Population Growth".

APPEND DOCUMENTATION AS **ATTACHMENT-20**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

D. Service Demand - Expansion of an Existing Category of Service

Document "Historical Service Demand" and either "Projected Referrals" or "Project Service Demand - Based on Rapid Population Growth" :

1. Historical Service Demand

Category of Service	Board Occupancy/Utilization Standards	Year One Indicate CY or FY	Year Two Indicate CY or FY
	[Indicate standards for the planning area.]	CY 2008	CY 2009
Intensive Care/ICU	60%	84.5%	84.4%

- a. As formatted above, document that the average annual occupancy/utilization rate has equaled or exceeded occupancy standards for the category of service, as specified in 77 Ill. Adm. Code 1100, for each of the latest two years;
- b. If patients have been referred to other facilities in order to receive the subject services, provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient hospital, for each of the latest two years

2. Projected Referrals

An applicant proposing to establish a category of service or establish a new hospital shall submit physician referral letters containing ALL of the information outlined in subsection(b)(4) of the criteria for the subject service(s).

3. Projected Service Demand – Based on Rapid Population Growth

If a projected demand for service is based upon rapid population growth in the applicant facility's existing market area (as experienced annually within the latest 24-month period), the projected service demand must be determined, as specified in the criterion titled "Projected Service Demand-Based on Rapid Population Growth" of the criteria for the subject service(s).

APPEND DOCUMENTATION AS ATTACHMENT-21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

E. Service Accessibility - Service Restrictions

- 1. The applicant shall document that at least one of the factors listed in subsection (b)(5) of the criteria for subject service(s) exists in the planning area.
- 2. Provide documentation, as applicable, listed in subsection (b)(5) of the criteria for the subject service(s), concerning existing restrictions to service access:

APPEND DOCUMENTATION AS ATTACHMENT-22, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

F. Unnecessary Duplication/Maldistribution

1. Document that the project will not result in an unnecessary duplication, and provide the following information:
 - a. A list of all zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
 - b. The total population of the identified zip code areas (based upon the most recent population numbers available for the State of Illinois); and
 - c. The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the project site that provide the categories of bed service that are proposed by the project.
2. Document that the project will not result in maldistribution of services. Maldistribution exists when the identified area (within the planning area) has an excess supply of facilities, beds and services characterized by such factors as presented in subsection (c)(1) and (2) of the criteria for the subject service(s)..
3. Document that, within 24 months after project completion, the proposed project:
 - A) Will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100; and
 - B) Will not lower, to a further extent, the utilization of other area hospitals that are currently (during the latest 12-month period) operating below the occupancy standards.

APPEND DOCUMENTATION AS ATTACHMENT-23, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Category of Service Modernization

1. Document that the inpatient beds areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized, citing factors, as listed in subsection (d)(1) of the criteria for the subject service(s), but not limited to the reasons cited in the rule.
2. Provide the following documentation of the need for modernization:
 - A. the most recent IDPH Centers for Medicare and Medicaid Services (CMMS) inspection reports;
 - B. the most recent Joint Commission on Accreditation of Healthcare Organizations (JCAHO) reports;
3. Include other documentation, as applicable to the factors cited above:
 - A. Copies of maintenance reports;
 - B. Copies of citations for life safety code violations; and
 - C. Other pertinent reports and data.
4. Provide the annual occupancy/utilization for each category of service to be modernized, for each of the last three years.

APPEND DOCUMENTATION AS ATTACHMENT-24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE

APPLICATION FORM.

H. Staffing Availability

1. For each category of service, document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and JCAHO staffing requirements can be met.
2. Provide the following documentation:
 - a. The name and qualification of the person currently filling the position, if applicable; and
 - b. Letters of interest from potential employees; and
 - c. Applications filed for each position; and
 - d. Signed contracts with the required staff; or
 - e. A narrative explanation of how the proposed staffing will be achieved.

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Performance Requirements

READ the subsection titled "Performance Requirements" for the subject service(s).

K. Assurances

Submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy/utilization standards specified in 77 Ill. Adm Code 1100 for each category of service involved in the proposal.

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Criterion 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. In addition to addressing the Category of Service Review Criteria for ALL category of service projects [SECTION VII], applicants proposing to establish, expand and/or modernize Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds	# to Establish	# to Expand	# to Modernize
<input type="checkbox"/> Medical/Surgical					
<input type="checkbox"/> Obstetric					
<input type="checkbox"/> Pediatric					
<input checked="" type="checkbox"/> Intensive Care	12	18		6	18

3. READ the applicable review criteria outlined below:

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.530(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.530(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.530(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.530(b)(5) - Planning Area Need - Service Accessibility	X		
1110.530(c)(1) - Unnecessary Duplication of Services	X		
1110.530(c)(2) - Maldistribution			
1110.530(c)(3) - Impact of Project on Other Area Providers	X		
1110.530(d)(1) - Deteriorated Facilities			X
1110.530(d)(2) - Documentation			X
1110.530(d)(3) - Documentation Related to Cited Problems			X

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(d)(4) - Occupancy			X
110.530(e) - Staffing Availability	X	X	
1110.530(f) - Performance Requirements	X	X	X
1110.530(g) - Assurances	X	X	

Not applicable. No debt is being used and Audited Financial Statements are on file with the State Agency

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

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.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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:

- \$7,000,000 Cash & Securities **please see CHS Audited Financial Statements**
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.

\$7,000,000 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 9 No 9. 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 N/A, no 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 ATTACHMENT -76, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

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.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year 2007	Year 2008	Year 2009
Inpatient	105	92	34
Outpatient	146	86	20
Total	251	178	54
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total	\$582,743	\$393,788	\$192,835*
MEDICAID			
Medicaid (# of patients)	Year 2007	Year 2008	Year 2009
Inpatient	1,803	1,699	1,727
Outpatient	15,519	14,977	14,475
Total	17,322	16,676	16,202
Medicaid (revenue)			
Inpatient	\$11,428,949	\$14,424,457	\$8,316,330
Outpatient	\$1,236,558	\$735,984	\$1,541,985
Total	\$12,665,507	\$15,160,441	\$9,858,315

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

*please see note on following page

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

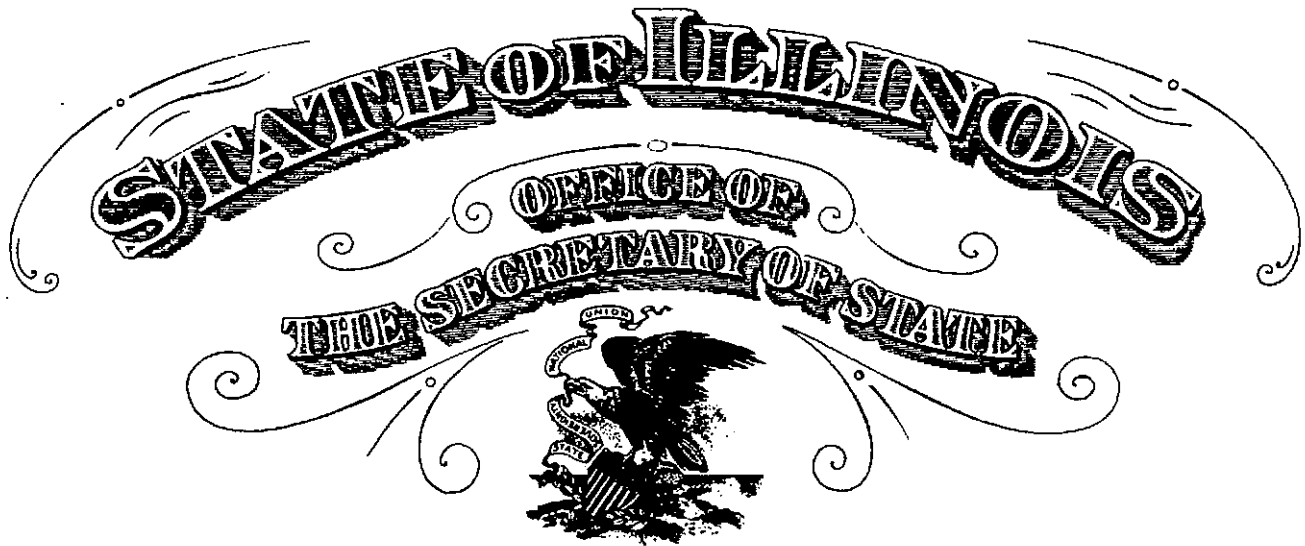
Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$102,749,002	\$116,514,279	\$122,957,102
Amount of Charity Care (charges)	\$2,989,591	\$2,337,036	\$1,219,689
Cost of Charity Care	\$582,743	\$393,788	\$192,835*

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

- * The reported cost of charity care provided in 2009 is artificially low. During most of 2009 the hospital operated without a business office manager, and as a result, a significant volume of charity care provided was not properly accounted for and tracked. During the first ten months of 2010 over \$341,000 of charity care has been provided.



To all to whom these Presents Shall Come, Greeting:

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

MARION HOSPITAL CORPORATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 12, 1996, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, 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 9TH day of MARCH A.D. 2010 .



Authentication #: 1006801630
Authenticate at <http://www.cyberdriveillinois.com>

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

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

COMMUNITY HEALTH SYSTEMS, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 31, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1007402156

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 15TH day of MARCH A.D. 2010

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)

05/21/09

COVERAGE IS INDEPENDENTLY PROCURED BY THE INSURED
COMMUNITY INSURANCE GROUP SPC, LTD.

P. O. BOX 69
GRAND CAYMAN, KY1-1102, CAYMAN ISLANDS
PHONE (345)945-2888 FAX (345)949-0002

THIS CERTIFICATE IS ISSUED AS A WRITTEN MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A	COMMUNITY INSURANCE GROUP SPC, LTD.
COMPANY B	
COMPANY C	
COMPANY D	

INSURED
Heartland Regional Medical Center
3333 West De Young
Marion, Illinois 62959

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY				GENERAL unlimited AGGREGATE EACH \$4,750,000 OCCURRENCE
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY	274/CIG09	06/01/09	06/01/10	
	<input type="checkbox"/> OCCURRENCE FORM CLAIMS MADE				
	<input checked="" type="checkbox"/>				RETRO DATE 1/1/2009
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per Person) \$ BODILY INJURY (Per Accident) \$ PROPERTY DAMAGE \$
	<input type="checkbox"/> ANY AUTO				
	<input type="checkbox"/> ALL OWNED AUTOS				
	<input type="checkbox"/> SCHEDULED AUTOS				
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	EXCESS LIABILITY				EACH OCCURRENCE \$ AGGREGATE \$ \$
	<input type="checkbox"/> UMBRELLA FORM OTHER THAN UMBRELLA FORM				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTHER EL EACH ACCIDENT \$ EL DISEASE - POLICY LIMIT \$ EL DISEASE - EA EMPLOYEE \$
	<input type="checkbox"/> THE PROPRIETOR, PARTNERS, EXECUTIVE OFFICERS ARE				
	INCL <input type="checkbox"/>				
	EXCL <input type="checkbox"/>				
A	Hospital Professional Liability				GENERAL unlimited AGGREGATE PER \$4,750,000 OCCURRENCE
	Hospital Professional Liability	274/CIG09	06/01/09	06/01/10	RETRO DATE 1/1/2009

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
SELF INSURED RETENTION OF \$250,000 PER OCCURRENCE.

Coverage herein is afforded to all employees including physicians and allied health professionals, when acting within the course and scope of their medical duties performed as employees of the Named Insured.

CERTIFICATE HOLDER

Heartland Regional Medical Center
3333 West De Young
Marion, Illinois 62959

CANCELLATION

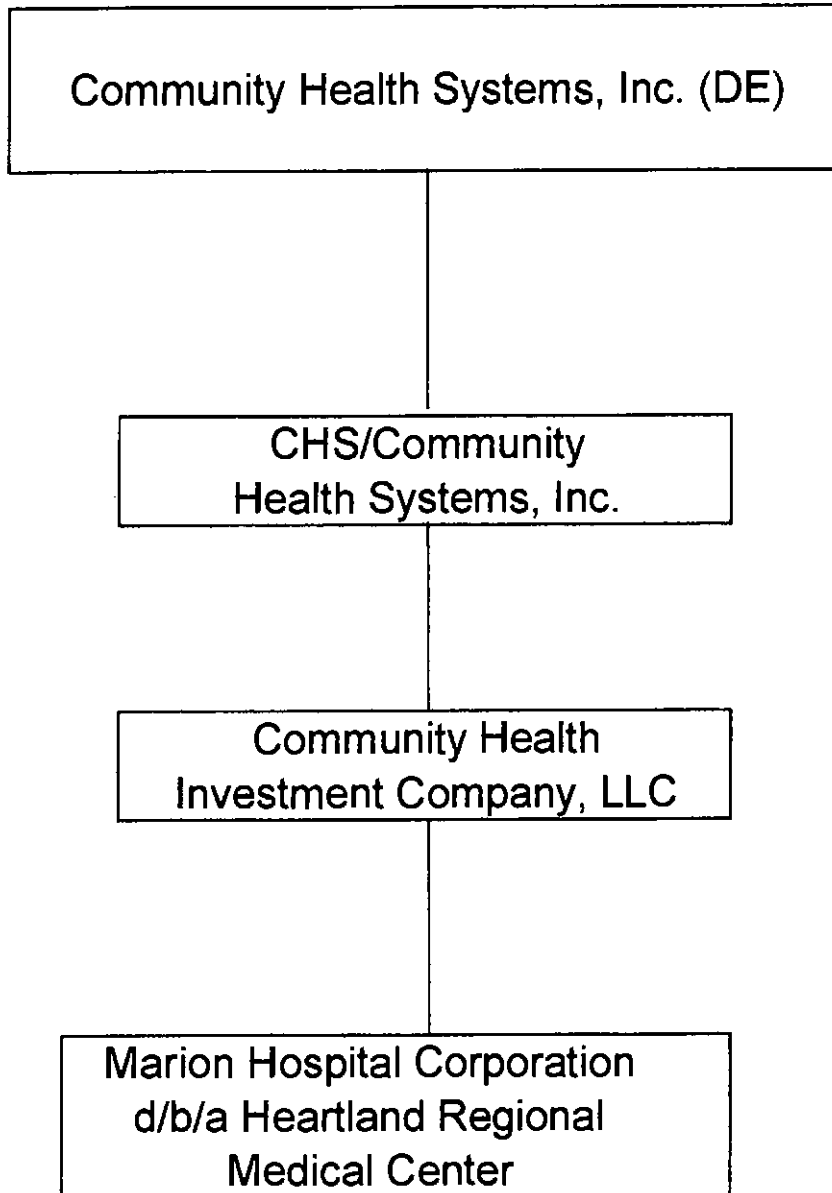
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, EXCEPT 10 DAYS NOTICE FOR NON-PAYMENT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[Signature]

ATTACHMENT

ORGANIZATIONAL CHART



The screenshot displays the FEMA Intranetix Viewer interface. At the top left is the FEMA logo. To its right, the text 'Scale: 1%' and 'LOMC: 06-05-B029V-170719' is visible. Below the logo is a 'Help' button. On the left side, there is a vertical toolbar with buttons for 'Zoom Wn', 'Pan', 'Zoom In', 'Zoom Out', '1:1', 'MAX', 'Zoom In', and 'Zoom Out', along with the text 'Make a FIRMe'. The main area of the viewer shows a dark, high-contrast map with various features. To the right of the map, there is a panel with several small icons and text, likely representing a legend or data layer information.

ATTACHMENT 4

33



HEARTLAND REGIONAL
MEDICAL CENTER

3333 West DeYoung - Marion, Illinois 62959
(618) 998-7000 • Fax (618) 998-7449

April 21, 2010

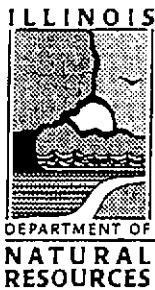
Illinois Health Facilities
and Services Review Board
Springfield, IL 62761

To Whom It May Concern:

Please be advised that Heartland Regional Medical Center is not located in a flood plain, and that the proposed project complies with the requirements of Illinois Executive Order #2005-5, as related to construction in flood plain areas.

Sincerely,

Philip G. Dionne
Chief Executive Officer



Illinois State Water Survey

Main Office • 2204 Griffith Drive • Champaign, IL 61820-7495 • Tel (217) 333-2210 • Fax (217) 333-6540
Peoria Office • P.O. Box 697 • Peoria, IL 61652-0697 • Tel (309) 671-3196 • Fax (309) 671-3106



October 14, 1998

Ira Rogal
Shea, Paige, & Rogal, Inc.
547 S. LaGrange Road
LaGrange, IL 60525

Re: Floodzone Determination for Certificate of Need Pursuant to Executive Order IV (1979) - Marion Memorial Hospital proposed site, W 1/2 of NE 1/4 Sec. 16, T. 9 S., R. 2 E., 3rd P.M., Williamson County IL

Dear Mr. Rogal:

This letter is in response to your request for a flood hazard determination for the facility proposed at the southeast corner of IL Route 13 & Old Bainbridge Trail near Marion, Illinois. The Plat of Survey you provided indicates that the entire site comprises the W 1/2 of the NE 1/4 of Section 16, except for road rights-of-way. Two currently effective FEMA flood hazard maps cover separate portions of the subject area:

FEMA Flood Hazard Boundary Map (FHBM)
Williamson County (Uninc. Areas), Community-Panel No. 170934 0001 B, dated August 17, 1979

FEMA Flood Insurance Rate Map (FIRM)
City of Marion, Community-Panel No. 170719 0002 B, effective date September 15, 1983

For this determination, the boundaries of the site were plotted by measuring from roads displayed on the FEMA maps. It would appear from the Marion FIRM that some of the mapped floodplain (Zone A1 and possibly some Zone A2) of Westenaire Creek is coincident with the easternmost area of the property. Due to the scale of the maps and limitation of the accuracy of the maps, there is some uncertainty as to the exact location of the east boundary of the parcel relative to the floodplain. The portion of the site within the **W 1100 ft of the W 1/2 of the NE 1/4 of Section 16** is clearly in **Zone C**, outside the mapped 100-year floodplain (or, not in a Special Flood Hazard Area). Base Flood Elevations (BFEs) available from the City of Marion 1983 Flood Insurance Study (FIS) Flood Profiles 01P & 02P for Westenaire Creek, enclosed, may be used to evaluate whether any of the parcel area along the east property line is in a Special Flood Hazard Area.

This determination is based on the current Federal Emergency Management Agency (FEMA) flood hazard references for the community. This letter does not imply that the referenced property will or will not be free from flooding or damage. A property or structure not in a Special Flood Hazard Area may be damaged by a flood greater than that predicted on the FEMA map or by local drainage problems not mapped. This letter does not create liability on the part of the Illinois State Water Survey or employee thereof for any damage that results from reliance on this determination.

Please contact Paul Osman at the IDNR Office of Water Resources (217/782-3862) with any questions about Executive Order IV flood hazard determination requirements or about State floodplain regulations. Please contact Sally McConkey, P.E., at the State Water Survey (217/333-5482) with any questions about this determination.

Sincerely,

William Saylor
Associate Supportive Scientist
Surface Water and Floodplain Information
(217) 333-0447
(217) 333-2304 (fax)

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ATTACHMENT 4

35



Illinois Historic
Preservation Agency

FAX (217) 782-8161

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

Williamson County

Marion

CON - New Addition, Heartland Regional Medical Center
3333 W. Deyoung St.
IHPA Log #002040710

April 22, 2010

Jacob Axel
Axel & Associates, Inc.
675 North Court, Suite 210
Palatine, IL 60067

Dear Mr. Axel:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two 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 have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker
Deputy State Historic
Preservation Officer

ATTACHMENT 5

ITEMIZATION OF PROJECT COSTS

Preplanning Costs (\$75,000)

Estimate of costs associated with deciding to undertake the project and the evaluation of alternatives.

Site Survey and Soil Investigation (\$10,000)

Estimate of the cost of evaluating the soil below the site on which the addition to the hospital is to be located.

Site Preparation (\$205,000)

Estimate of the costs associated with site grading, drainage, walkway, and driveway development, and outside lighting.

New Construction Contracts (\$3,993,255)

Estimate of the cost of the proposed construction, including fixed equipment and contractor's margin and overhead. The project will not be put out to bid earlier than thirty days prior to the awarding of the CON Permit, and may not be put out to bid until after the CON Permit is granted.

Contingencies (\$249,075)

Allowance for unanticipated construction-related expenses to be incurred by the Permit holder.

Architectural/Engineering Fees (\$394,300)

Estimate, based on Capital Development Board standards, of the costs associated with all architectural activities, including design, inspection, and interaction with governmental agencies and contractors, as needed.

Consulting and Other Fees (\$125,000)

CON-related consulting and review fees, IDPH and municipal review fees, environmental impact assessment, project management services, reimbursables, permits, insurance, materials testing, interior design consultant and miscellaneous costs.

Movable and Other Equipment (\$1,948,370)

Estimate of the acquisition, installation and testing of all clinical and non-clinical equipment to be located in the ICU, based on the co-applicant's recent experience with a similar project.

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet		Amount of proposed Total Square Feet			
		Existing	Proposed	New Const.	That is:		Vacated Space
Reviewable					Modernized	As Is	
ICU	\$ 7,000,000	7,659	12,200	12,200			7,659
TOTAL	\$ 7,000,000	7,659	12,200	12,200			7,659

BACKGROUND

Community Health Systems, or a subsidiary thereof, owns and/or operates eight hospitals in Illinois, as identified in the table below.

Community Health Systems Illinois Hospitals

<u>Facility Name</u>	<u>Location</u>	<u>IDPH License Number</u>
Crossroads Community Hospital	Mt. Vernon	0003947
Galesburg Cottage Hospital	Galesburg	0005330
Gateway Regional Medical Center	Granite City	0005223
Heartland Regional Medical Center	Marion	0005298
Red Bud Regional Hospital	Red Bud	0005199
Union County Hospital	Anna	0005421
Vista Medical Center-East	Waukegan	0005397
Vista Medical Center-West	Waukegan	0005405

All of the above hospitals hold Joint Commission accreditation.



State of Illinois 1982856
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
06/17/11	BGBD	0005298
FULL LICENSE		
GENERAL HOSPITAL		
EFFECTIVE: 06/18/10		

BUSINESS ADDRESS

MARION HOSPITAL CORPORATION
D/B/A HEARTLAND REGIONAL MEDICAL CENTER
3333 WEST DE YOUNG STREET

MARION IL 62959

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

Heartland Regional Medical Center

Marion, 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

August 31, 2007

Accreditation is customarily valid for up to 39 months.

David L. Nahrwold

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

7378
Organization ID #

Dennis S. O'Leary

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 organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



ADVERSE ACTION

An "adverse action" letter was filed by applicant Community Health Systems, Inc. in conjunction with project 10-018. No changes have occurred regarding the information submitted in that letter.

PURPOSE OF THE PROJECT

The replacement of the hospital's existing intensive care unit with a larger unit will improve the manner in which critical care services are provided to area residents. The population to be addressed by this project consists generally of the residents of southern Illinois, living south of I-64, and consistent with the patient origin analysis provided in ATTACHMENT 19.

During 2009, over 15% of the patient days of care provided at Heartland Regional Medical Center were provided in the intensive care unit (ICU), and the ICU's utilization exceeded the IDPH's target occupancy rate 220 days of that year, with the unit being at or above 100% utilization on 84 days, and having only one bed available on an additional 96 days. As such, the expansion component of this project is essential to address the health care needs of the area residents in a responsible manner.

The success of the project will be measurable immediately upon the project's completion, by eliminating any need to hold patients in other areas of the hospital due to the lack of an available bed in the ICU.

This project is not being undertaken due to any facility or licensure-related issues, but rather as a result of the need to expand capacity, exclusively.

ALTERNATIVES

The extraordinarily high utilization of Heartland Regional Medical Center's Intensive Care Unit in recent years, and as discussed ATTACHMENT 26(b)(4) mandates that the hospital's ICU capacity be expanded. The proposed project addresses the replacement of the existing 12-bed unit with an 18-bed ICU developed through new construction, limited to the ICU proper and ICU-related support space, such as a family waiting room.

Two alternatives were considered, and both were immediately dismissed as being inferior to the proposed project.

Development of a Second ICU

The renovation and continued use of the existing ICU coupled with the construction of a second ICU of 6-8 beds was considered and dismissed, due to the operating costs associated with occupying redundant units, particularly during times of lower census. While often having a high census, utilization of Heartland Regional Medical Center's ICU fluctuates greatly, and during 2009, the ICU had a census of ten or fewer patient 185 days.

Expansion of the Existing ICU

The alternative of simply adding beds through the expanding of the existing ICU, aside from being extraordinarily disruptive to patient care, was viewed as being physically impractical due to the absence of space that could reasonably be made available contiguous to the ICU.

The success of the proposed project will be measured by the hospital's ability to maintain an occupancy rate in the 60-70% range on an annual basis, and by patient and family satisfaction with the facility-related aspects of the ICU.

SUMMARY COMPARISON OF ALTERNATIVES TO PROPOSED PROJECT

	<u>Cost</u>	<u>Quality</u>	<u>Accessibility</u>
<u>Alternative 1</u> Development of a Second ICU	cap. cost of approx. 50% that of proposed project—add'l staffing costs of approx. \$430K/yr plus facil. operations costs	identical*	identical*
<u>Alternative 2</u> Expansion of Existing ICU	capital costs not esti- mated—operating costs would be identical*	identical*	identical*

*identical to the proposed project

SIZE OF PROJECT

The proposed project involves only one functional area/department, that being the intensive care unit (ICU). The proposed ICU will consist of 18 beds and 12,200 square feet, or 678 square feet per bed, compared to the IDPH standard of a maximum of 600-685 square feet per bed, and the proposed size is therefore consistent with the standard and not excessive.

PROJECT SERVICES UTILIZATION

During 2009, 3,696 patient days of care were provided in Heartland Regional Medical Center's ICU, resulting in an average daily census (ADC) of 10.13 patients. This level of utilization supports a "need" for 17 ICU beds. Only 28 incremental patient days, or a total of 3,724 patient days are needed to support a need for the proposed 18 ICU beds ($3,724 \div 365 \div .60$). It is fully anticipated that this number of patient days will be exceeded during the first year following the project's utilization and that the 218 incremental patient days required to operate the proposed 18-bed ICU with an average daily census of 10.8 patients and at the 60% target utilization level will be reached and exceeded by the second year following the project's completion, 2013. ($3,724 + 218 = 3,942 \div 365 = 10.8 \div .60$)

As documented in ATTACHMENT 21, 3,961 patient days are projected to be realized in 2013, resulting in an occupancy rate of 60.2%.

SERVICE TO PLANNING AREA RESIDENTS

As is the case with the intensive care unit, all services provided by Heartland Regional Medical Center are provided primarily to the residents of Planning Area V, in southern Illinois.

The table below identifies each ZIP Code area contributing 1.0% or more of the admissions to the hospital during the 12-month period ending February 28, 2010.

ZIP Code	Community	%	Cumulative %
62959	Marion	33.2%	33.2%
62896	W. Frankfort	5.8%	39.0%
62946	Harrisburg	4.5%	43.5%
62951	Johnson City	3.6%	47.1%
62948	Herrin	3.4%	50.5%
62812	Benton	3.3%	53.8%
62922	Creal Springs	2.8%	56.6%
62995	Vienna	2.7%	59.3%
62939	Goreville	2.6%	61.9%
62918	Cartersville	2.3%	64.2%
60906	Anna	2.2%	66.4%
62930	Eldorado	2.1%	68.5%
62960	Metropolis	1.6%	70.1%
62917	Carrier Mills	1.4%	71.5%
62901	Carbondale	1.4%	72.9%
62890	Thompsonville	1.2%	74.1%
62974	Pittsburg	1.2%	75.3%
	all other, <1.0%	24.7%	100.0%

The table above identifies the seventeen ZIP Code areas/communities that each contributed a minimum of 1.0% of the hospital's admissions during the 12-month sample

period. Cumulatively, these ZIP Code areas accounted for 75.3% of the admissions to the hospital. Each of the ZIP Code areas identified in the table above is located within IDPH-designated Planning Area V.

PROJECT SERVICE DEMAND

The historical demand for intensive care/ICU services at Heartland Regional Medical Center has resulted in the hospital exceeding the IDPH's 60% target occupancy rate in each of the last four years, with the last three years (2007-2009) exceeding 80%.

During 2009, 3,696 patient days of care were provided in Heartland Regional Medical Center's ICU, resulting in an average daily census (ADC) of 10.13 patients. This level of utilization supports a "need" for 17 ICU beds. Based on the State Agency's long standing practice of "rounding up" for bed need determination purposes, only 28 incremental patient days, or a total of 3,724 patient days, supports a need for the proposed 18 ICU beds ($3,724 \div 365 \div .60$).

The minimal increase in demand required to support the proposed 18 beds, will, in part, result from rapid population growth within the 65+ age group, which is the largest user of ICU services. Three ZIP Code areas/communities account for 43.5% of the hospital's admissions (please see ATTACHMENT 19), and between 2009 and 2014 the 65+ age group in those three ZIP Code areas are projected to increase by 7.9%. Marion/ZIP Code area 62959, which contributes one third of the hospital's patients, itself, will experience an 8.6% increase in the size of this population cohort. The rapid growth in the size of this population group will result in additional admissions and patient

days, and as discussed in ATTACHMENT 26(b)(4), even when the ICU's historical utilization growth rate is significantly discounted, the need for the proposed beds is supported.

SERVICE DEMAND
EXPANSION OF AN EXISTING CATEGORY OF SERVICE

During 2009, 3,696 patient days of care were provided in Heartland Regional Medical Center's ICU, resulting in an average daily census (ADC) of 10.13 patients. This level of utilization supports a "need" for 17 ICU beds. Based on the State Agency's long standing practice of "rounding up" for bed need determination purposes, only 28 incremental patient days, or a total of 3,724 patient days, supports a need for the proposed 18 ICU beds ($3,724 \div 365 \div .60$).

The rapid population growth of the 65+ component of the service population looking to Heartland for care will easily support the proposed 18 beds. There is a relationship between the age of a hospital's service population and the utilization of ICU services because such a high percentage of patients admitted to an ICU are 65 years old or older. Historically, 43.5% of the patients admitted to Heartland reside in one of three Zip Code areas (please see ATTACHMENT 19), and between 2009 and 2014 the 65+ age group in those three ZIP Code areas are projected to increase by 7.9%.* Marion/ZIP Code area 62959, which contributes one third of the hospital's patients, itself, will experience an 8.6% increase in the size of this population cohort.

In projecting ICU utilization, a very conservative approach was taken. Acknowledging both the significant increases in the 65+ population that look to Heartland for care and the 2.5% historical annual growth rate in the hospital's ICU

utilization, utilization was projected to the second year following the project's completion, using an annual growth rate of 1.75% (70% of the experienced growth rate). Using 2009 as the base year (3,696 patient days), the 1.75% annual growth rate resulted in 3,961 patient days in 2013, resulting in a bed need of 18+.

* ZIP Code-specific population estimates were procured from GeoLytics, Inc. a proprietary demographic data provider because neither IDPH or the U.S. Census Bureau provides such data.

SERVICE ACCESSIBILITY

Intensive care/ICU services are not appropriately accessible to the residents of IDPH-designated Planning Area F-06, which encompasses the southeastern most part of Illinois.

Within the planning area, three hospitals are identified as having ICU Beds: 12 beds at Heartland Regional Medical Center in Marion, 8 beds at Herrin Hospital in Herrin and 4 beds at Franklin Hospital in Benton. It should be noted that Franklin Hospital is a critical access hospital, and reports that it provides no ICU patient days on its IDPH *Profile*.

While neither operates with any restrictive admissions policies, both Heartland Regional Medical Center and Herrin Hospital operate above the IDPH's occupancy target.

The area bed need calculation as documented in the *Inventory of Health Care Facilities and Services and Need Determinations* indicates an area-wide need for 25 ICU beds, compared to the 20 that are available and accessible (24 if Franklin Hospital's beds are included), or a calculated "need" for five (or 1) additional bed(s). That calculation (which includes no utilization in terms of either admissions or patient days, but 4 beds at

Franklin Hospital) is based on 2003-2005 historical utilization, which averaged 5,080 patient days at Heartland and Herrin, the only two hospitals in the planning area that indicated that they provided the service. More recent historical utilization data is available from the 2006-2008 IDPH *Profiles*, with those three years averaging 5,586 patient days, a 10% increase over the 2003-2005 average. The IDPH methodology used in the *Inventory* contains both a 2005 planning area population estimate as well as a 2015 population projection. The 2008 population can easily be extrapolated from these two IDPH-developed population numbers, and an average area-wide use rate can be applied to the extrapolated population, consistent with the IDPH methodology. That rate is .0404, resulting in 5,927 projected patient days and a projected need for 28 beds, eight more than are currently available/accessible in the planning area.

The tables on the following two pages provide the planning area's ICU bed need calculation as presented in the *Inventory of Health Care Facilities and Services and Need Determination*, followed by the same methodology using the more current IDPH utilization data and the population for the last year of data provided, consistent with the IDPH methodology.

(from IDPH Inventory of Health Care Facilities and Services and Need Determination)

INTENSIVE CARE Category of Service

Hospital Planning Area: F-06

Hospital	City	Beds	2005 Admissions	2005 Patient Days
Franklin Hospital	Benton	4	0	0
Heartland Regional Medical Center 10/25/2004 Name Change Name changed from Marion Memorial Hospital	Marion	12	749	2,592
Herrin Hospital	Herrin	8	551	2,228
Massac Memorial Hospital 1/25/2006 Permit issued to modernize facility and to discontinue 6-bed Intensive Care Category of Service	Metropolis	0	72	501
Planning Area Totals		24	1,372	5,321

Three-Year Utilization

	2003	2004	2005	TOTAL	AVERAGE	Estimated 2005 Total Population	Projected 2015 Total Population	Projected Average Daily Patient Days	Projected Days in Year 2015	Target Occupancy Rate	Projected Bed Need	Projected Beds Needed
	4,647	5,272	5,321	15,240	5,080	134,530	146,590	5,535	365	0.60 (60%)	25	1

(Updated, using the Methodology from IDPH Inventory of Health Care Facilities and Services and Need Determination and 2006-2008 Data from IDPH Hospital Profiles*)

INTENSIVE CARE Category of Service

Hospital Planning Area: **F-06**

Hospital	City	Beds	2008 Admissions	2008 Patient Days
Heartland Regional Medical Center 10/25/2004 Name Change from Marion Memorial Hospital	Marion	12	1,228	3,701
Herrin Hospital	Herrin	8	713	2,215
Planning Area Totals				5,916

Three-Year Utilization

	2006	2007	2008	TOTAL	AVERAGE	Estimated 2008 Total Population	Average Use Rate	Projected 2015 Population	Projected Patient Days	Days in Year 2015	Projected Average Daily	Target Occupancy Rate	Projected Bed Need	Beds Needed
	5,246	5,597	5,916	16,759	5,586	138,148	0.0404	146,590	5,927	365	16.2	0.60 (60%)	28	8

*Note:

- 1) The 4 beds at Franklin Hospital without admissions or patient days have been omitted.
- 2) 2008 population is an extrapolation from the IDPH-developed 2005 estimate and the IDPH-developed 2015 projection

55

Herrin Hospital is located 11 minutes and 5.7 miles from Heartland Regional Medical Center, per MapQuest (4/6/10).

A patient origin analysis of patients admitted to Heartland can be found in ATTACHMENT 19, and a copy of Heartland's 2008 IDPH Hospital *Profile* is attached.

Ownership, Management and General Information

ADMINISTRATOR NAME: Mike Mimoso
 ADMINSTRATOR PHONE: 618-998-7000
 OWNERSHIP: Marion Hospital Corp, D.B.A. Heartland Regional Me
 OPERATOR: Marion Hospital Corp, D.B.A. Heartland Regional Me
 MANAGEMENT: Non-Government For-Profit
 CERTIFICATION: Critical Access Hospital
 FACILITY DESIGNATION: Disproportionate Share Hospital
 ADDRESS: 333 West Deyoung

Patients by Race

White 92.0%
 Black 4.2%
 American Indian 0.0%
 Asian 0.2%
 Hawaiian/ Pacific 0.0%
 Unknown: 3.5%

Patients by Ethnicity

Hispanic or Latino: 0.3%
 Not Hispanic or Latino: 97.3%
 Unknown: 2.3%
 IDPH Number: 4739
 HPA F-06
 HSA 5

CITY: Marion

COUNTY: Williamson County

Facility Utilization Data by Category of Service

Clinical Service	Authorized CON Beds 4/22/2009	Authorized CON Beds 12/31/2008	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate % as of 12/31/2008	CON Occupancy Rate % as of 4/22/2009	Staff Bed Occupancy Rate %
Medical/Surgical	68	68	68	68	5,437	19,163	305	3.6	53.3	78.4	78.4	78.4
0-14 Years					272	505						
15-44 Years					1,060	2,512						
45-64 Years					1,368	4,451						
65-74 Years					988	3,848						
75 Years +					1,749	7,847						
Pediatric	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Intensive Care	12	12	12	12	1,228	3,701	0	3.0	10.1	84.5	84.5	84.5
Direct Admission					412	1,278						
Transfers					816	2,423						
Obstetric/Gynecology	12	12	12	12	1,143	2,535	163	2.4	7.4	61.6	61.6	61.6
Maternity					1,143	2,535						
Clean Gynecology					0	0						
Neonatal	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Swing Beds					35	180		5.1	0.5			
Acute Mental Illness	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Rehabilitation	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0											
Dedicated Observation		0					0					
Facility Utilization	92	92			7,027	25,579	468	3.7	71.4	77.6		

(Includes ICU Direct Admissions Only)

Inpatients and Outpatients Served by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	42.7%	23.8%	3.8%	22.3%	6.1%	1.3%	
	3003	1669	264	1569	430	92	7,027
Outpatients	40.1%	21.6%	1.7%	31.6%	4.8%	0.1%	
	27871	14977	1210	21951	3356	86	69,451

Financial Year Reported:

1/1/2008 to 12/31/2008

Inpatient and Outpatient Net Revenue by Payor Source

	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense	Total Charity Care Expense
Inpatient Revenue (\$)	29.8%	20.6%	12.7%	29.8%	7.1%	100.0%		1,382,992
	20,808,166	14,424,457	8,871,289	20,858,266	4,937,520	69,899,698	1,241,895	
Outpatient Revenue (\$)	15.1%	2.6%	8.9%	65.7%	7.8%	100.0%		
	8,118,121	1,376,410	4,755,733	35,291,512	4,172,094	53,713,870	141,097	
								Totals: Charity Care as % of Net Revenue
								1.1%

Birthing Data

Number of Deliveries: 1,098
 Number of Live Births: 1,088
 Birthing Rooms: 0
 Labor Rooms: 0
 Delivery Rooms: 0
 Labor-Delivery-Recovery Rooms: 5
 Labor-Delivery-Recovery-Postpartum Rooms: 0
 C-Section Rooms: 1
 CSections Performed: 0

Newborn Nursery Utilization

Level 1 Patient Days 1,848
 Level 2 Patient Days 166
 Level 2+ Patient Days 0
 Total Nursery Patientdays 2,014
Laboratory Studies
 Inpatient Studies 237,945
 Outpatient Studies 187,244
 Studies Performed Under Contract 10,046

Organ Transplantation

Kidney: 0
 Heart: 0
 Lung: 0
 Heart/Lung: 0
 Pancreas: 0
 Liver: 0
 Total: 0

60

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	320	89	869	107	976	2.7	1.2
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	4	4	615	273	775	275	1050	1.3	1.0
Gastroenterology	0	0	2	2	487	541	217	235	452	0.4	0.4
Neurology	0	0	0	0	0	0	0	0	0	0.0	0.0
OB/Gynecology	0	0	0	0	650	229	726	184	910	1.1	0.8
Oral/Maxillofacial	0	0	0	0	6	11	7	16	23	1.2	1.5
Ophthalmology	0	0	0	0	0	1	0	1	1	0.0	1.0
Orthopedic	0	0	0	0	595	166	883	313	1196	1.5	1.9
Otolaryngology	0	0	0	0	42	595	390	253	643	9.3	0.4
Plastic Surgery	0	0	0	0	28	242	43	256	299	1.5	1.1
Podiatry	0	0	0	0	47	121	69	145	214	1.5	1.2
Thoracic	0	0	0	0	44	11	87	10	97	2.0	0.9
Urology	0	0	0	0	216	617	307	459	766	1.4	0.7
Totals	0	0	7	7	3050	2896	4373	2254	6627	1.4	0.8

SURGICAL RECOVERY STATIONS	Stage 1 Recovery Stations	10	Stage 2 Recovery Stations	26
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Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	2	2	487	541	217	235	452	0.4	0.4
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	1	253	1	104	105	1.0	0.4
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Minor Procedures	0	0	1	1	7	50	1	20	21	0.1	0.4
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	1
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	742
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	609
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	133
EP Catheterizations (15+)	0

Emergency/Trauma Care

Certified Trauma Center by EMS	<input type="checkbox"/>
Level of Trauma Service	Level 1 (Not Answered) Level 2 (Not Answered)
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	0
Persons Treated by Emergency Services:	18,779
Patients Admitted from Emergency:	3,949
Total ED Visits (Emergency+Trauma):	18,779

Cardiac Surgery Data

Total Cardiac Surgery Cases:	78
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	78
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	67

Outpatient Service Data

Total Outpatient Visits	69,365
Outpatient Visits at the Hospital/ Campus:	69,365
Outpatient Visits Offsite/off campus	0

Diagnostic/Interventional Equipment

Examinations

	Owned	Contract	Inpatient	Outpatient	Contract
General Radiography/Fluoroscopy	3	0	11,055	17,492	0
Nuclear Medicine	2	0	2,059	1,855	0
Mammography	1	0	1	3,290	0
Ultrasound	2	0	2,068	2,977	0
Diagnostic Angiography	1	0	36	25	0
Interventional Angiography	0	0	0	0	0
Positron Emission Tomography (PET)	0	1	1	106	0
Computerized Axial Tomography (CAT)	2	0	4,844	6,979	0
Magnetic Resonance Imaging	1	0	192	1,418	0

Radiation Equipment

	Owned	Contract	Therapies/ Treatments
Lithotripsy	0	2	114
Radiation Therapy Equipment			
Linear Accelerator	0	0	0
Proton Beam Therapy	0	0	0
Gamma Knife	0	0	0
Cyber knife	0	0	0

UNNECESSARY DUPLICATION OF SERVICES/MALDISTRIBUTION

The portion of southern Illinois located within thirty minutes of Marion, assuming normal driving conditions, is generally the area between Whittington on the north and Vienna on the south and Harrisburg on the east and Carbondale on the west. Within that area are the following hospitals:

<u>Hospital</u>	<u>Location</u>	<u># of ICU beds</u>
Heartland Regional Medical Center	Marion	12
Franklin Hospital	Benton	4
Herrin Hospital	Herrin	8
Memorial Hospital of Carbondale	Carbondale	13

It should be noted that Franklin Hospital is a Critical Access Hospital and did not report any admissions to its ICU beds in 2008, the last year for which data is available. At the conclusion of this attachment are listed the ZIP Code areas located within 30 minutes of Marion. Based on data provided by ESRI Marketing, the 2009 population of these ZIP Code areas was 140,487. As a result, the ICU bed : population ratio is .26 beds per 1,000 if the Franklin Hospital beds are included in the calculation, and .23 beds per 1,000 if the Franklin Hospital beds are not included.

It has been the State Agency's practice to determine that a mal-distribution of beds exists in those instances where there are services that operate below the target utilization level in the area. That circumstance does not exist within 30 minutes of Marion. Heartland Regional Medical Center's ICU occupancy rate has exceeded the

IDPH's standard during each of the past four years. In addition, a review of the 2008 IDPH *Profiles* for Herrin Hospital and Memorial Hospital of Carbondale reveals that those two hospitals' ICUs operated at 75.9% and 73.9% occupancy, respectively.

Finally, and because the incremental patient days anticipated to be provided in Heartland's ICU will result primarily from a growing 65+ year old population in the area, the increased patient days at Heartland will not be "at the expense" of other area hospitals. Because Heartland's current ICU occupancy rate is so high --84.4% in 2009-- and because this project is designed to lower the utilization rate, only 246 incremental patient days are anticipated to be realized in the second year of operation, compared to 2009.

ZIP Code Areas within 30 Minutes of Marion

62959	62896	62946
62951	62948	62812
62922	62995	62939
62918	62917	62901
62890	62974	62832
	62952	

CATEGORY OF SERVICE MODERNIZATION

The proposed project is of very limited scope—that being the replacement of Heartland Regional Medical Center’s intensive care unit (ICU). The ICU is being replaced not because the existing ICU is in a deteriorated condition, or because it has become obsolete as a result of physical plant related issues. Rather, the number of beds that are located in the existing ICU and that can be located in the existing ICU are insufficient in number to address demand, and as discussed in ATTACHMENT 12, the construction of a replacement ICU is deemed by the hospital to be the best alternative to address that demand.

The IDPH’s definition of the term “modernization” includes new construction as well as renovation. That definition is provided below:

“Modernization means modification of an existing health care facility by means of building, alteration, reconstruction, remodeling, replacement, the erection of new buildings, or the acquisition, alteration or replacement of equipment. Modification does not include a substantial change in either the bed count or scope of the facility.”

Because of the nature of the proposed project, the items to be addressed in this attachment that are related to functional deficiencies, CMS or JCAHO notices of non-compliance, etc. are not applicable.

Heartland Regional Medical Center’s ICU operated with occupancy rates of 80.4%, 84.5% and 84.4% for the years 2007-2009, respectively.

STAFFING AVAILABILITY

Heartland Regional Medical Center complies with all IDPH and JCAHO-required staffing levels and proficiencies.

It is anticipated that all current ICU personnel will continued to be assigned to the ICU, once it expands and is relocated. A list of Heartland employees currently assigned to the ICU is provided below.

Approximately three months prior to opening the expanded unit, Heartland, through the hospital's human resources department, will begin to recruit the additional staff that will be needed. It is anticipated that upon the relocation, approximately ten additional staff members will be required. As is the hospital's practice, applications for the incremental positions will initially be accepted from individuals currently employed at the hospital and desiring to transfer to the ICU. The primary methods used to recruit outside qualified staff will be word-of-mouth, notices in professional journals and notices in local newspapers.

The current staff of the ICU includes the following employees, all of which are scheduled to work 36 hours per week, with the exception of the Director, who is an exempt employee:

<u>Director</u>	<u>Staff RN</u>
Susan Woods	Carol E.
	Rebecca H.
<u>LPN/Telemetry Tech</u>	Barrie Q.
Christina S.	Linda B.
Amanada P.	Arthur M.
Darrell T.	Chris B.
	Amber R.
	Amberlea O.
	Jacqueline S.
	Monika H.
	Pama S.
	Mark T.
	Catherine S.
	Gregory F.
	Deborah G.
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	Lula B.
	Ella E.
	Leslie B.
	Cari B.
	James R.



HEARTLAND REGIONAL
MEDICAL CENTER

3333 West DeYoung - Marion, Illinois 62959
(618) 998-7000 • Fax (618) 998-7449

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

To Whom It May Concern:

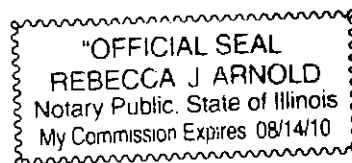
A Certificate of Need Application has been filed for the addition of six intensive care beds at Heartland Regional Medical Center. Please be advised that it is my expectation and understanding that by the second year following the project's completion, the hospital's 18-bed intensive care unit will be operating at the IHFSRB's target utilization level of 60%, and that it will, at minimum, maintain that level of utilization, thereafter.

Sincerely,

Philip G. Dionne
CEO

Date: May 3, 2010

Notarized:



SERVICE TO PLANNING AREA RESIDENTS

As is the case with the intensive care unit, all services provided by Heartland Regional Medical Center are provided primarily to the residents of Planning Area V, in southern Illinois.

The table below identifies each ZIP Code area contribution 1.0% or more of the admissions to the hospital during the 12-month period ending February 28, 2010.

ZIP Code	Community	%	Cumulative %
62959	Marion	33.2%	33.2%
62896	W. Frankfort	5.8%	39.0%
62946	Harrisburg	4.5%	43.5%
62951	Johnson City	3.6%	47.1%
62948	Herrin	3.4%	50.5%
62812	Benton	3.3%	53.8%
62922	Creal Springs	2.8%	56.6%
62995	Vienna	2.7%	59.3%
62939	Goreville	2.6%	61.9%
62918	Cartersville	2.3%	64.2%
60906	Anna	2.2%	66.4%
62930	Eldorado	2.1%	68.5%
62960	Metropolis	1.6%	70.1%
62917	Carrier Mills	1.4%	71.5%
62901	Carbondale	1.4%	72.9%
62890	Thompsonville	1.2%	74.1%
62974	Pittsburg	1.2%	75.3%
	all other, <1.0%	24.7%	100.0%

The table above identifies the seventeen ZIP Code areas/communities that each contributed a minimum of 1.0% of the hospital's admissions during the 12-month sample

period. Cumulatively, these ZIP Code areas accounted for 75.3% of the admissions to the hospital. Each of the ZIP Code areas identified in the table above is located within IDPH-designated Planning Area V.

SERVICE DEMAND

Review criterion 1110.530.b.4. states: "The number of beds to be added for each category of service is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service." The proposed project precisely responds to that statement.

During the past five years (2005-2009) the patient days of care provided in Heartland's ICU have increased by over 40%, and during the past three years (2007-2009) Heartland Regional Medical Center's ICU occupancy rate has ranged between 80.4% and 84.5%, compared to the IDPH target of 60%. At the target occupancy rate, the hospital's ICU patient days during each of those years would have "supported" 17 beds, using the IDPH's bed need methodology. The applicants are proposing 18 beds for two reasons: First, even with the extraordinarily high occupancy rates that have been realized, utilization grew at an average rate of 2.5% per year over the past three years, and there is no indication that the trend will reverse itself. Second, there is a relationship between the age of a hospital's service population and the utilization of ICU services because such a high percentage of patients admitted to an ICU are 65 years old or older. Historically, 43.5% of the patients admitted to Heartland reside in one of three Zip Code areas (please see ATTACHMENT 19), and between 2009 and 2014 the 65+ age group in those three ZIP Code areas are projected to increase by 7.9%.* Marion/ZIP Code area

62959, which contributes one third of the hospital's patients, itself, will experience an 8.6% increase in the size of this population cohort.

In projecting ICU utilization, a very conservative approach was taken. Acknowledging both the significant increases in the 65+ population that look to Heartland for care and the 2.5% historical annual growth rate in the hospital's ICU utilization, utilization was projected to the second year following the project's completion, using an annual growth rate of 1.75% (70% of the experienced growth rate). Using 2009 as the base year (3,696 patient days), the 1.75% annual growth rate resulted in 3,961 patient days in 2013, resulting in a bed need of 18+.

* ZIP Code-specific population estimates were procured from GeoLytics, Inc. a proprietary demographic data provider because neither IDPH or the U.S. Census Bureau provides such data.

STAFFING AVAILABILITY

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It is anticipated that all current ICU personnel will continued to be assigned to the ICU, once it expands and is relocated. A list of Heartland employees currently assigned to the ICU is provided below.

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	Deborah G.
	Btittany V.
	Stephanie L.
	Lula B.
	Ella E.
	Leslie B.
	Cari B.
	James R.

PERFORMANCE REQUIREMENTS

The proposed project is being developed consistent with Review Criterion 1110.530(f), which identifies the minimum number of beds to provided in an intensive care unit as four. The proposed ICU will include eighteen beds.



Illinois Health Facilities
and Services Review Board
Springfield, Illinois

To Whom It May Concern:

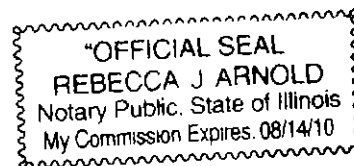
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Sincerely,

Philip G. Dionne
CEO

Date: May 3, 2010

Notarized:





HEARTLAND REGIONAL
MEDICAL CENTER

3333 West DeYoung - Marion, Illinois 62959
(618) 998-7000 • Fax (618) 998-7449

April 12, 2010

Illinois Health Facilities and Services Review Board
2nd Floor
525 West Jefferson Street
Springfield, IL 62761

To Whom It May Concern:

Heartland Regional Medical Center (HRMC) is owned and operated by Community Health Systems, Inc., a publicly held company. Deloitte & Touche, LLP audits the financial statements as well as the internal controls over financial reporting of Community Health Systems. As such, HRMC is not required to have audited financial statements. However, Community Health Systems does have an internal audit department which performs financial, compliance, and Sarbanes-Oxley control audits.

Should you have any questions or concerns, please feel free to contact me.

Sincerely,

Loren J. Riels
Chief Financial Officer

"Shaping the future of healthcare in the heart of Southern Illinois."

ATTACHMENT 75

HEARTLAND REGIONAL MEDICAL CENTER

BALANCE SHEET B-77

AS OF

	12/31/2009	12/31/2008	12/31/2007
LIABILITIES			
Current Liabilities:			
Current maturities of long-term debt	24,336	24,336	0
Accounts payable	4,202,203	4,549,354	1,454,377
Accrued liabilities:			
Employee compensation	1,765,514	1,769,469	1,570,493
Interest	0	0	0
Other accrued liabilities	496,516	573,020	194,109
Income taxes	0	0	0
Total Current Liabilities	6,488,569	6,916,179	3,218,979
Long-term Debt	18,252	40,560	0
Deferred Income Taxes	0	0	0
Deferred Credits and Other Long-term Liabilities	0	0	0
Intercompany Accounts	(113,203,075)	(79,977,738)	(48,599,950)
Minority Interest	0	0	0
Stockholders' Equity:			
Common stock	0	0	0
Additional paid-in capital	0	0	0
Acc. earnings-prior year	150,233,884	118,863,139	96,316,076
Acc. earnings-current year	28,680,263	31,370,745	23,659,510
Treasury stock	0	0	0
Other	0	0	0
Total Stockholders' Equity	178,914,147	150,233,884	119,975,586
	72,217,893	77,212,885	74,594,615

HEARTLAND REGIONAL MEDICAL CENTER			
INCOME STATEMENT D-57			
FOR 12TH MONTH PERIODS ENDED			
	12/31/2009	12/31/2008	12/31/2007
TOTAL PATIENT DAYS BY PAYOR	24,415	25,579	24,412
AVERAGE DAILY CENSUS	67	70	67
Patient Revenue:			
Inpatient Routine	46,594,343	44,893,895	36,199,009
Inpatient Ancillary	239,135,886	214,005,450	175,870,565
Outpatient	147,977,976	137,805,181	127,626,059
Total Patient Revenue	433,708,205	396,704,526	339,695,633
Deductions From Revenue:			
I/P - M/M Contractual	161,384,025	147,986,466	119,372,725
O/P - M/M Contractual	76,462,473	72,386,697	65,566,771
Other Contractual Adj.	72,605,401	59,699,082	51,945,523
Prior Year Adjustments	8,370	0	0
Courtesy Discounts	290,833	118,001	61,613
Total Deductions From Revenue	310,751,102	280,190,246	236,946,632
Net Patient Revenue	122,957,103	116,514,280	102,749,001
Other Revenue	(119,035)	(53,709)	283,566
Net Revenue	122,838,068	116,460,571	103,032,567
Operating Expenses:			
Salaries & Wages	22,889,586	21,687,308	21,163,655
Benefits	4,993,209	4,633,312	4,744,314
Contract Labor	1,785,857	3,166,084	3,163,624
Provision for Bad Dbt	15,501,129	10,634,815	9,780,700
Supplies	17,228,940	14,185,382	13,096,376
Medical Spec Fees	6,926,554	7,777,772	5,592,177
Purchased Services	7,806,778	6,915,448	5,819,308
Physician Recruiting	391,608	0	0
Joint Venture Distrib	0	0	0
Loss on Repurch Minor Shr	0	0	0
Repairs & Maintenance	1,472,862	1,506,106	1,276,767
Marketing	492,006	535,298	496,173
Utilities	765,322	952,470	828,981
Other Operating Exp	1,205,837	1,190,616	1,119,222
Prop Taxes & Ins	5,240,464	4,701,154	4,735,727
Equity & Earn - Uncon Subs	0	0	0
Total Operating Expenses	86,700,152	77,885,765	71,817,024
Operating Margin	36,137,916	38,574,806	31,215,543
Rent	2,848,950	2,810,604	2,376,474
E. B. I. T. D. A.	33,288,966	35,764,202	28,839,069
Depreciation and Amortization	3,520,788	3,228,079	3,839,829
E. B. I. T.	29,768,178	32,536,123	24,999,240
Interest	(21,142)	115,761	106,375
Minority Interest	0	0	0
Pre-Tax Profit	29,789,320	32,420,362	24,892,665
Corp Mgmt Fees	1,109,058	1,049,616	1,233,356
TOTAL SURGERIES	6,312	6,435	6,441
TOTAL ADMISSIONS	7,291	7,027	7,176
TOTAL DELIVERIES	993	1,088	1,100
TOTAL O/P REGS INCL ALL VISITS	68,251	69,365	90,167
TOTAL E. R. VISITS	18,235	18,779	19,554
TOTAL CLINIC AND RHC VISITS			403
TOTAL HOME HEALTH VISITS			403
Total Paid Hours	940,310	938,102	959,708
Total Contract Hours	26,914	54,743	58,321
Total Paid & Contract Hours	967,223	992,845	1,018,028
TOTAL PAID & CONTRACT FTE's	464.34	475.50	487.56

Heartland Regional Medical Center
Pro Forma Balance Sheet

	<u>12/31/2013</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	(1,216,377)
Patient accounts receivable	19,880,219
Less: Allowance for bad debts	(3,467,219)
Prior yr cst rpt settlemt a/r	438,938
Supplies	4,066,204
Prepaid income taxes	-
Prepaid expenses	976,776
Other current assets	<u>9,000</u>
Total Current Assets	<u>20,687,541</u>
Property & Equipment, at cost:	
Land and improvements	1,860,688
Buildings and improvements	43,744,430
Equipment and fixtures	28,391,375
Leasehold improvements	1,705,424
Construction in progress	<u>121,545</u>
	73,823,462
Less accumulated depreciation and amortization	<u>(37,406,084)</u>
Net Property and Equipment	<u>36,417,378</u>
Long-term Asset Held-Disposal	-
Other Assets:	
Prepaid rent	-
Notes receivable	-
Deposits	-
Other tangible assets	-
Investment in subs	-
Goodwill	5,978,389
Unamortized loan costs	-
Physician recruitment costs	203,774
Deferred MIS charges	508,063
Other deferred charges	-
Total Other Assets	<u>6,690,227</u>
	<u>63,795,146</u>
LIABILITIES	
Current Liabilities:	
Current maturities of long-term debt	-
Accounts payable	4,729,171
Accrued liabilities:	
Employee compensation	1,987,858
Interest	-
Other accrued liabilities	537,445
Income taxes	-
Total Current Liabilities	<u>7,234,472</u>
Long-term Debt	-
Deferred Income Taxes	-
Deferred Credits and Other Long-term Liabilities	-
Total Liabilities	<u>7,234,472</u>
Intercompany Accounts	(258,034,402)
Minority Interest	-
Stockholders' Equity:	
Common stock	-
Additional paid-in capital	-
Acc. earnings-prior years	279,355,152
Acc. earnings-current year	33,239,925
Treasury stock	-
Other	-
Total Stockholders' Equity	<u>312,595,077</u>
	<u>63,795,146</u>

**Heartland Regional Medical Center
Pro Forma Income Statement**

12/31/2013

Patient Revenue:	
Inpatient Routine	53,655,590
Inpatient Ancillary	278,384,329
Outpatient	168,336,359
Total Patient Revenue	<u>500,376,278</u>
Deductions From Revenue:	
I/P - M/M Contractual	187,948,725
O/P - M/M Contractual	86,115,288
Other Contractual Adj.	89,817,648
Prior Year Adjustments	0
Courtesy Discounts	0
Total Deductions From Revenue	<u>363,881,661</u>
Net Patient Revenue	136,494,617
Other Revenue	79,230
Net Revenue	<u>136,573,847</u>
Operating Expenses:	
Salaries & Wages	26,203,993
Benefits	5,890,120
Contract Labor	381,397
Provision for Bad Dbt	17,683,787
Supplies	18,626,127
Medical Spec Fees	7,268,809
Purchased Services	8,452,837
Physician Recruiting	0
Joint Venture Distrib	0
Loss on Repurch Minor Shr	0
Repairs & Maintenance	1,578,346
Marketing	579,776
Utilities	903,781
Other Operating Exp	1,092,548
Prop Taxes & Ins	5,710,867
Equity & Earn - Uncon Subs	0
Total Operating Expense	<u>94,372,388</u>
Operating Margin	42,201,459
Rent	2,990,019
E.B.I.T.D.A.	<u>39,211,440</u>
Depreciation & Amortizat	4,787,090
E.B.I.T.	<u>34,424,350</u>
Interest	41,761
Minority Interest	0
Pre-Tax Profit	<u>34,382,589</u>
Corp Mgmt Fees	1,142,664
Net Income	<u>33,239,925</u>

NOTE ON PRO FORMA FINANCIAL STATEMENTS
for COMMUNITY HEALTH SYSTEMS, INC.

Pro forma financial statements are not provided for Co-Applicant Community Health Systems, Inc. due to Securities and Exchange Commission Regulation fair disclosure requirements restricting Community Health Systems, Inc. as a publicly traded company from making selective, forward-looking statements.



April 5, 2010

Illinois Health Facilities
and Services Review Board
Springfield, IL 62761

To Whom It May Concern:

Marion Hospital Corporation dba, Heartland Regional Medical Center (the applicant) and Community Health Systems, Inc. (the parent company of Marion Hospital Corporation) have committed to provide the financing necessary for the construction of the ICU project at Heartland Regional Medical Center.

Funding for the ICU project will be supplied through operating cash flows (over \$1 billion in 2009), and committed credit lines through Credit Suisse. As of today, Community Health Systems, Inc. has committed credit facilities of \$750,000,000 with \$648,000,000 available to support the construction of the ICU project. These funds are sufficient to finance the proposed project. All project related financing will be provided by cash flows and the committed lines of credit.

Should Heartland Regional Medical Center, the applicant, default on this project, Community Health Systems, Inc. will assume the legal responsibility to complete the project.

Best regards,

James W. Doucette,
VP Finance and Treasurer

COMMUNITY
HEALTH
SYSTEMS

4000 Meridian Boulevard

Franklin, TN 37067

Tel: (615) 465-7000

P.O. Box 689020

Franklin, TN 37068-9020

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A		B		C		D		E		F		G		H		Total Costs (G + H)		
	Cost/Sq. Foot		Mod.		Gross Sq. Ft.		New		Gross Sq. Ft.		Mod.		Gross Sq. Ft.		Const. \$			Mod. \$	
Reviewable	New														(A x C)		(B x E)		
ICU	\$	327.32					12,200								\$	3,993,255		\$	3,993,255
contingency	\$	20.42													\$	249,075		\$	249,075
TOTAL	\$	347.73					12,200								\$	4,242,330		\$	4,242,330

MISCELLANEOUS COSTS

Preplanning Costs (\$75,000)

Estimate of costs associated with deciding to undertake the project and the evaluation of alternatives.

Site Survey and Soil Investigation (\$10,000)

Estimate of the cost of evaluating the soil below the site on which the addition of the hospital is to be located.

Site Preparation (\$205,000)

Estimate of the costs associated with site grading, drainage, walkway, and driveway development, and outside lighting.

Consulting and Other Fees (\$125,000)

CON-related consulting and review fees, IDPH and municipal review fees, environmental impact assessment, project management services, reimbursables, permits, insurance, materials testing, interior design consultant and miscellaneous costs.

OPERATING AND CAPITAL COSTS
per EQUIVALENT PATIENT DAY

HEARTLAND REGIONAL MEDICAL CENTER
YEAR 2, FOLLOWING PROJECT COMPLETION

Equivalent Patient Days:
patient days: 25,842

net inpatient revenue: \$332,039,919
net outpatient revenue: \$168,336,359
\$500,376,278

equivalent patient days:	13,101
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Operating Costs:

Labor & Benefits \$32,094,113
Supplies \$18,626,127
\$50,720,240

net operating cost per EPD:	\$3,871.40
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Capital Costs:

Depreciation & Amortization \$ 4,787,090
Interest \$41,761
\$ 4,828,851

net capital cost per EPD:	\$368.58
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SAFETY NET IMPACT STATEMENT

Heartland Regional Medical Center is one of two hospitals in Williamson County and one of only four hospitals in Planning Area F-06, which encompasses four counties and a portion of a fifth county in southeastern Illinois. It is the second largest hospital in the planning area in terms of number of beds, and provides the largest number of ICU beds.

In 2008, according to IDPH data, Heartland provided over twice the number of Medicaid admissions as the other three hospitals provided, combined. Heartland's percentage of patients admitted who were Medicaid recipients was over twice that of the next highest hospital. Heartland's percentage of charity care admissions was the highest in the planning area, and 46% of the planning area's inpatients that were classified as charity care admissions were admitted to Heartland. In addition, Heartland accounted for over 63% of the planning area's ICU admissions.

Identified below are the amounts of charity care and Medicaid services provided by Heartland Regional Medical Center during each of the last three years:

	Charity Care	Medicaid Services
2007	\$582,743	\$12,665,505
2008	\$393,788	\$15,160,441
2009	\$192,835	\$9,858,315

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/Coapplicant Identification including Certificate of Good Standing	29-30
2	Site Ownership	31
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	32
5	Flood Plain Requirements	33-35
6	Historic Preservation Act Requirements	36
7	Project and Sources of Funds Itemization	37
8	Obligation Document if required	
9	Cost Space Requirements	38
10	Discontinuation	
11	Background of the Applicant	39-42
12	Purpose of the Project	43
13	Alternatives to the Project	44-46
14	Size of the Project	47
15	Project Service Utilization	48
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	49-75
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
39	Availability of Funds	
40	Financial Waiver	
41	Financial Viability	76-83
42	Economic Feasibility	84-87
43	Safety Net Impact Statement	27
44	Charity Care Information	28