Centegra HealthSystem

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JUN 03 2011
HEALTH FACILITIES &
SERVICES REVIEW BOARD

June 2, 2011

Ms. Courtney R. Avery, Administrator
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Centegra Hospital-Huntley Project No. 10-090
Co-Applicants' Response to Public Comment

Dear Ms. Avery:

I am the CEO of Centegra Health System and Centegra Hospital – Huntley, the co-applicants in Project No. 10-090 to establish a 128-bed acute care hospital in Huntley, Illinois. Our CON application demonstrates the need for this project and its substantial compliance with the review criteria of the Illinois Health Facilities and Services Review Board ("Review Board"). In this letter and attached exhibits, we respond to public comment made in opposition to Centegra Hospital – Huntley at our public hearing and in written submissions.

In **Exhibit A,** we address the objectors' arguments that there is "no need" for a new hospital in Planning Area A-10 (McHenry County). In fact, the Review Board's need criteria and the data maintained by the Illinois Department of Public Health ("IDPH") show that a new hospital is needed in Planning Area A-10. Factors establishing need include the following:

- **Calculated Bed Need:** Planning Area A-10 has the highest calculated need for medical/surgical beds of the 40 statewide planning areas. A-10 also has a calculated need for additional ICU and OB beds. The proposed hospital will also serve Planning Area A-11, which has the second highest calculated need for medical/surgical beds in the state.

- **Rapid Population Growth:** Planning Area A-10 has the second highest population growth rate of the 40 statewide planning areas.

- **High Out-migration:** Planning Area A-10 has the highest level of patient out-migration of the 14 planning areas within Region A (consisting of Cook County and eight collar counties).

- **Low Bed to Population Ratio:** Planning Area A-10 has the lowest bed to population ratio among the 40 statewide planning areas.

- **High Occupancy Rate:** Planning Area A-10 has the second highest medical/surgical occupancy rate among the 40 statewide planning areas.

We also address and rebut in **Exhibit A** the assertion that the Review Board should deny new hospital services in Planning Area A-10 in order to protect the market share of existing hospitals located outside the Planning Area. Such a claim is contrary to the purposes

of the Illinois Health Facilities Planning Act and contrary to established law. **Exhibit A** also addresses a number of other arguments made in opposition to our project.

Exhibits B and C respond to assertions that macro-economic concerns are grounds for denying a needed new hospital in McHenry County. **Exhibit B** contains excerpts from a PowerPoint presentation prepared by the Village of Huntley in March 2011 that describes the Highway Improvement Program for FY2010-2015, approved by the Illinois Department of Transportation, for the widening of Illinois Route 47 and creation of a full interchange with Interstate 90. The Village of Huntley estimates the potential economic development of the full interstate interchange at about $488 million.

Exhibit C is also from a recent presentation by the Village of Huntley based on data from the U.S. Census Bureau that shows Huntley remains one of the fastest growing areas in the Chicago Metropolitan Area based on residential housing starts.

Exhibit D is a letter from our consultant Deloitte Financial Advisory Services LLP that responds to written reports that were submitted at our public hearing by The Camden Group and by Metrostudy. As noted in the Deloitte response, The Camden Group report essentially criticizes the Review Board's bed-need methodology based upon speculations about the future of health care, while the Metrostudy simply provides demographic and housing data without comment on the validity of the Review Board's bed-need methodology or established need criteria.

Exhibit E is information documenting that our project completion date is in line with comparable Illinois CON projects.

To summarize, we have submitted a CON application that is in substantial compliance with the Review Board's criteria. The need for a new hospital in McHenry County is demonstrated by numerous quantifiable measures identified by the Review Board and IDPH including calculated bed need, rapid population growth, patient out-migration, bed-to-population ratio and occupancy rates. The objectors do not dispute the data but instead assert arguments that are unrelated to the Board's rules and contrary to the purposes of the Planning Act. For these reasons, we respectfully request that the Review Board approve Project No. 10-090, Centegra Hospital-Huntley.

Respectfully submitted,

Centegra Health System,
and Centegra Hospital-Huntley

By:

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CEO, Centegra Health System
and Centegra Hospital-Huntley

Centegra Health System

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June 2, 2011

Ms. Courtney R. Avery
Administrator
Health Facilities and Services Review Board
525 West Jefferson Street
2nd Floor
Springfield, IL 62761

Re: Centegra Hospital-Huntley, Project No. 10-090

Dear Ms. Avery:

I am the Senior Vice President and General Counsel of Centegra Health System, the co-applicant in Project No. 10-090, Centegra Hospital-Huntley, to establish a 128-bed acute care hospital in Huntley, Illinois. I am submitting this written comment in support of Project No. 10-090 and in response to various oral and written comments of opponents to the project.

The need criteria established by the Health Facilities and Services Review Board ("Review Board") and the data maintained by the Illinois Department of Public Health ("IDPH") show that a new hospital is needed in Planning Area A-10. The factors establishing this need include the following:

- **Calculated Bed Need:** Planning Area A-10 has the highest calculated need for medical/surgical beds of the 40 statewide planning areas. A-10 also has a calculated need for additional ICU and OB beds

- **Rapid Population Growth:** Planning Area A-10 has the second highest population growth rate of the 40 statewide planning areas.

- **High Out-migration:** Planning Area A-10 has the highest level of patient out-migration of the 14 planning areas within Region A (consisting of Cook County and eight collar counties).

- **Low Bed to Population Ratio:** Planning Area A-10 has the lowest bed to population ratio among the 40 statewide planning areas.

- **High Occupancy Rate:** Planning Area A-10 has the second highest medical/surgical occupancy rate among the 40 statewide planning areas.

Centegra Hospital-Huntley is ideally situated to address the identified unmet health care needs of McHenry County. Huntley is located in southern McHenry County which has

no existing hospital and where many of the area's larger population centers are located, such as Huntley, Algonquin and Lake in the Hills. In addition, according to the 2010 Census, the Village of Huntley continues to be among the fastest growing locations within the Chicago Metropolitan Area.

At the public hearing on our project, representatives from existing facilities located in other planning areas spoke in opposition to Centegra Hospital-Huntley. They were Advocate Good Shepherd Hospital located in Planning Area A-09, Sherman Hospital in Planning Area A-11, and St. Alexius Medical Center in Planning Area A-07 (collectively, the "Objectors"). While asserting that Centegra Hospital-Huntley was "not needed," none of the Objectors disputed the data of the Review Board and IDPH regarding Planning Area A-10's calculated bed need, rapid population growth, high out-migration, low bed-to-population ratio and high occupancy rate. Rather, the crux of the Objectors' arguments was that a new hospital in McHenry County would affect their market share, and they want the Review Board to deny our project in order to protect their market share.

The Objectors' market share argument runs counter to the law of the State and to the Review Board's legislative mandate. As addressed below, the law in Illinois is well-established that it is *not* the Review Board's responsibility to maintain the market share of existing facilities. In addition, the General Assembly has enacted measures to reduce planning area out-migration, and this reflects a policy decision on the part of the State that the patients' interest in obtaining hospital services within the planning area in which they reside outweigh the interests of facilities outside the planning area in maintaining market share.

The Review Board's approval of Centegra Hospital-Huntley will promote the purpose of the Planning Act by providing for the identified unmet need of the population of McHenry County. The Review Board should reject the Objectors' contention that the identified unmet need in Planning Area A-10 is subservient to their interest in maintaining market share. Other arguments asserted by the Objectors should also be rejected for the reasons addressed below.

I. Planning Area A-10 has an Identified Unmet Need for New Hospital Services

The purpose of the Health Facilities Planning Act is to establish a procedure that "promotes planning for and development of healthcare facilities needed for comprehensive health care *especially in areas where the health planning process has identified unmet needs*." (Emphasis added, 20 ILCS 3960/2.) The planning process has identified unmet needs in Planning Area A-10. This need is reflected in the Review Board's bed need calculations as well as IDPH's data which show that Planning Area A-10 has rapid population growth, high out-migration, low bed-to-population ratio, and high medical/surgical utilization in McHenry County. This data refutes the Objectors' contention that Centegra Hospital-Huntley is not needed.

A. Planning Area A-10 has the Highest Calculated Bed Need in the State

The Review Board's most recent Update to Inventory of Hospital Services shows that Planning Area A-10 has a calculated need for 83 medical/surgical beds. This is the highest calculated need of the 40 planning areas within the State. (*See,* May 20, 2011 Update to Inventory IDPH and Bed Need Determinations Table included hereto as Attachment 1 and Attachment 2, respectively.) The Update to Inventory also shows that Planning Area A-10 has a calculated bed need for 8 ICU beds and 27 Obstetric beds.

Only three planning areas in the State have a calculated need for medical/surgical beds. The planning area with the second highest need is A-11 (northern Kane County) which has a need for 61 medical surgical beds. The Village of Huntley is partly located in northern Kane County. Centegra Hospital-Huntley will be located two miles from the Kane County border, and its primary and secondary service areas include portions of northern Kane County. As a result, Centegra Hospital-Huntley will serve the two areas in the State with the greatest calculated need for medical/surgical beds.

Centegra Hospital–Huntley will have 100 medical/surgical beds, 20 OB beds and 8 ICU beds. As documented in our CON application, we have justified the 100 medical/surgical beds based on the calculated bed need and on the Review Board's criterion for Rapid Population Growth, which is addressed below.

B. Planning Area A-10 has the Highest Projected Growth Rate in the Region and Second Highest in the State

The Review Board's rules provide that rapid population growth may be used to justify the establishment of a bed category of services at a new hospital. (*See,* 77 Ill. Adm. Code 1110.530(b)(3)(C).) In accordance with Rapid Population Growth criterion, Centegra has documented the need for the proposed medical/surgical beds at pages 282 to 286, and pages 321 to 340 of its CON application. The documentation includes an area population study prepared by Deloitte Financial Advisory Services LLP that is based on the most recently available population data from Claritas via Intellimed for 2010 and 2015 population projections.

Population projections performed by IDPH further confirm the rapid population growth in the areas to be served by Centegra Hospital-Huntley. Under the Planning Act, IDPH is directed to use 10-year population projections in calculating the medical/surgical bed need for a planning area. (*See* 20 ILCS 3960/12.5.) In its most recent bed need calculations, IDPH utilized 10-year population projections based on the estimated population for the year 2005 and the projected population for 2015. IDPH's population projections show that Planning Area A-10 has the second highest 10-year projected population growth rate (23%) of the 40 statewide planning areas. (*See,* IDPH Population Projections Table included as Attachment 3 hereto.) Planning Area A-11 (northern Kane County), which will also be served by Centegra Hospital - Huntley, has the State's third highest projected growth rate at 20%. (*Id.*)

It is noteworthy that Planning Area A-13, which has the highest statewide 10-year projected growth rate at 25%, also has the only newly constructed acute care hospital approved by the Review Board in the last 30 years. That was Adventist Bolingbrook Hospital (Project No. 03-095), approved by the Board in November 2004.

C. Planning Area A-10 has the Highest Out-migration in the Region

The Review Board's bed need methodology for medical-surgical beds takes into account the fact that residents of a planning area can receive services at hospitals located outside the planning area. The Board's rules define out-migration admissions as planning area residents who were admitted to facilities located outside of the planning area. In-migration admissions are defined as non-planning area residents who were admitted to planning area facilities. (77 Ill. Adm. Code §1100.520(e)(4)(A).) A percentage of the patient days attributable to a planning area's net migration (out-migration minus in-migration) can increase or decrease the bed need in an area. The higher the net migration, the higher the bed need.

In 2007, the Illinois General Assembly amended the Planning Act and directed IDPH to update the inventory and bed need projections by including, among other things, "an appropriate migration factor for the medical-surgical and pediatric category of service which shall be no less than 50%." (20 ILCS 3960/12.5; eff. May 31, 2007.) In response to this legislative directive, IDPH modified its bed need methodology by increasing the migration factor for the medical/surgical and pediatrics category of service from 15% to 50%. (*See*, 77 Ill. Adm. Code §1100.520(e)(4)(C).) The effect of this change was to increase the bed need in planning areas with net out-migration.

Planning Area A-10 has the highest percentage of out-migration among the 14 planning areas in Region A which consists of Cook County and eight collar counties. (*See* Net Out-Migration Table, Region A, included as Attachment 4 hereto.) Among all 40 statewide planning areas, A-10 has the third highest percentage out-migration. (*See* Net Out-Migration Table, All Planning Areas, included as Attachment 5 hereto.) As shown in Attachments 4 and 5, in 2005, the hospitals within Planning Area A-10 totaled 52,852 medical/surgical/pediatric patient days compared to net out-migration of the planning area's residents that totaled 42,223 patient days. This shows that a very high percentage of the residents of Planning A-10 are being treated at hospitals outside the planning area.

It is again noteworthy that the planning area within Region A with the next highest percentage net out-migration behind Planning Area A-10 is Planning Area A-13 which now has a new a new acute care hospital (Adventist Bolingbrook Hospital, Project No. 03-095).

D. Planning Area A-10 has the Lowest Bed-to-Population Ratio in the Region

Under the Review Board's criteria, an area's bed-to-population ratio is utilized to assess whether hospital beds are properly distributed throughout the State. A bed-to-

population ratio that exceeds 1½ times the State average is an indicia of maldistribution. (77 Ill. Adm. Code 1110.530(c)(2)(A).) Far from showing maldistribution, the bed-to-population ratio in Planning Area A-10 is the *lowest* in the entire State. (*See* Bed-to-Population Table included as Attachment 6 hereto.) At 0.67 beds per 1000 population, the bed-to-population ratio in Planning Area A-10 is far below the State average of 1.83.[1]

E. Planning Area A-10 has the Second Highest Med/Surg Occupancy Rate in the State

Given McHenry County's high calculated bed need, rapid population growth, high out-migration and low bed-to-population ratio, one would expect the bed utilization rate in Planning Area A-10 to be relatively high. In fact, Planning Area A-10 has the second highest medical/surgical occupancy rate among the 40 statewide planning areas. (*See* Med/Surg Occupancy Rates Table included as Attachment 7 hereto.)

II. The Review Board's Role is not to Protect Market Share of Existing Facilities

The Objectors brought dozens of speakers to the public hearing for Centegra Hospital–Huntley and constituted most of the testimony in opposition to the project. The common thread in their statements was that a new hospital in Huntley would reduce the number of patients the Objectors otherwise would treat without a new hospital in McHenry County. Essentially, the objection is that the Objectors will lose market share.

Illinois courts have consistently held that it is not the Review Board's role to protect the market share of existing facilities. In *Provena Health v. Ill. Health Facilities Planning Bd.*, 382 Ill. App. 3d 34, 48 (1st Dist. 2008), the Illinois Appellate Court held that, "It is not the [Review] Board's responsibility to protect market share of individual providers." Similarly, in *Cathedral Rock of Granite City, Inc, v. Ill. Health Facilities Planning Bd.*, 308 Ill. App. 3d 529, 540 (4th Dist. 1999), the Court determined that "[t]he purpose of the Planning Act ... is not to provide protection to competitors from an imposition on their market shares."

One variant of the Objectors' market share argument is that the Review Board's prior approval of the Objectors' own CON projects precludes the Board from approving any new services within their market areas. They claim, in effect, that their CON permits confer franchise rights upon them. The Objectors cite no rule or law for the principle that a CON permit guarantees future market share. To the contrary, the Court in *Cathedral Rock* held: "No rule or law forever entitles plaintiff to such share." 308 Ill. App. 3d at 540.

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[1] This State average for beds per 1000 population is based on IDPH's 2005 population estimates for 2005 from the IHFSRB/IDPH Inventory of Health Care Facilities and Services, and Need Determination (May 28, 2008).

While the Objectors' market share is clearly not the Review Board's responsibility, it is worth noting that the rapid population growth in the areas to be served by Centegra Hospital-Huntley will offset any marginal reduction in the Objectors' patient volume so as to not adversely affect their utilization. Centegra Hospital-Huntley will serve two of the fastest growing planning areas in the State. As demonstrated above, IDPH data show that McHenry County (A-10) is the second fastest growing planning area in the State and northern Kane County (A-11) is the third fastest growing planning area. The 10-year population projections by IDPH for McHenry County is 23% and for northern Kane County is 20%. In addition, the 2010 Census confirms that the Village of Huntley continues to be one of the fastest growing municipalities in the Chicago Metropolitan Area.

III. The Objectors' other Arguments are without Merit

While much of the Objectors' testimony was tied to their market share argument, they also raised other points which are readily refuted.

A. The identified bed need in Planning Area A-10 justifies additional medical/surgical beds

The Objectors complain that the approval of Centegra Hospital-Huntley would increase the medical/surgical beds in Planning Area A-10 by "nearly 50%." As noted above, there is a documented need for additional medical/surgical beds in A-10. Also, given the exceptionally low bed-to-population ratio in McHenry County, even with the approval of Centegra Hospital-Huntley, the bed to population ratio in Planning Area A-10 will *still* be lower than in each of the planning areas in which the Objectors are located (A-07, A-09 and A-11), and will *still* be significantly lower than the State average.

B. New hospital projects proposed in 2003 and 2007 in other locations were not needed

The Objectors and other opponents to our project noted that Centegra submitted opposition to Project No. 03-049, Mercy Crystal Lake Hospital and Medical Center, and Project No. 07-053, Advocate Hospital-Lake County. We note that, as confirmed in the respective State Agency Reports, those projects were not needed and did not otherwise comply with the Review Board's criteria.

At the time the prior Mercy project was reviewed, the planning area had an *excess* of both medical/surgical beds and ICU beds. (*See* excerpts from State Agency Report on Project 03-049 at pages 1 and 3, included as Attachment 8 hereto.) In addition, Mercy proposed opening the hospital with a total of only 32 beds whereas the Board's criteria required a minimum of 100 medical/surgical beds, 20 OB beds and 8 ICU beds, for a total minimum of 128 beds. (*Id.*)

With regard to Advocate's proposal for a new hospital in Lake County, the State Agency Report shows that the planning area had an *excess* of 406 medical/surgical beds, an

excess of 23 OB beds, and *no need* for additional ICU beds. (*See* excerpts from State Agency Report on Project 07-053 at page 4, included as Attachment 9 hereto.)

Unlike the prior hospital projects, there is now a calculated need for additional medical/surgical, OB and ICU beds. Centegra's filing of an application for a new hospital in Huntley and its opposition to the prior unneeded projects are consistent with Centegra's long-standing policy and practice of promoting the establishment of additional facilities and services where the need exists, and opposing the unnecessary duplication of facilities and services where there is no need.

C. Centegra Hospital-Huntley is not a "limited-use" facility

The objectors have referred to our project as a "limited-use" facility. To the contrary, Centegra Hospital-Huntley will be a community hospital providing a full complement of needed hospital services. Community hospitals are the backbone of health services for suburban and rural communities across the country. Proximity to care is extremely important and in many cases is the most important factor in determining patient outcome. Centegra Hospital-Huntley will be a Level II Trauma Center that will provide proximity to care for the fast-growing populations in southern McHenry County.

Centegra's existing facilities (Centegra Hospital-McHenry and Centegra Hospital-Woodstock) have both achieved national accreditation for chest pain services, and Centegra Hospital-Huntley will follow suit. (*See* certificates of accreditation for Centegra Hospital-McHenry and Centegra Hospital-Woodstock included as Attachment 10 hereto.) Currently, only 12 hospitals in Illinois have this designation. The designation certifies that Centegra's facilities have implemented nationally-recognized, evidence-based, clinical practices that are proven to save lives, even in the absence of invasive cardiac procedures. This is but one example of how hospitals do not need to provide every category of service to provide positive patient outcomes.

The objectors also fault our project for not including the cardiac catheterization and open heart categories of services as soon as we open the doors of the new facility. Centegra has consistently abided by state guidelines for new categories of services. We will apply for a CON for cardiac services in Huntley when the need presents itself.

We note that while our opponents now complain that Centegra is not currently proposing an open heart program at Huntley, when Centegra did apply for an open heart service at its Woodstock facility in 2006 (Project No. 06-001), Advocate Good Shepherd Hospital was a strident opponent of the project even though McHenry County had no existing open heart programs. Then, as now, our opponents were more concerned with maintaining their market share than with the well-being of McHenry County residents and their proximity to needed health care services.

We further note that while Centegra is proposing to add needed inpatient services, Advocate is discontinuing needed services. Advocate Good Shepherd Hospital recently

discontinued its entire acute mental illness service (Project No. 10-037) even though the planning area had a calculated need for additional AMI beds and Advocate's action further increased the need. (*See* State Agency's Memorandum for Project No. 10-037 included as Attachment 11 hereto.)

Behavioral health services must often be subsidized, and this is a driving force behind the decision of many hospitals to abandon the service. Yet, these services are needed now more than ever. The past few years have been some of the most economically and emotionally challenging for our country and our community. Unemployment and foreclosures have taken a toll at the same time access and resources for mental health and substance abuse services have been serious diminished. Acute psychiatric services are not optional services; they are essential and should not be compromised. Centegra is the leading provider of inpatient and outpatient behavioral health services in its planning area. We do this even though we lose approximately $5 million on our behavioral health program every year.

D. The residents of McHenry County want a new hospital

Two of our opponents, Advocate Health and Sherman Health, are in merger discussions and working hand-in-glove against our project. Recently, they submitted into our project file a written comment on joint letterhead dated May 17, 2010. As with their public hearing testimony, this latest submission does not dispute the calculated bed need or McHenry County's other indicia of need such as high out-migration, rapid population growth, low bed-to- population ratio, and the second highest medical/surgical utilization in the state. This time, their argument is loosely based on the 2010 McHenry County Healthy Community Study.

While Advocate and Sherman note that they were sponsors of the study, their letter overlooks the fact (disclosed in the attachments) that Centegra Health System was both a sponsor of the study and a member of the Core Team. Our opponents observe that the study's survey of 1100 households indicated that access to health care was an asset to McHenry County. Rather than applauding Centegra Health System – the leading provider of health care in McHenry County - for this outcome, Advocate and Sherman assert that the survey leads them to believe that a new hospital is not needed in McHenry County.

As a sponsor and Core Team member of the 2010 McHenry County Healthy Community Study, Centegra Health System can affirmatively represent that the study did not purport to survey either the County's need or its residents' desire for a new hospital. As addressed above, we have documented the need for Centegra Hospital-Huntley. In addition, when area residents are actually asked and given the opportunity to express their preference regarding a new hospital, they have overwhelmingly said "yes" to a new hospital. Well over 16,000 individuals, most of whom are McHenry County residents, have submitted letters of support for Centegra Hospital-Huntley.

Significantly, the survey conducted as part of the 2010 McHenry County Healthy Community Study indicated a desire for greater access to mental health and substance abuse services. (*See* PowerPoint presentation summarizing the study included as Attachment 12 hereto.) Among Centegra, Sherman Health and Advocate Good Shepherd, the only provider of inpatient mental illness and substance abuse services for McHenry County residents is Centegra. While Sherman and Advocate Good Shepherd both claim to care for and serve McHenry County residents, neither facility provides inpatient acute mental illness ("AMI") services. They leave that to Centegra. Indeed, as noted above, Advocate recently obtained Review Board approval to discontinue its AMI service even though the planning area (A-09) had a calculated bed-need for such services.

E. There is no "monopoly" in McHenry County

Several opponents claimed that approval of Centegra Hospital-Huntley will create a Centegra "monopoly" in the area. Of course, this assertion directly contradicts the Objectors' market share argument in which they claim that they all provide hospital services to McHenry County and the Huntley area. Centegra has no monopoly. This is mere rhetoric on the opposition's part. We note, for comparison purposes, that while Centegra owns two acute care hospitals, Advocate currently owns 10 Illinois acute care hospitals and is now in merger discussions to acquire Sherman Hospital. (*See* Chicago Crain's article dated March 1, 2011, included as Attachment 13.)

We also note that, while all of the Objectors testified that they serve McHenry County residents, Centegra is the most preferred healthcare provider among McHenry County residents. The most recent surveys performed by Health Stream Research establish that patients prefer Centegra facilities over the Objectors by a wide margin in numerous categories including ease of access, best doctors, best nurses, responsiveness to patient needs, patient education and follow-up. (*See* Hospital and Attribute Association Table included as Attachment 14 hereto.)

F. Huntley is the ideal location for a new hospital in McHenry County.

A number of opponents criticized the siting of the new hospital in Huntley. Factors demonstrating need for a new hospital in McHenry County have already been addressed. That Huntley is the ideal location for a new hospital in the county is demonstrated by the following:

(1) The northern and central portions of McHenry County are served by existing facilities while there are no existing hospitals in southern McHenry County.

(2) Southern McHenry County includes some of the counties largest population centers including Huntley, Algonquin and Lake in the Hills.

(3) Huntley and the surrounding villages have been and remain among the fastest growing in the Chicago Metropolitan Area.

(4) Because there are no hospitals in southern McHenry County, and the Huntley area has a rapidly growing population, a new hospital in Huntley will have the least impact on existing facilities.

(5) The service area of Centegra Hospital-Huntley includes portions of Northern Kane County (Planning Area A-11) which has a calculated bed-need of 61 medical/surgical beds (in addition to the 83 medical/surgical bed need in McHenry County.)

(6) Located only two miles from Northern Kane County, Centegra Hospital-Huntley will serve federally designated Medically Underserved Populations ("MUPs") and Health Professional Shortage Areas in that planning area (in addition to the federally designated MUPs in McHenry County).

(7) Huntley is the location of Del Webb's Sun City Huntley, an active living community of more than 9,000 seniors. Quick access to hospital services, including emergency services, are imperative for this population.

In connection with the latter point, many residents of Sun City already visit doctors and the immediate care facility currently located on the Centegra Huntley campus. Access to a needed full-service acute care hospital within minutes of this community of senior citizens would be highly beneficial. Centegra has long been a partner with Sun City in providing residents with the wellness care they require. Through the wellness center in Sun City, Centegra provides health screenings, customized nutrition counseling, home safety assessments, health assessments and a wide variety of community health lectures. Sun City residents also have access to Centegra's services such as blood testing, osteoporosis screenings and behavioral health services, among others.

All of the above considerations make Huntley the ideal location for a new hospital in Planning Area A-10.

Conclusion

The need for a new hospital in McHenry County is demonstrated by numerous quantifiable measures identified by the Review Board and IDPH including calculated bed need, rapid population growth, patient out-migration, bed-to-population ratio, and occupancy rates. The Objectors do not dispute this data. But the Objectors have no interest in providing the residents of McHenry County with needed hospital services within the planning area in which they reside. Rather, for the sake of maintaining their own market share, the Objectors

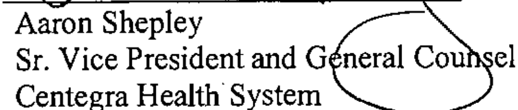
want McHenry County residents to continue traveling outside their own planning area for needed health care.

It is not the role of the Review Board to protect the Objectors' market share. According to the Planning Act, the Review Board's role is to provide for the development of additional healthcare facilities *"especially in areas where the health planning process has identified unmet needs."* (Emphasis added; 20 ILCS 3960/2.) The planning process has identified an unmet need for new hospital services in McHenry County, and Centegra Hospital-Huntley is designed to meet that need.

On a final note, I wish to reiterate Centegra's long-standing policy of abiding by the health planning process and need determination established by the Review Board and IDPH. All of our expansion and modernization projects are developed with a close eye on the State's need assessments. We have not overbuilt or over-expanded in McHenry County, even when we were seeing aggressive facility development throughout our region. In Region A alone, there are 12 planning areas with a total excess of 3,560 medical/surgical beds. But there is a calculated need for medical/surgical, OB and ICU beds in our planning area. (*See,* Update to Inventory included as Attachment 1 hereto.)

For decades, Centegra has been careful to align its own health planning and development with the Review Board's planning process and need determinations. As a result, there is now a need for a new hospital in McHenry County and we have developed Centegra Hospital-Huntley to meet that need. We respectfully request that the Review Board approve Project No. 10-090, Centegra Hospital-Huntley.

Respectfully submitted,

By: 

Aaron Shepley
Sr. Vice President and General Counsel
Centegra Health System

ILLINOIS DEPARTMENT OF PUBLIC HEALTH
REVISED BED NEED DETERMINATIONS
5/20/2011

Hospital Planning Area	MEDICAL-SURGICAL/PEDIATRIC BEDS				INTENSIVE CARE BEDS				OBSTETRIC BEDS			
	Beds	Calculated Bed Need	Bed Need	Excess	Beds	Calculated Bed Need	Bed Need	Excess	Beds	Calculated Bed Need	Bed Need	Excess
A-001	2,303	1,492	0	811	356	381	25	0	246	122	0	124
A-002	1,755	1,199	0	556	392	381	0	11	241	74	0	167
A-003	1,672	1,274	0	398	223	265	42	0	194	158	0	36
A-004	2,536	2,033	0	503	322	343	21	0	197	161	0	36
A-005	1,044	983	0	61	217	216	0	1	182	103	0	79
A-006	1,178	707	0	471	225	291	66	0	126	82	0	44
A-007	1,258	1,000	0	258	192	175	0	17	172	43	0	129
A-008	734	610	0	124	98	118	20	0	70	59	0	11
A-009	900	756	0	144	85	114	29	0	127	117	0	10
A-010	206	289	83	0	33	41	8	0	33	60	27	0
A-011	296	357	61	0	45	49	4	0	28	81	53	0
A-012	409	272	0	137	58	43	0	15	62	59	0	3
A-013	701	737	36	0	94	91	0	3	91	167	76	0
A-014	305	208	0	97	66	71	5	0	42	18	0	26
B-001	745	490	0	255	97	105	8	0	82	54	0	28
B-002	149	90	0	59	8	7	0	1	14	9	0	5
B-003	159	111	0	48	14	20	6	0	17	11	0	6
B-004	113	94	0	19	19	9	0	10	18	15	0	3
C-001	800	592	0	208	212	163	0	49	97	51	0	46
C-002	300	186	0	114	30	25	0	5	41	19	0	22
C-003	211	126	0	85	21	28	7	0	17	9	0	8
C-004	117	81	0	36	12	9	0	3	18	8	0	10
C-005	403	250	0	153	34	30	0	4	42	23	0	19
D-001	381	223	0	158	50	55	5	0	60	28	0	32
D-002	289	218	0	71	31	27	0	4	46	26	0	20
D-003	223	167	0	56	20	15	0	5	29	15	0	14
D-004	398	263	0	135	48	33	0	15	44	23	0	21
D-005	109	93	0	16	8	9	1	0	19	12	0	7
E-001	705	508	0	197	92	97	5	0	62	31	0	31
E-002	89	83	0	6	8	5	0	3	3	12	9	0
E-003	80	37	0	43	4	2	0	2	6	7	1	0
E-004	122	72	0	50	13	10	0	3	11	7	0	4
E-005	274	160	0	114	26	19	0	7	27	11	0	16
F-001	1,175	648	0	527	115	87	0	28	194	66	0	128
F-002	157	124	0	33	12	13	1	0	21	11	0	10
F-003	175	100	0	75	12	10	0	2	14	10	0	4
F-004	274	220	0	54	38	32	0	6	19	12	0	7
F-005	134	86	0	48	0	0	0	0	0	11	11	0
F-006	185	160	0	25	26	25	0	1	12	17	5	0
F-007	287	179	0	108	18	21	3	0	28	11	0	17
Totals	**23,351**	**17,278**	**180**	**6,253**	**3,374**	**3,435**	**256**	**195**	**2,752**	**1,811**	**182**	**1,123**

Attachment 1

IDPH BED NEED DETERMINATIONS
Medical/Surgical Bed Need: All Planning Areas

Planning Area	Bed Need	Bed Excess
A-010	83	0
A-011	61	0
A-013	36	0
E-002	0	6
D-005	0	16
B-004	0	19
F-006	0	25
F-002	0	33
C-004	0	36
E-003	0	43
B-003	0	48
F-005	0	48
E-004	0	50
F-004	0	54
D-003	0	56
B-002	0	59
A-005	0	61
D-002	0	71
F-003	0	75
C-003	0	85
A-014	0	97
F-007	0	108
C-002	0	114
E-005	0	114
A-008	0	124
D-004	0	135
A-012	0	137
A-009	0	144
C-005	0	153
D-001	0	158
E-001	0	197
C-001	0	208
B-001	0	255
A-007	0	258
A-003	0	398
A-006	0	471
A-004	0	503
F-001	0	527
A-002	0	556
A-001	0	811

Source: Update to Inventory of Hospital Services (May 20, 2011)

IDPH POPULATION PROJECTIONS
All Planning Areas

Planning Area	2005 Population (Estimated)	2015 Population (Projected)	Projected Growth Rate
A-013	682,020	852,690	25%
A-010	**306,680**	**377,320**	**23%**
A-011	367,640	442,900	20%
A-009	703,220	794,850	13%
A-012	299,820	332,730	11%
E-005	92,530	102,520	11%
B-004	103,890	114,460	10%
D-002	201,560	221,690	10%
B-001	371,150	406,250	9%
C-002	155,200	169,520	9%
E-003	42,160	45,990	9%
F-006	134,530	146,590	9%
D-001	238,060	259,030	9%
C-001	367,970	398,080	8%
C-003	79,610	86,060	8%
A-007	614,990	664,170	8%
D-005	99,540	107,010	8%
F-005	62,520	67,060	7%
F-004	106,710	114,330	7%
A-006	484,670	518,450	7%
F-002	84,290	90,130	7%
F-007	160,520	171,420	7%
A-001	1,044,910	1,114,950	7%
E-002	79,350	84,600	7%
A-014	107,460	114,550	7%
E-004	58,680	62,200	6%
E-001	308,880	326,900	6%
B-002	85,730	90,660	6%
A-008	443,800	467,620	5%
C-004	69,700	73,170	5%
D-004	163,720	171,620	5%
F-003	98,110	102,650	5%
A-004	1,145,660	1,198,430	5%
B-003	108,880	113,560	4%
C-005	215,940	222,760	3%
A-005	932,910	958,780	3%
F-001	573,270	586,480	2%
A-003	852,660	862,830	1%
A-002	605,370	606,880	0%
D-003	109,180	106,820	-2%

Source: IHFSRB/IDPH Inventory of Health Care Facilities and Services and Need Determinations (May 28, 2008)

NET OUT-MIGRATION
Medical/Surgical/Pediatrics Categories of Service
Planning Areas A-01 through A-14

Planning Area	Total Med/Surg Patient Days 2005	Net Out-Migration Days*	Net Out-Migration as Percentage of Total Patient Days
A-010	**52,852**	**42,223**	**80%**
A-013	148,212	99,840	67%**
A-011	77,392	36,995	48%
A-003	376,796	86,753	23%
A-009	194,786	21,554	11%
A-008	183,554	16,202	9%
A-004	601,954	32,505	5%
A-005	288,430	-6,460	-2%
A-014	56,866	-1,803	-3%
A-006	254,345	-15,403	-6%
A-012	82,166	-9,695	-12%
A-001	581,324	-109,187	-19%
A-007	303,579	-62,250	-21%
A-002	451,921	-165,896	-37%

*Net Migration times 4.757 Average Length of Stay as per IHFSRB/IDPH Inventory

**Does not include impact of new Adventist Bolingbrook Hospital on Out-Migration

Source: IHFSRB/IDPH Inventory of Health Care Facilities and Services and Need Determinations (May 28, 2008)

NET OUT-MIGRATION
All Planning Areas

Planning Area	Total Med/Surg/Peds Patient Days 2005	Net Out-Migration Days	Net Out-Migration as Percentage of Patient Days
E-002	14,160	17,596	124%
E-003	6,468	6,698	104%
A-010	**52,852**	**42,223**	**80%**
A-013	148,212	99,840	67%
C-004	17,279	10,156	59%
D-003	39,819	19,618	49%
A-011	77,392	36,995	48%
E-004	16,577	7,530	45%
B-003	25,772	9,628	37%
C-002	47,050	17,258	37%
F-006	39,610	12,311	31%
F-005	18,019	5,199	29%
D-005	22,173	6,175	28%
A-003	376,796	86,753	23%
F-003	25,234	4,838	19%
B-004	37,974	7,250	19%
B-002	21,999	3787	17%
D-004	72,956	9,876	14%
A-009	194,786	21,554	11%
A-008	183,554	16,202	9%
D-002	57,308	4,938	9%
A-004	601,954	32,505	5%
C-003	31,880	1575	5%
F-002	32,281	1,494	5%
C-005	76,795	3154	4%
E-005	44,894	1,598	4%
A-005	288,430	-6,460	-2%
A-014	56,866	-1,803	-3%
F-004	56,818	-2,788	-5%
F-001	200,752	-10,451	-5%
A-006	254,345	-15,403	-6%
F-007	87,998	-6,203	-7%
B-001	140,456	-10,170	-7%
A-012	82,166	-9,695	-12%
C-001	183,692	-26,734	-15%
A-001	581,324	-109,187	-19%
A-007	303,579	-62,250	-21%
E-001	164,784	-41,096	-25%
D-001	71,418	-18,614	-26%
A-002	451,921	-165,896	-37%

Source: IHFSRB/IDPH Inventory of Health Care Facilities and Need Determination (May 28, 2008).

BEDS TO POPULATION RATIOS
All Planning Areas

Planning Area	2005 Population (Estimated)*	Med/Surg/Ped Beds (Projected)*	Beds per 1,000 population
A-010	**306,680**	**206**	**0.67**
A-011	367,640	296	0.81
A-013	682,020	701	1.03
B-004	103,890	113	1.09
D-005	99,540	109	1.10
A-005	932,920	1,044	1.12
E-002	79,360	89	1.12
A-009	703,200	900	1.28
A-012	299,820	409	1.36
F-006	134,520	185	1.38
D-002	201,560	289	1.43
B-003	108,870	159	1.46
D-001	238,070	381	1.60
A-008	443,790	734	1.65
C-004	69,690	117	1.68
B-002	85,730	149	1.74
F-003	98,110	175	1.78
F-007	160,520	287	1.79
F-002	84,290	157	1.86
C-005	215,940	403	1.87
E-003	42,170	80	1.90
C-002	155,200	300	1.93
A-003	852,660	1,672	1.96
B-001	371,150	745	2.01
D-003	109,190	223	2.04
A-007	614,990	1,258	2.05
F-001	573,270	1,175	2.05
E-004	58,670	122	2.08
F-005	62,520	134	2.14
C-001	367,970	800	2.17
A-001	1,044,910	2,303	2.20
A-004	1,145,660	2,536	2.21
E-001	308,870	705	2.28
A-006	484,680	1,178	2.43
D-004	163,740	398	2.43
F-004	106,720	274	2.57
C-003	79,610	211	2.65
A-014	107,460	305	2.84
A-002	605,370	1,755	2.90
E-005	92,540	274	2.96

*Source: IHFSRB/IDPH Inventory of Health Care Facilities and Services and Need Determinations (May 28, 2008)

CON OCCUPANCY RATES
Medical-Surgical/Pediatric Beds: All Planning Areas

PLANNING AREA	CON OCCUPANCY CY2009
A-005	81.9%
A-010	**77.6%***
A-007	74.5%
A-002	73.2%
F-006	68.4%
A-013	63.2%
D-001	61.8%
A-008	61.0%
A-009	60.8%
A-011	60.8%
A-012	60.6%
B-004	60.5%
C-001	60.1%
A-001	59.2%
F-002	57.9%
A-004	56.9%
E-001	55.6%
D-005	55.2%
D-002	54.9%
A-003	54.6%
B-003	54.5%
B-001	54.4%
A-006	52.8%
A-014	51.8%
F-007	49.2%
F-004	46.2%
E-005	45.6%
C-003	45.4%
C-005	44.6%
F-001	41.8%
B-002	39.7%
D-003	39.4%
F-003	39.4%
F-005	37.9%
C-002	37.8%
C-004	37.0%
D-004	35.3%
E-004	35.2%
E-002	26.8%
E-003	22.9%

*CON Occupancy adjusted up from 72.7% after factoring in reduction of 14 M/S beds from A-10 due to Abandonment of Project #08-002

Source: IDPH Hospital Data Summary by Hospital Planning Area, 2009

STATE AGENCY REPORT

Mercy Health Systems Corporation and
Mercy Crystal Lake Hospital and Medical Center, Inc. d/b/a
Mercy Crystal Lake Hospital and Medical Center
Crystal Lake, Illinois
Project #03-049

I. The Proposed Project

The applicants propose to establish a 70-bed hospital which will contain 56 medical/surgical ("med/surg"), 10 obstetric ("OB") and four intensive care ("ICU") beds. The applicants will also construct a clinic connected to the hospital to house physician offices. The hospital will contain 160,408 gross square feet ("GSF") and the clinic will contain 86,447 GSF. The total estimated project cost is $81,396,198.

II. Summary of Findings

A. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1110.

B. The State Agency finds the proposed project does **not** appear to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Mercy Health Systems Corporation and Mercy Crystal Lake Hospital and Medical Center, Inc., d/b/a Mercy Crystal Lake Hospital and Medical Center, located in Crystal Lake (HSA VIII). The proposed facility will be located in the A-10 hospital planning area ("HPA"). There are three providers of acute care services in A-10. Two of these providers are located within 30 minutes travel time of the applicants' proposed facility. Also, there are four other acute care providers located within 30 minutes travel time of the applicants' proposed facility. These four providers are located in other HPAs, however. Table One list the acute care providers in A-10.

The State Agency notes the following item for State Board consideration. To clarify specific issues of this project, staff contacted the applicants and requested measurable architectural floor plans and site plans. These were requested to clarify the nature of the project and to

TABLE TWO Proposed Beds by Category of Service	
Category of Service	Beds Proposed
Medical-Surgical	56
Obstetrics	10
Intensive Care	4
Total	**70**

IV. The Proposed Project - Details

The applicants propose constructing a new 70-bed hospital with an attached physician clinic building Crystal Lake. The facility will be located on a 16-acre plot of land located on the east side of State Route 31 between Three Oaks Road and Raymond Road. The facility will contain 70 beds consisting of 56 med/surg, 10 OB and four ICU. The physician clinic building will contain space for 45 physicians. These physicians will be employees of the hospital. The applicants indicate they will initially finish out 32 of the proposed 70 beds when the facility is opened. The applicants indicate the space for the remaining 38 beds will be built but shelled out. The ancillary and support services necessary to operate the 70 bed facility will be constructed initially. The hospital will contain 160,408 GSF of new construction and the attached physician clinic building will contain 86,447 GSF. Table Three outlines the proposed sizes of the departments in the hospital and physician clinic building. This table includes both reviewable and non-reviewable areas.

TABLE THREE	
Department / Area	**Proposed GSF**
Reviewable Areas - Hospital Portion	
Med/Surg	32,412
OB	4,760
ICU	2,385
Newborn Nursery	1,513
Emergency	6,855
Laboratory	2,881
Radiology	9,900
Physical & Occupational Therapy	1,474

C) The applicant must also document that the number of beds proposed will not exceed the number needed at the target occupancy rate to meet the health care need of the population identified as having restricted access."

Medical/Surgical and ICU Beds

The applicants propose 56 med/surg beds and four ICU beds. The current update to the Inventory of Health Car Facilities and Services and Need Determinations (dated November 15, 2003), indicates an excess of 35 med/surg beds and seven excess ICU beds in A-10. The Inventory also shows a calculated need for 23 additional OB beds. Table Seven displays the current calculated bed need in A-10 for the services proposed by the applicants.

TABLE SEVEN
Calculated Bed Need for Med/Surg, OB and ICU Services
Hospital Planning Area A-10

Category of Service	Current Number of Beds	Calculated Bed Need	Beds	
			Needed	Excess
Med/Surg	188	153		35
OB	29	52	23	
ICU	29	22		7

Data as of November 15, 2003.
Source: Illinois Department of Public Health - Center for Health Statistics.

The applicants submitted the required map of the planning area providers and indicated in their study that the travel times to Memorial Medical Center (Woodstock) and Northern Illinois Medical Center (McHenry) are less than 30 minutes. The travel time to Harvard Memorial Hospital (Harvard) is less than 45 minutes travel time. The applicants indicate there are no restrictive admission policies at any planning area facility. The applicants indicated in their study that travel times to the other planning area facilities will increase beyond 30 minutes by the year 2008. Thus, the applicants claim access in the planning area will be restricted in the future due to the projected excessive travel time. The State Agency notes that this criterion does not allow projected travel times to document access problems that may occur in the future.

The applicants based their proposed beds on the number of McHenry county residents who currently receive treatment for services in another county. It is the applicants' contention that these patients will utilize the new facility, most likely due to the number who will be referred by the 45 physicians in the applicants' clinic. The

APPLICATION SUMMARY	
Applicants	Advocate Hospital - Lake County Advocate Health and Hospitals Corporation and Advocate Health Network
Facility Name	Advocate Hospital Lake County
Location	Round Lake, Illinois
Application Received	March 16, 2007
Application Deemed Complete	March 30, 2007
Scheduled Review Period Ended	July 27, 2007
Review Period Extended by the State Agency	No
Public Hearing Requested	Yes
Applicants' Deferred Project	No
Can Applicants Request Another Deferral?	No
Applicants' Modified the Project	No

STATE AGENCY REPORT

Advocate Hospital - Lake County
Advocate Health and Hospitals Corporation and
Advocate Health Network
Round Lake, Illinois
Project #07-053

I. The Proposed Project

The applicants propose to establish a new 144-bed acute care hospital. This facility will contain 308,540 GSF with 108 M/S, 20 OB and 16 ICU beds. In addition, the applicants propose to offer cardiac catheterization at the hospital. The total estimated project cost is $251,477,099.

II. Summary of Findings

A. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1110.

B. The State Agency finds the proposed project does not appear to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are Advocate Health and Hospitals Corporation and Advocate Health Network. The operating entity/licensee is Advocate Health and Hospitals Corporation. Wilson-120, LLC owns the site. Advocate Health Network includes Advocate Bethany Hospital (Chicago), Advocate Christ Hospital (Oak Lawn), Advocate Good Samaritan Hospital (Downers Grove), Advocate Good Shepherd Hospital (Barrington), Advocate Illinois Masonic

Table Two outlines the planned bed capacity of Advocate Hospital - Lake County.

TABLE TWO Proposed Bed Capacity	
Category of Service	**Beds Proposed**
Medical-Surgical	108
Obstetrics	20
Intensive Care	16
TOTAL	144

This is a Category B substantive project subject to both a Part 1110 and Part 1120 review. This project was received by the State Agency on March 16, 2007 and was deemed complete on March 30, 2007. Project obligation will occur after permit issuance. The anticipated project completion date is December 31, 2010. The Illinois Department of Public Health's August 16, 2007 update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") shows a computed excess of 406 M/S beds and 23 OB beds in the A-09 planning area. There is neither an excess nor a need for ICU beds in this planning area.

A public hearing was held for this project on June 5, 2007. The number of individuals who attended the hearing was approximately 180. There were approximately 110 individuals who registered their support for the project and approximately 70 individuals in opposition. The transcript and written comments from this hearing are included in the State Board's packet of material. Additionally, the State Agency received letters of support and opposition for this proposal.

IV. The Proposed Project - Details

The applicants propose a 144-bed acute care hospital containing 308,540/GSF with a project cost of $251,477,099. The applicants' facility will contain 108 M/S beds, 20 OB beds, and 16 ICU beds. Additionally, the hospital will offer cardiac catheterization. The cost of the land is $5,825,000 and the projected start up costs is $3,925,820.

6161 Riverside Drive, Dublin, OH 43017 p. 614.442.5950 f. 614.442.5953 www.scpcp.org

SOCIETY OF CHEST PAIN CENTERS

November 30, 2010

Gretchen McCracken, RN
Manager, Emergency Services, Chest Pain Center Coordinator
Centegra Hospital-McHenry
4201 Medical Center Drive
McHenry, IL 60050

Status: *Accredited Chest Pain Center with PCI*

Dear Ms. McCracken:

The Accreditation Review Committee has reviewed the report of the onsite review team and has determined that Centegra Hospital-McHenry is deserving of full accreditation as a Chest Pain Center as of November 26, 2010. Congratulations. Your facility will be sent an official certificate of accreditation. Accreditation will be for three years and expires on November 25, 2013.

The final report of the Accreditation Review Committee is enclosed. The report contains suggestions concerning areas that can benefit from further attention and are offered in the spirit of collaboration and process improvement.

As an official accredited facility, Centegra Hospital-McHenry will receive two free individual memberships in the Society of Chest Pain Centers for a period of one year beginning November 26, 2010. The annual membership fee for each individual will be waived as a benefit to your facility for achieving full Chest Pain Center accreditation status. *We are asking you, as the key contact, to notify the two individuals of their free one-year membership and forward to them the attached instructions and promo codes needed for the registration process.* The two individuals will need to follow the instructions listed on the attached document to access our new online registration process. Once registered, both individuals will receive separate emails confirming their membership status.

Best regards,

Kay Holmes

Kay Styer Holmes RN, BSN, MSA
Director of Accreditation Services

Attachment 10

6161 Riverside Drive, Dublin, OH 43017 p. 614.442.5950 f. 614.442.5953 www.scpcp.org

SOCIETY OF
CHEST PAIN
CENTERS

November 30, 2010

Gretchen McCracken, RN
Manager, Emergency Services, Chest Pain Center Coordinator
Centegra Hospital-Woodstock
3701 Doty Road
Woodstock, IL 60098

Status: *Accredited Chest Pain Center*

Dear Ms. McCracken:

The Accreditation Review Committee has reviewed the report of the onsite review team and has determined that Centegra Hospital-Woodstock is deserving of full accreditation as a Chest Pain Center as of November 29, 2010, Congratulations. Your facility will be sent an official certificate of accreditation. Accreditation will be for three years and expires on November 28, 2013.

The final report of the Accreditation Review Committee is enclosed. The report contains suggestions concerning areas that can benefit from further attention and are offered in the spirit of collaboration and process improvement.

As an official accredited facility, Centegra Hospital-Woodstock will receive two free individual memberships in the Society of Chest Pain Centers for a period of one year beginning November 29, 2010. The annual membership fee for each individual will be waived as a benefit to your facility for achieving full Chest Pain Center accreditation status. *We are asking you, as the key contact, to notify the two individuals of their free one year membership and forward to them the attached instructions and promo codes needed for the registration process.* The two individuals will need to follow the instructions listed on the attached document to access our new online registration process. Once registered, both individuals will receive separate emails confirming their membership status.

Best regards,

Kay Holmes

Kay Styer Holmes RN, BSN, MSA
Director of Accreditation Services

Attachment 10

DOCKET NO:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
A-8	September 21, 2010	10-037	Original: $0
FACILITY NAME: Advocate Good Shepherd Hospital		CITY: Barrington	Current:
TYPE OF PROJECT: Non-Substantive			HSA: VIII

PROJECT DESCRIPTION: The State Board is being asked to consider the applicant's proposal to discontinue its 14-bed Acute Mental Illness (AMI) category of service at its hospital in Barrington. There is no cost to this project. **The applicants are before the State Board because the applicants are discontinuing a category of service as defined by the State Board.**

Summary

The applicants state the reason for the proposed discontinuation is the difficulty in developing and maintaining sufficient staff to support a 14-bed adult AMI unit. In addition the applicants state the small size of the unit itself makes it difficult to remain viable in comparison to other area facilities. In February 2010, the applicants reduced the operational size of its AMI unit from 14 to 6 beds (no beds were discontinued), and in May 2010, temporarily suspended operations of the AMI unit based on the staffing shortage. Both actions were in accordance with State Board requirements. There is a current calculated AMI bed need in the planning area of 4 AMI beds and if the discontinuation is approved there will be a calculated need for 18 AMI beds in this planning area. Provena St Joseph (Elgin) and Advocate Lutheran General (Park Ridge) have stated that they will accept the Hospital's workload without restriction should the State Board approve this project. In addition, three other hospitals outside the 45-minute designated planning area also stated they would accept AMI patients. These are Advocate Good Samaritan, Advocate Christ Medical Center, and Provena Mercy. In an impact letter Vista Medical Center West (Waukegan) stated "the proposed discontinuation will have a negative impact on county residents." Because the proposed discontinuation will result in an increase in the number of calculated AMI beds needed in this planning area the State Agency could not make a positive finding regarding the discontinuation of the AMI service. No public hearing was requested and no letters of opposition or support were received by the State Agency. 18 letters of support were included in the application for permit. There is no cost to this project.

2010 MCHENRY COUNTY HEALTHY COMMUNITY STUDY

Attachment 12

Steering Committee/Partners

- **Advocate Good Shepherd**
  Julie Mayer
- **Centegra Health System**
  Hadley Streng & Rowena Wermes
- **Crystal Lake Chamber of Commerce**
  Maria Ortega
- **Environmental Defenders**
  Suzanne Johnson
- **1st Congreg. Church of Crystal Lake**
  Kathryn Gooding
- **Leadership Greater McHenry County**
  Marcy Piekos & Frances Glosson
- **League of United Latin Amer. Citizens**
  Maggie Rivera
- **McHenry County College**
  Lena Kalemba
- **McHenry County Community Foundation**
  John Small
- **McHenry County Conservation District**
  Pete Merkel
- **McHenry County Department of Health**
  Joseph Gugle & Debra Quackenbush
- **McHenry County Mental Health Board**
  Barbara Iehl
- **Pioneer Center**
  Kemberly Dailey Johnson
- **Sherman Hospital**
  Tina Link
- **Senior Services Associates Inc.**
  Meg LaMonica
- **United Way of Greater McHenry County**
  David Barber
- **Woodstock Christian Life (Hearthstone)**
  Rick Curtis
- **Woodstock Com. Unit School Dist. 200**
  Laura Crain
- **Village of Prairie Grove**
  Jeannine Smith

Acknowledgements

- Core Team
- Partners
- Crystal Lake Chamber of Commerce for Spanish translation of survey
- Volunteers from Senior Services Associates, Inc. and McHenry County Medical Reserve Corps for survey mailing preparation
- Leadership Greater McHenry County for conducting key informant interviews
- McHenry County Department of Health for project direction, organization and completion of Community Analysis assessment

2010 McHenry County Healthy Community Study includes

- **Community Analysis** – existing data from secondary sources to examine demographic, social, economic indicators &trends, health status & utilization
- **Household Survey** – sent to 8,000 randomly selected households in McHenry County
- **Focus Groups** – 11 small groups of users and target populations for services
- **Key Informants** – 34 interviews with community leaders and individuals with particular expertise

Best Aspects of Living in McHenry County

- Blend of small-town and suburban
  - Quiet, semi-rural
  - Parks, lakes, shopping
- Public safety, low crime
  - Safety much better than other communities in which FG members had lived
- Health and human service availability
  - Access to quality healthcare
  - Abundance of services, greater than other counties, many places to get help
  - People receive more attention than in larger metropolitan areas

Best Aspects (con't)

- Open space and outdoor recreation
  - Open space within and among communities
  - Park districts and Northern Illinois Special Recreation Association recognized
- Education
  - Proud of quality and innovation; most students get excellent education
  - Excellent community college with many resources and community activities held at college
  - *Qualifiers: high taxes for schools, more equal treatment of minorities needed, more career guidance for minorities, more mental health services in schools*

Best Aspects (con't)

- Variety of community & family-friendly activities
  - Cost may be limiting factor for certain populations
- Rail service
  - More extensive services needed
- Numerous churches with strong faith-based communities
- Affordable housing vs. collar counties

Priorities

- Information and Referral System
- Access to Dental Care for Low-income Population
- Access to Mental Health and Substance Abuse Services
- Obesity and Nutrition

Information & Referral System

DESCRIPTION

An easy to access, simple to use, up-to-date, centralized, comprehensive source of information about service availability and eligibility. Links needs to available resources

HOUSEHOLD SURVEY

- 17.7% rated current information system poor, 15.9% did not know, 10.8% gave no answer (total = 44.6%)
- Single parents and non-whites rated availability of information to find services lowest

Information & Referral System (con't)

FOCUS GROUPS

- Top weakness
- Major barrier
- Prominent gap

in local health & human serv. delivery system

- Current referral process inefficient
- Even more important because county divided into many communities
- More public awareness of services needed at every stage of help-seeking process

KEY INFORMANTS

- Absence of I & R system = foremost weakness of the local health and human services
- Development of a centralized information system is #1 suggestion to improve efficiency

Access to Dental Care for Low-Income Population

DESCRIPTION

- Oral health integral to overall good health
- Dental problems contribute to many other major health problems
- Poor access due to lack of insurance, cost incl. deductibles/co-payments, language, availability of dentists who accept Medicaid

HOUSEHOLD SURVEY

- 27.6% rated DC availability fair or poor; 22% DK or NA.
- 63.4% say reason for not getting DC is no dental insurance, 26.7% blamed cost of deductible/copayment, 21.7% no regular dentist, 11.8% could not find dentist to accept Public Aid/Medicaid
- Untreated dental reported by 6.1% survey household members 2010, up from 5.6%, 2006. Third most common chronic condition among ages 18-29

Access to Dental Care (con't)

FOCUS GROUPS

- Most challenging access issue
- More significant than access to medical care.
- Care too expensive for those without dental insurance. Almost no dental providers provide care for low-income, unemployed, persons without insurance

KEY INFORMANTS

- Finding affordable dental care for low-income individuals/ families is daunting task
- Unemployed and underemployed need better access to affordable dental care

COMMUNITY ANALYSIS

- 26.5% of McHenry County adults have no dental insurance
- 12.5% have not seen dentist in past two years, same as 2002

Access to Mental Health and Substance Abuse Services

DESCRIPTION

- Far fewer MH resources than medical
- Stigma commonly attached to MI
- Inadequate preventive services, delayed identification of problems
- Added burden of substance abuse for some
- Most communities under resourced in MH/SA, plus federal & state funding shortfalls causing deep cuts in services

HOUSEHOLD SURVEY

- 9.6% say MH needs improvement, up from 6.8% (2006).
- Alcohol/SA ranked 8th & MH 10th of 26 issues needing attention
- Low score (2.11) on 4-point scale for MH services availability, 6th lowest of 19 characteristics.
- Depression (14.4%) and anxiety (12.3%) most common MH problems. Prevalence double among single parents; 16.3% of ages 18-29 report anxiety
- 22.5% *thought about* seeking professional help for personal/emotional problem in past year, half (50.6%) *got help*
- 9% report ever thinking about or attempting suicide
- 13% households have child w. ADD/ADHD, 7.8% child w. anxiety, 5.8% child w. aggressive/violent behavior, 5.5% bullying

Access to MH/SA Services (con't)

FOCUS GROUPS

- Services for mentally ill (MI) = a most significant gap
- Dec. State MH funding has meant reduced services
- Major gap is one-month wait time to see MH professional
- Other prominent gaps = lack of dual diagnosis services for persons w. MI & DD, limited MH help through schools
- Transportation problems and less family involvement in treatment processes when services not close by

KEY INFORMANTS

- 4th most named population needing attention = persons with MI and/or substance abuse
- Need more local inpt & crisis care. Calls up to crisis line, callers exhibiting more acute symptoms
- **No** inpatient detox/SA unit, adolescent inpatient MH, crisis respite in county
- Many MI/SA in crisis land in ER or law enforcement. Extra long waits for MH/SA tx for jail inmates
- State funding cutbacks
- Reluctance to seek care due to stigma.
- Confusing insurance policies hamper access
- Many w. MH/SA problems are low-income/ working poor without reliable transportation
- Youth with MH/SA problems need comprehensive care, e.g., day and inpatient. No services addressing eating disorders

Access to MH/SA Services (con't)

COMMUNITY ANALYSIS

- 13.7% report extended poor MH, above previous years and IL (BRFS)
- 9,929 residents ages 5+ suffer from a mental disability (ACS data)
- Psychoses is #1 non-birth hospitalization reason w. 1,737 McHenry Co. resident discharges in 2009. 4th highest is alcohol/drug abuse, 628 discharges
- Sharp rises of "gateway drugs" (cigarettes, alcohol, marijuana) use as grade level increases w. 54% of HS seniors report past month alcohol and 24% marijuana use
- McHenry Co.'s DUI arrest rate has consistently exceeded IL over past decade
- Suicide taken ~27 McHenry Co. lives per year since 2004, reaching 31 in 2007. Rate at 9.9 per 100,000 exceeds Illinois (8.6). Rates 3X higher among males. Nine in ten of county's 2007 suicide deaths occurred to persons < 65
- Top three death causes for ages 25-44 involve MH/SA: #1 motor vehicle accidents (estimated half involve alcohol), #2 accidental poisoning (overdose), and #3 suicide (2003-2007 data)

Obesity & Nutrition

DESCRIPTION

- Body weight and diet are basic determinants of health status. Good nutrition exerts major influence on children's growth and development
- Among adults, healthy diet and appropriate body weight lower risk of chronic conditions, e.g., hypertension, high cholesterol, diabetes
- Obesity is top public health problem nationwide. Rise in obesity among adolescents and children alarms public health officials and providers

HOUSEHOLD SURVEY

- 8.8% said that someone in household was obese in 2010, rising from 7.5% in 2006. Among ages 30-64, 11.2% are obese and a little higher for ages 65+, 13.6%

KEY INFORMANTS

- Importance of good nutrition and healthy habits for low-income women who sometimes lack resources and know-how to prepare nutritious meals and exercise enough
- Teenage obesity deserves a great deal more community attention

Obesity & Nutrition (con't)

COMMUNITY ANALYSIS

- 23.5% of local adults 18+ obese (2007), compared to 18.5% in 2002. Additional 35.7% overweight (BRFS based on BMI)

- Obesity is leading risk factor for diabetes
  - Diabetes lowers life expectancy, increases risk of other health problems such as heart disease, blindness, chronic kidney disease
  - 40 deaths due to diabetes, 12.7 per 100,000 pop. (2007); 2.4% of all county deaths (2006-2007)
  - 32.5% of 2007 diabetic deaths occurred to persons < 65, above premature death rate due to all causes, 24.7%
  - Diabetes ranks 7th highest among death causes for county's white population and 6th for Hispanics; 5th highest for ages 25-44, 45-64, and 65-74 (2003-2007 data)
  - 5.4% of county's adult population has diabetes (2007, BRFS)

Secondary Priorities

- Cardiovascular Disease
- Diversity of Population/Lack of Integration
- Environment - Open Space and Groundwater Protection
- Lack of Public Transportation

Cardiovascular Disease

- Heart disease and stroke = #2 and #3 death causes of McHenry Co. residents
- High blood pressure (28.1% of McHenry Co adults) and high cholesterol (31.2%) are major risk factors, BRFS
- Improvements in diet, exercise and smoking cessation reduce CV incidence

Public Transportation

- Existing means of public transit inadequate
- A prominent community need and critical community problem as reflected in three assessments
- Major impact on access to care, also on employment and education opportunities

Diversity of Population/ Lack of Integration

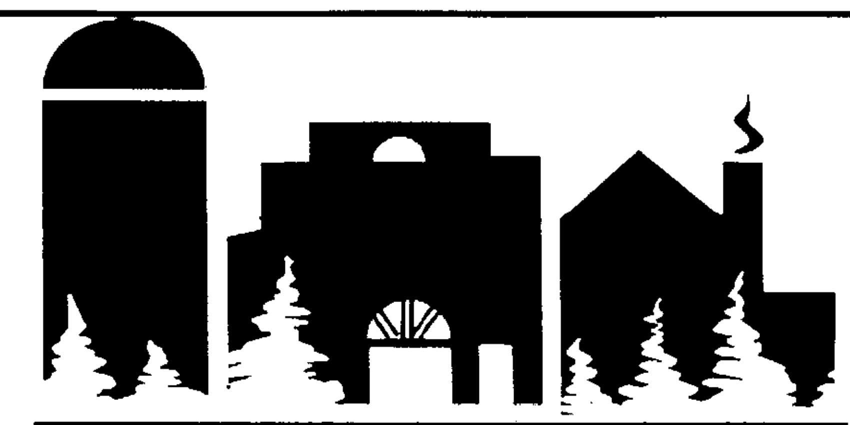
- Growing diversity of population, county becoming multicultural
- Hispanics are 11.4% of 2010 population vs. 7.5% in 2000
- Discrimination expressed as community problem by 5.6% (household survey)
- Growing number of immigrants not integrated into health and human service system
- Language barrier, not enough bilingual health workers

Environment

- Open spaces and farmland named as major community asset
- Concerns about groundwater protection
- Outcome of rapid population growth and development during early years in decade
- Need to maintain delicate balance between growth and county's rural areas when economy improves

Questions? Comments?

Thank you



CRAIN'S
CHICAGO BUSINESS

Advocate, Sherman Hospital have talked deal: report

By: Staff
March 01, 2011

(Crain's) — Advocate Health Care and Sherman Hospital in Elgin recently discussed a deal, according to a report.

Oak Brook-based Advocate told the Chicago Tribune that it has "had conversations with Sherman Hospital."

"While there has been no recent escalation in any of our discussions, we certainly have the utmost respect for Sherman Hospital and their leaders," Advocate told the paper, saying it has spoken with "multiple organizations."

Advocate would not provide details of the talks or disclose when the parties last spoke, the Tribune said.

Sherman told the Tribune in a statement that its "board has made no commitment to merging with another healthcare system and is committed to remaining independent for as long as possible."

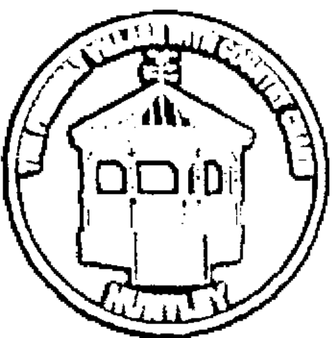
Sherman recently turned down a merger approach from Crystal Lake-based Centegra Health System, the Tribune reported.

Hospital And Attribute Association
July 2010 – March 2011

Attribute	Centegra Health System Composite	Centegra Hospital McHenry	Centegra Hospital Woodstock	Good Shepherd Hospital	Sherman Hospital	Mercy Health	DK/ Refused/ None
Is the easiest to get to	60%	33%	25%	15%	15%	2%	2%
Has the best doctors	28	15	12	19	9	1	25
Has the best nurses	33	18	14	16	7	1	31
Is the most responsive to the needs of the community	42	22	15	14	9	1	26
Has the most modern equipment and technology	25	14	8	16	23	0	21
Has the best customer service	33	16	14	18	7	2	30
Does the most to encourage healthy lifestyles and wellness	43	18	15	12	7	1	28
Has the best patient education and follow up care	33	17	11	15	7	1	34

Source: HealthStream Research May 12, 2011. Geography = McHenry County

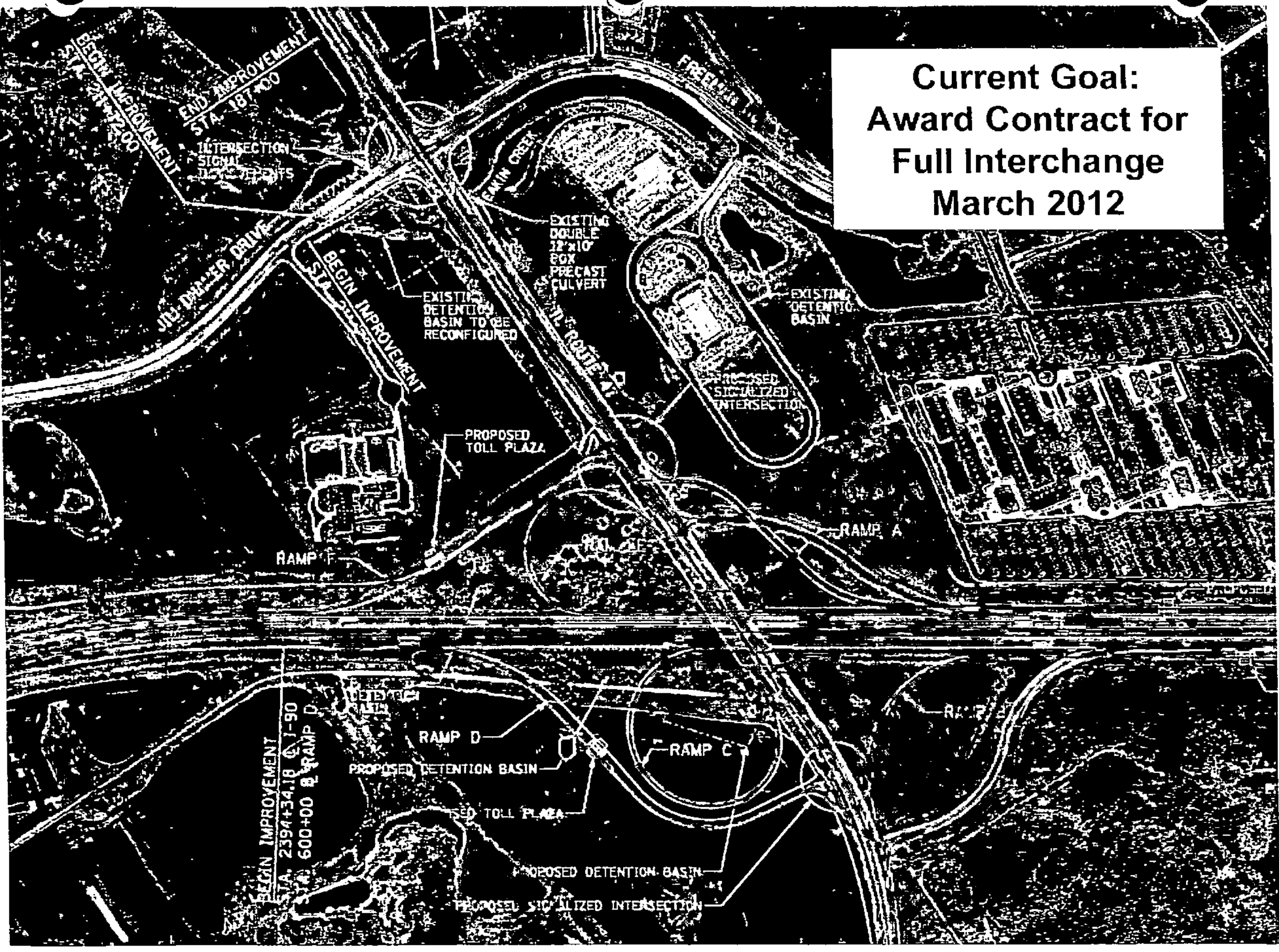
Full Interchange Project



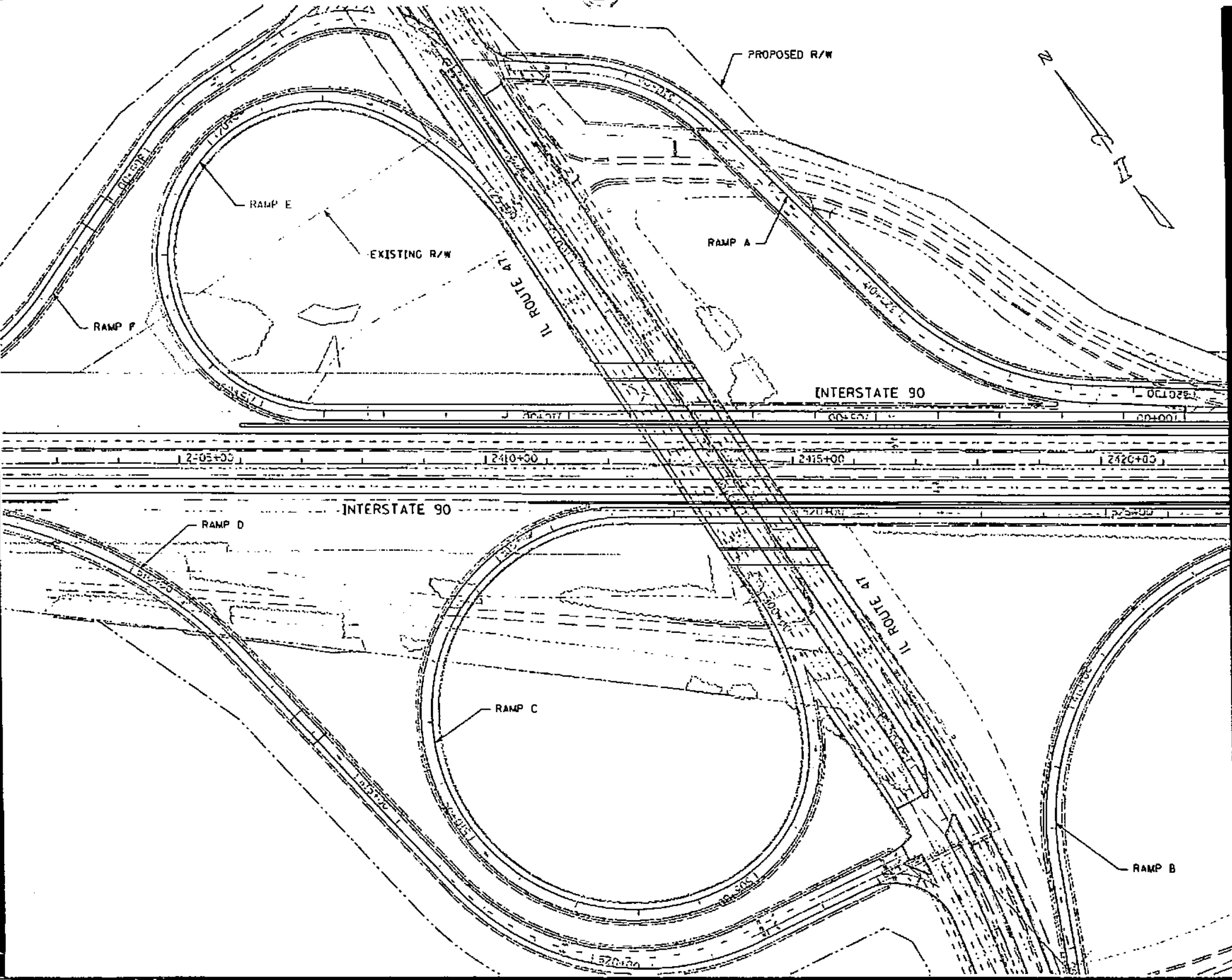
Village of Huntley

Imagine the Possibilities

EXHIBIT B



Current Goal:
Award Contract for
Full Interchange
March 2012
END IMPROVEMENT
BEGIN IMPROVEMENT
EXISTING DOUBLE 12'x10' BOX PRECAST CULVERT
EXISTING DETENTION BASIN
PROPOSED SIGNALIZED INTERSECTION
PROPOSED TOLL PLAZA
RAMP A
RAMP C
RAMP D
RAMP F
PROPOSED DETENTION BASIN
PROPOSED SIGNALIZED INTERSECTION



Proposed Improvements

Interstate 90 Full Interchange Project

Estimated Annual Labor Income from Employment with Full Interchange			
	Planned Space # Square Feet	Jobs #	Total Estimated Annual Income $
Office	815,000	4,075	202,935,000
Retail	1,900,000	3,800	84,842,600
Industrial	2,500,000	3,750	168,078,750
TOTAL	5,215,000	11,625	455,856,350

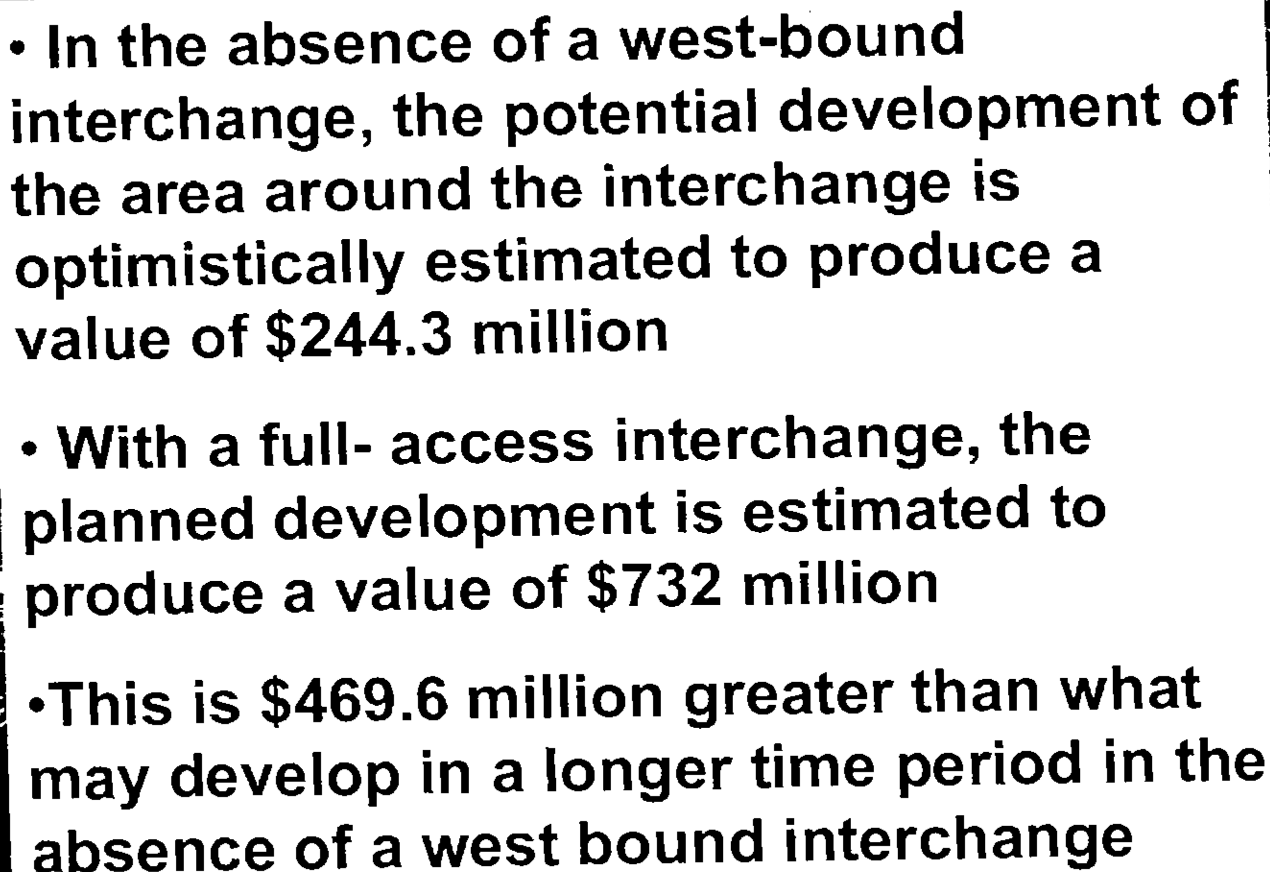
- Estimated annual direct income with a full access interchange totals $455.9 million
- This is $319 million more than the $136.0 million without the interchange.

Estimated Annual Labor Income from Employment without Full Interchange			
	Planned Space # Square Feet	Jobs #	Total Estimated Annual Income $
Office	82,500	413	20,567,400
Retail	533,750	1,068	23,845,000
Industrial	1,375,000	2,063	92,465,700
TOTAL	1,991,250	3,544	136,878,300

Estimated Values at Build-out of Huntley Interstate 90 and Route 47 Development Scenarios

Land Use	Building Space # Square Feet	Building Value Per Square Foot of Building Space $	Total Value $
Development Scenario Without West Bound Interchange			
Office	82,500	195	16,088,000
Retail	533,750	170	90,738,000
Industrial	1,375,000	100	137,500,000
TOTAL without WB Interchange	1,991,250	137	244,326,000
Development Scenario With West Bound Interchange			
Office	815,000	195	158,925,000
Retail	1,900,000	170	323,000,000
Industrial	2,500,000	100	2500,00,000
TOTAL with WB Interchange	5,215,000	140	731,925,000

Sources: Van Vlissingen Company; Village of Huntley; Gruen Gruen + Associates



- In the absence of a west-bound interchange, the potential development of the area around the interchange is optimistically estimated to produce a value of $244.3 million
- With a full- access interchange, the planned development is estimated to produce a value of $732 million
- This is $469.6 million greater than what may develop in a longer time period in the absence of a west bound interchange

I-90 Interchange with Illinois Route 47 Phase II Design Schedule

	PROJECT MILESTONES	ORIGINAL SCHEDULE	REVISED SCHEDULE (Oct. 2010)	REVISED SCHEDULE (March 2011)
1	Submit Revised Design Concept (Phase I)		November 2010	April 2011
2	Bridge TSL Submitted to IDOT	May 2010	December 2010	February 2011
3	IDOT Completes TSL Review	July 2010	February 2011	April 2011
4	Preliminary Plan Submittal	July 2010	March 2011	May 2011
5	Preliminary Reviews Complete	September 2010	May 2011	July 2011
6	Pre-Final Plan Submittal	January 2010	August 2011	October 2011
7	Pre-Final Plan Reviews Complete	March 2011	October 2011	December 2011
8	Final Plans & Specifications	April 2011	November 2011	January 2012
9	Award Contract	June 2011	January 2012	March 2012

Huntley Remains a Leader

HUNTLEY RANKS FIRST IN NEW RESIDENTIAL HOME CONSTRUCTION DURING FIRST QUARTER 2011

Huntley remains a leader in the suburban Chicago metropolitan area in new residential home construction. Overall, Huntley ranks first in the northwest suburbs for new residential starts through March 2011. Since 2000, Huntley's population has grown from 5,730 to 24,291 residents (US Census).

2010
New Residential Units Reported through December

ELGIN	182
SHOREWOOD	129
HUNTLEY	**107**
NAPERVILLE	94
JOLIET	84
MONTGOMERY	67
GILBERTS	63
PLAINFIELD	59
YORKVILLE	48
PINGREE GROVE	39
ORLAND PARK	38
FRANKFORT	35
NEW LENOX	23
OSWEGO	15
CRYSTAL LAKE	12
MCHENRY	8
HAMPSHIRE	3

Source: US Census Bureau

2011
New Residential Units Reported through March

HUNTLEY	**34**
ELGIN	29
NAPERVILLE	20
PLAINFIELD	13
PINGREE GROVE	12
MONTGOMERY	9
NEW LENOX	8
SHOREWOOD	7
FRANKFORT	6
YORKVILLE	6
GILBERTS	5
JOLIET	2
ORLAND PARK	1
CRYSTAL LAKE	1
OSWEGO	0
MCHENRY	0
HAMPSHIRE	0

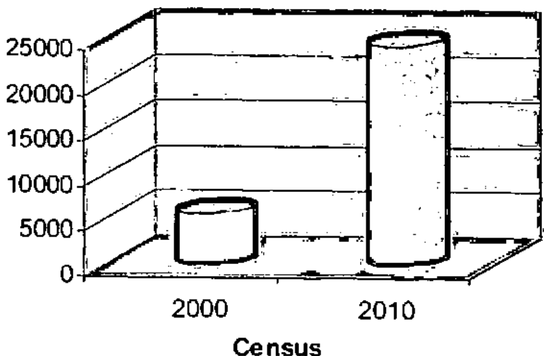
Source: US Census Bureau

EXHIBIT C

2000 Census

Population

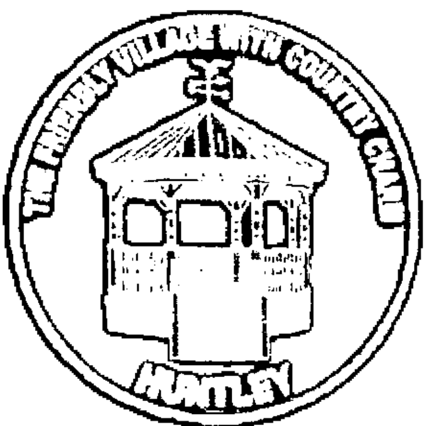
5,730



2010 Census

Population

24,291



329% increase over the last decade

Village of Huntley

Imagine the Possibilities

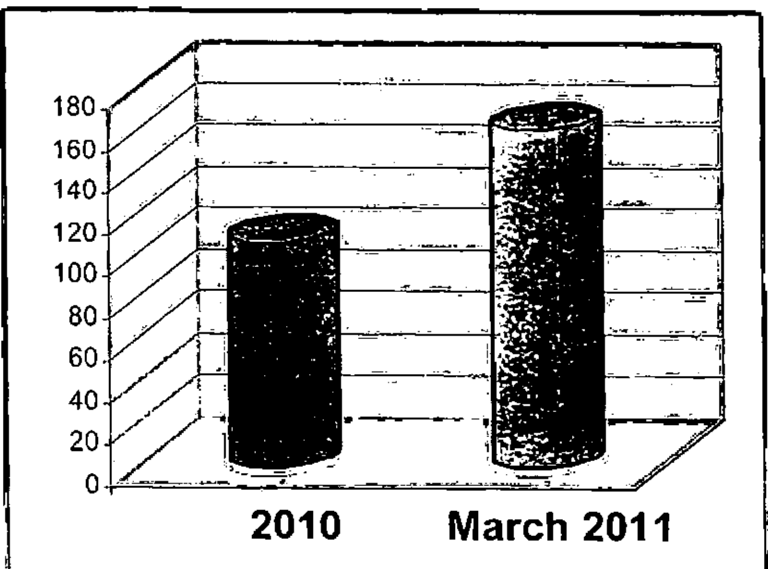
Huntley is Still Growing

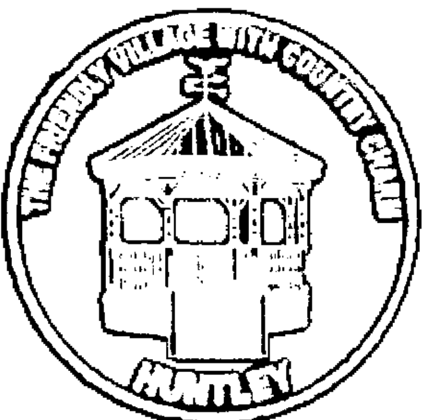
2010: 107 new residential units (Top 5 in Chicago Metro)

Thru March 2011: On track for 161 units by end of March

Thru March 2011

- ✓29 Single Family
- ✓5 Multi Family
- ✓128 Supportive Living Facility





Village of Huntley

Imagine the Possibilities

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May 12, 2011

Ms. Courtney R. Avery
Administrator
Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Project No. 10-090, Centegra Hospital-Huntley

Dear Ms. Avery:

In connection with the Certificate of Need ("CON") Project Number 10-090, Centegra Hospital-Huntley, Deloitte Financial Advisory Services LLP ("Deloitte") independently performed an area population study based on the most recently available population data from Claritas via Intellimed for 2010 through 2015. Deloitte's study is included on pages 321 to 340 of Centegra's CON application. The study is consistent with the review criteria of the Health Facilities and Services Review Board ("Review Board") and submitted to document substantial compliance with the Board's criteria.

This letter contains Deloitte's response to written reports and testimony submitted by Christopher Huckksteadt from Metrostudy and Steven T. Valentine of The Camden Group at the public hearing for Project 10-090 on February 16, 2011. The Camden Group report implicitly questions the Review Board's bed-need methodology based upon speculations about the future of health care. The Metrostudy report provides demographic and housing data without comment on the Review Board's criteria and bed need methodology. Neither report directly criticizes the Deloitte study contained in Centegra's CON application.

EXHIBIT D

I. The Camden Group Report

The Camden Group report, prepared at the request of Sherman Health, purports to provide a national perspective of the overall effect of healthcare reform and value-based care delivery on utilization trends and bed-need methodologies in general. The report claims that a paradigm shift is occurring in healthcare that is leading to a shift away from inpatient utilization and toward outpatient utilization. By extension, the Camden Group suggests that inpatient bed need based on current methodologies is overstated, implicitly calling into question the Review Board's own bed-need methodology, but without specifically addressing that methodology.

The Camden Group report does not address the need criteria established by the Review Board or the data maintained by the Illinois Department of Public Health ("IDPH") which show that new hospital services and beds are needed in McHenry County. Also, The Camden Group report omits the fact that health care reform is designed to increase the number of people covered through the establishment of health insurance exchanges. According to Deloitte estimates, by 2017 between 3-4% percent of the current uninsured population in the State of Illinois will be covered by the health exchanges. This represents approximately 400,000 to 500,000 people who would otherwise be uninsured. This factor will tend to increase utilization of health care services, including inpatient services.

The Camden Group's report attempts to provide a national perspective of the effect of healthcare reform and value-based care delivery on utilization trends and bed need calculations, but again these are only predictions. What is currently known is that there is a calculated bed need in Planning Area A-10, which justifies the approval of Centegra Hospital-Huntley.

II. The Metrostudy Report

Metrostudy does not identify who paid for its report or testimony. Its report describes the amount of household growth that has occurred in Centegra Hospital-Huntley's Primary Service Area ("PSA") and Secondary Service Area ("SSA") zip codes, and purports to project potential future growth through 2015.

The Metrostudy report concludes that housing data indicates a slowdown in the rate of household growth in the PSA and SSA.

While the Metrostudy report utilized household data, the Deloitte population study utilized the most recently available population data from Claritas via Intellimed for 2010 through 2015. More importantly, the Metrostudy report disregards an important development that will likely affect the dynamics of both population and housing growth through 2015 in the PSA and SSA. Specifically, the FY2010-2015 Highway Improvement Program approved by the Illinois Department of Transportation provides for the widening of Illinois Route 47 and the creation of a full interchange with Interstate 90. Route 47 runs approximately 7 miles through Huntley with an average daily traffic volume of 25,000 vehicles. Inevitable changes to traffic patterns will positively impact commercial and residential development in the PSA and SSA. The Village of Huntley estimates potential economic development at $732 million with the full interchange as compared to $244.3 million had the full interchange not been approved. Consequently, the interchange is estimated to bring about $487.7 million, or 200% more, in economic development to Huntley[1]. This interchange was not factored into the Metrostudy report when it forecasted new household growth in the PSA and SSA through 2015.

Based on the Highway Development Program, it is Deloitte's opinion that the slowdown in housing cited by Metrostudy will be offset by increases in regional draw and population growth resulting from the improved accessibility created by the I-90 interchange and roadway improvements. We further observe that the Huntley area is currently leading the pace in economic recovery. Based on the 2010 Census, out of the entire Chicago metropolitan area, Huntley was third in new residential home starts last year. In addition, in the quarter of 2011, the Village of Huntley had the most housing starts of any municipality among the Chicago suburban areas.

---

[1] Village of Huntley Economic Development Forum, March 16, 2011

III. Conclusion

In conclusion, Deloitte independently performed an area population study based on the most recently available population data from Claritas via Intellimed for 2010 through 2015 to document need for Centegra Hospital-Huntley and the project's compliance with the Review Board's criteria. While The Camden Group report and the Metrostudy report appear to impugn the Review Board's bed-need methodology and review criteria, neither report does so directly and neither report directly criticizes Deloitte's population study that was included in the CON application for Centegra Hospital-Huntley.

Respectfully submitted,

By: Richard Lee Piekarz

Richard Lee Piekarz
Senior Manager, Deloitte Financial Advisory Services, LLP

Hospital Project Completion Dates				
Hospital	Project No.	Application Filing Date	Completion Date	Extensions
Adventist Bolingbrook	03-095	2003	10/21/2008	10/21/2009
Elmhurst Memorial Hospital	07-104	2007	6/30/2013	
Sherman Hospital	05-054	2005	6/30/2010	
Silver Cross Hospital	07-148	2007	3/30/2012	

EXHIBIT E

DOCKET ITEM: D-1	BOARD MEETING: November 5-6, 2008	PROJECT NUMBER: 03-095
PERMIT HOLDERS(S): Adventist Bolingbrook Hospital		
FACILITY NAME and LOCATION: Bolingbrook Medical Center, Bolingbrook		

STATE AGENCY REPORT
PERMIT RENEWAL REQUEST

I. Background

On November 4, 2004, the State Board approved Project #03-095. The permit authorized the major construction and establishment of a 138-bed hospital containing 106 Medical/Surgical, 20 Obstetric, and 12 ICU beds. The project also called for the discontinuation of 50 Medical/Surgical and 32 Acute Mental Illness (AMI) beds at Adventist Hinsdale Hospital, Hinsdale.

The State Agency notes the project is obligated, and the current project completion date is October 21, 2008. The approved permit amount is $152,020,235.

The State Agency also notes the permit holders submitted the permit renewal request on September 4, 2008. This submittal was in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Agency at least 45 days prior to the permit expiration date.

II. Findings

The State Agency notes this is the first renewal request for this project and it appears the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

III. The Permit Renewal Request

A. Requested Completion Date: The permit holders request a project completion date of October 21, 2009. This would extend the project's completion date by 12 months, from October 21, 2008 to October 21, 2009.

DOCKET NO:	BOARD MEETING:	PROJECT NO:	PROJECT COST:
A - 13	February 26-27, 2008	07-104	Original: $475,479,765 Current: $
FACILITY NAME: Elmhurst Memorial Hospital		CITY: Elmhurst	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The applicants propose to discontinue Medical/Surgical ("M/S"), Pediatric ("Peds"), Intensive Care ("ICU"), Obstetric ("OB"), Cardiac Catheterization ("Cardiac Cath") and Open-heart Surgery services at Elmhurst Memorial Hospital (Berteau Avenue facility). The discontinuation of these services will result in the discontinuation of 289 M/S beds, 26 Peds beds, 26 OB beds and 30 ICU beds. The applicants also propose to establish a new 259-bed acute care hospital at their York Street property in Elmhurst. The York Street hospital will have 198 M/S, six Peds, 20 OB, and 35 ICU beds in addition to Cardiac Cath and Open-heart Surgery services. The Berteau Avenue facility will continue to operate Skilled Nursing Care and Acute Mental Illness ("AMI") services. The total project entails new construction and modernization of 1,042,501 GSF upon project completion. The total estimated project cost is $475,479,765.

The State Agency notes the applicants originally submitted this application as a modernization project, and proposed to "relocate" beds/services from their current facility to the proposed facility, without the establishment of a new facility. The applicants explained that modernization is justified due to the hospital's need to correct deficiencies, and that they are applying for a single hospital license for buildings on both the York Street and Berteau Avenue campuses (in accordance with Section 4.5 of the Illinois Hospital Licensing Act).

However, the State Board's rules do not allow the "relocation" of beds/services between facilities and locations. Therefore, the State Agency views and reviewed this application as the discontinuation of beds/services (Berteau Avenue campus) and the establishment of a new facility (York Street campus). During the review of the application, the State Agency requested that the applicants submit additional material to satisfy the requirements for discontinuation and the establishment of a new facility. While the applicants stated they disagreed with this determination, they complied with this request, and made the following statement; "By submitting this information, EMH does not intend to waive its rights to have its application reviewed as a modernization project and not as a project to establish a new hospital or establish any new categories of service."

TABLE FIVE Proposed Bed Capacity			
Elmhurst Memorial Hospital - Berteau Avenue (existing hospital)			
Category of Service	Existing Beds	Bed Changes	Proposed Beds
Medical-Surgical	289	-289	0
Pediatrics	26	-26	0
Obstetrics	26	-26	0
Intensive Care	30	-30	0
Acute Mental Illness	18	0	18
Nursing Care	38	0	38
TOTAL	427	-371	56

Elmhurst Memorial Hospital - York Street (proposed hospital)	
Category of Service	Proposed Beds
Medical-Surgical	198
Pediatrics	6
Obstetrics	20
Intensive Care	35
TOTAL	259

This is a Category B substantive project subject to both a Part 1110 and Part 1120 review. Project obligation will occur after permit issuance. The anticipated project completion date is June 30, 2013. The Illinois Department of Public Health's January 2008 update to the Inventory of Healthcare Facilities and Services and Need Determination ("Inventory") shows a computed excess of 403 M/S-Peds, 22 ICU, and 81 OB beds in the A-05 planning area.

A public hearing was held for this project on October 26, 2007. Ninety-two individuals attended the hearing. There were 65 individuals who testified in support for the project and three individuals who testified in opposition. The transcript and written comments from this hearing are included in the State Board's packet of material. Separately, the State Agency received 33 letters of support and two letters of opposition for this proposal.

IV. The Proposed Project - Details

The applicants propose to discontinue M/S, Peds, ICU, OB, Cardiac Cath and Open-heart Surgery services at their Berteau Avenue facility (Elmhurst) and discontinue 289 M/S, 26 Peds, 26 OB and 30 ICU beds. The applicants also propose to establish a new 259-bed acute care hospital at their York Street property in Elmhurst. The York Street campus hospital will have 198 M/S, six Peds, 20 OB, and 35 ICU beds in addition to Cardiac Cath and Open-heart Surgery services. The hospital's Berteau Avenue facility will continue to operate Skilled Nursing Care and AMI services. The York Street hospital will have six floors, plus a lower level, with mechanicals located on the 6th floor. The first

STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD
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DOCKET ITEM NUMBER: E-2	BOARD MEETING: December 14, 2010	PROJECT NUMBER: NA
BUSINESS ITEM: Declaratory Ruling Request		
FACILITY: Sherman Health System and Sherman Hospital, Elgin		
SUBJECT: Final Cost Report		

STATE AGENCY REPORT
DECLARATORY RULING REQUEST

I. Request for Declaratory Ruling

A declaratory ruling has been requested by Sherman Health System and Sherman Hospital ("permit holders") to accept a preliminary cost report and establish a process for the completion of Permit #05-054.

II. Background Information

Sherman Hospital ("Hospital") is located at 1425 North Randall Road, Elgin, Illinois. The Hospital is in HSA VIII and the A-11 Hospital Planning Area and is authorized for 255 acute care beds.

The Hospital was approved for the establishment of a 255 bed replacement hospital as Project #05-054 in June of 2006. The required approved completion date for this project is June 30, 2010. The project was completed on December 15, 2009, and the State Board was notified of the Project's completion date on January 11, 2010. A preliminary cost report (not final) was received by the State Agency on September 8, 2010.

III. Reason for the Request

According to the permit holders, they have a number of disputes with third parties regarding the construction of the Permit #05-054, one of which has resulted in litigation. These disputes have impacted the Hospital's ability to the meet the State Board's timeframe of submitting the final cost report within ninety days of project completion. According to the permit holders some of these claims may take several years to resolve. On January 11, 2010 the permit holders notified the State Agency that the project was complete.

IV. What the permit holders are asking the State Board to do

STATE AGENCY REPORT
PERMIT ALTERATION REQUEST
Project #05-054

PROJECT SUMMARY	
Permit holders(s)	Sherman Health and Sherman Hospital
Facility Name	Sherman Hospital
Location	Elgin, Illinois
Alteration Request Received	September 7, 2007

I. Project Description and Background Information

On June 7, 2006, the State Board approved Project #05-054. The permit authorized the construction of a 255-bed hospital on a site approximately 4.5 miles from the current Sherman Hospital in Elgin. The new site is located at 1425 North Randall Road in Elgin and will contain 388,493 GSF. The applicants propose to maintain the existing facility, located at 934 Center Street, in Elgin, which is known as the John Graham Pavilion. The approved permit amount is $310,352,103. The State Agency notes the project is obligated and has a current required completion date of June 30, 2010.

II. The Proposed Alteration

A. The following proposed alteration(s) require State Board approval:

1. The permit holders request an increase in the permit amount of $15,517,605, from $310,352,103 to $325,869,708, which is an increase of 5%.

B. The other components of the project (number of beds, services provided, size, etc.) will not change as a result of this alteration.

C. Reason(s) for the Proposed Alteration:

According to the permit holders, this alteration request is due to a series of events relating to the initial construction management team. Specifically, the permit holders selected Barton Malow Company / IHC ("Barton") to serve as the construction manager for the replacement hospital project. Once budget estimates were received from Barton, the CON application proposed a total construction cost (construction and contingencies) of $201 million. According to the permit holders, Barton made assurances that the

<table>
<tr><td>DOCKET NO:

A -</td><td>BOARD MEETING:

July 1-2, 2008</td><td>PROJECT NO:

07-148</td><td rowspan="2">PROJECT COST:

Original: $397,839,241
Current:</td></tr>
<tr><td colspan="2">FACILITY NAME:

Silver Cross Hospital</td><td>CITY:
Joliet and
New Lenox</td></tr>
<tr><td colspan="3">TYPE OF PROJECT: Substantive</td><td>HAS: IX</td></tr>
</table>

<u>PROPOSED PROJECT:</u> The applicants propose to establish a new hospital at Maple Road and Clinton Street in New Lenox. The current facility located in Joliet will be discontinued as part of this project. The new facility will contain 553,867 gross square feet of space and contain 194 medical/surgical, eight pediatric, 30 obstetric, 22 intensive care, 20 acute mental illness and 15 rehabilitation beds. The total estimated project cost is $397,839,241.

The State Agency notes the project was originally scheduled for the May 2008 State Board meeting. At this meeting, the State Board deferred the project (per 77 IAC 1130.655) to the July 2008 meeting. The deferral was issued in order to give both the State Board and State Agency time to review information submitted on May 13, 2008.

Table One lists the three other facilities in A-13 as well as hospitals within a 45 minute travel time of the proposed site. The 45 minute travel time is in reference to 77 IAC 1110.320(b)(4) - Allocation of Additional Beds Criterion. The table contains data on authorized beds for the M/S, OB, ICU, Rehabilitation and AMI services; respective occupancy rates for calendar year 2006 and distance and travel times. The State Agency notes authorized bed and utilization data were obtained from IDPH's 2006 hospital profiles; while distance and travel times were obtained from Map Quest. Travel times taken from Map Quest were adjusted per 77 IAC 1100(d), which became effective on March 19, 2008. This new rule allows Map Quest travel times to be adjusted by 1.15 for counties in the Chicago Metropolitan Area. These counties include Cook (excluding Chicago) DuPage, Will, Kendall, Kane, McHenry, Lake, and Aux Sable Township of Grundy County, plus the counties of Winnebago, Peoria, Sangamon and Champaign. The table is sorted based on travel time from the applicants' proposed facility. Hospitals within the A-13 planning area are bolded.

This is a substantive project subject to both Parts 1110 and 1120 review. Project obligation will occur after permit issuance. The project completion date is March 30, 2012.

The State Agency notes two public hearings were held for the project. The first hearing was held on January 22, 2008 in Joliet and the second hearing was held on January 23, 2008 in New Lenox. The New Lenox hearing was attended by 160 individuals, with 14 testifying in opposition and 49 testifying in support. The Joliet hearing was attended by 190 individuals, with 34 testifying in opposition and 50 testifying in support. Two public hearings were held since both communities are affected by the project. In addition, 1,228 letters of support and 30 letters of opposition were received by the State Agency. One of the opposition letters contained appendices from the public hearings, newspaper articles and MapQuest determinations and was 122 pages in length.

Table Two lists the applicants' beds, occupancy rates, average length of stay ("ALOS") and average daily census ("ADC"), by category of service, for the period January 1, 2006 thru December 31, 2006. The State Agency notes the information provided with the application agrees to the information provided as part of the 2006 IDPH Hospital Questionnaire.