

August 17, 2011

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VIA EMAIL and FEDERAL EXPRESS

RECEIVED

AUG 18 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

Re: Project No. 10-089 Mercy Crystal Lake Hospital and Medical Center, Inc.
Request for Public Hearing on Modification

Dear Ms. Avery:

I represent Centegra Hospital – McHenry and Centegra Hospital – Woodstock. By letter dated August 10, 2011 my clients requested a public hearing on the recent material modifications made by the Mercy applicants to Project No. 10-089. The request for public hearing was premised upon: 1) Mercy’s proposed modification is a “Type A” modification in that it eliminated the cardiac catheterization category of service that was included in the original application, and 2) the changes are so substantial and numerous that the modification essentially is a new project that should be subjected to public discourse in a public hearing.

In response to Centegra’s public hearing request dated August 11, 2011, Mercy now claims that a public hearing should not be granted because, even though Mercy acknowledges the original application included multiple references to cardiac catheterization, Mercy did not “intend” to include this category of service in the application. The Health Facilities and Services Review Board (“Review Board”) should reject Mercy’s arguments and schedule a public hearing for Project 10-089 for the following reasons:

- a. Mercy’s intent is irrelevant. The original application represented to the public that the project included the cardiac catheterization category of service and the modification removed this category of service from the proposed hospital. This change in the categories of service to be provided requires an opportunity for public hearing under the Review Board’s rules.
- b. Mercy’s claim that it unintentionally included cardiac catheterization in the application is not credible. Mercy’s own submissions demonstrate that its inclusion of cardiac catheterization in the application was intentional.

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- c. Mercy's contention that it should now be deemed to have waived its request for cardiac catheterization is without merit and should be rejected.
- d. Whether technically considered a Type A modification or not, Mercy's modified application is so materially different from the original proposal that a public hearing is required to effect the policies of the Health Facilities Planning Act to increase public participation and transparency in the CON process.

A. Mercy's "intent" is irrelevant

Mercy's representative Richard Gruber, along with its CON attorney and CON consultant, all claim that the inclusion of cardiac catheterization in the original application was unintentional. However, Mercy's intent is completely irrelevant for purposes of the Review Board's rules regarding Type A modifications. The undisputed fact is that Mercy's original application and its subsequent submissions prior to the modification received on July 27, 2011, *repeatedly* represented to the public that the project included the cardiac catheterization category of service with two cardiac catheterization laboratories. Under the Review Board's rules, it is the objective content of the CON application, and not the subjective intent of the applicant, that determines whether a Type A modification has occurred.

Section 1130.650(a) of the Board's rules is quite clear that if a modification includes a "change in the categories of service to be provided," then an opportunity for public hearing *is required*. (77 Ill. Adm. Code 1130.650(c)(5).) The rule references the objective contents of the application and the modification, not the subjective mental state of the applicant. Mercy acknowledges that the original application included cardiac catheterization in the proposed hospital and the modification does not. This is a "change in the categories of service to be provided" under the rules and mandates an opportunity for public hearing.

B. Mercy's claim that cardiac catheterization was unintentionally included in the application is not credible

Mercy, for the first time since its application was submitted in December 2010, now claims that the inclusion of cardiac catheterization in the original application was the erroneous act of Mercy's architect and was not intended by Mercy. These claims are not credible and are refuted by Mercy's own prior submissions.

Contrary to the representation of Mercy's attorney, there are substantially more than just four references to cardiac catheterization in the Mercy application. In fact, the application had a total of **12** different direct references to cardiac catheterization in **three**

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separate submissions by Mercy made over a five-month time period. This could not have been unintentional.

In the application received by the Review Board on December 29, 2010, there are seven direct references to cardiac catheterization on pages 71, 79, 120, 122, 124, 136 and 187 of the application. Two of Mercy's officers certified that the information and data contained in the application were "complete and correct." The seven pages of the original application, cover page and certification page are included as Exhibit A to this letter.

In Mercy's subsequent submission dated January 21, 2011, there are four direct references to cardiac catheterization labs on pages 71, 79, 120 and 187. This submission is significant because its sole purpose was to correct technical errors in the application. Given the multiple references to cardiac catheterization in the *corrected* pages, the Mercy applicants obviously did not consider the inclusion of cardiac catheterization to constitute an error, as they now claim. Copies of the four pages referencing the cardiac catheterization category of service in the January 21 submission and the applicants' cover letter are included with this letter as Exhibit B.¹

Mercy made another submission dated May 13, 2011 in response to a request from the Review Board's staff for additional information. That response includes a listing of Project Costs with completely new application pages listing Moveable and Other Equipment for cardiac catheterization and providing a breakdown of costs for two cardiac catheterization laboratories at \$1,200,000 each as well as other costs for furniture, computers-telecommunications, equipment allocations, and miscellaneous items. This page and the cover letter from Mercy's CON consultant are included as Exhibit D to this letter. This page, which specifically references cardiac catheterization and identifies the costs of equipment, furniture, and furnishings, including a break-out by quantity, unit price and total cost for each item, was obviously separately prepared in response to requested information from the Review Board's staff and clearly was not an unintended oversight.

Mercy's multiple direct references to cardiac catheterization in separate submissions over a five-month period, which include a detailed listing of costs for the construction and equipment for the cardiac catheterization category of service, demonstrate that Mercy's claim that it was all unintentional is not credible.

¹ Mercy's January 21, 2011 submission appears to have been resubmitted and posted on the Review Board's website on March 1, 2011. This resubmission (attached as Exhibit C to this letter) has the same four references to cardiac catheterization (pages 71, 79, 120 and 187) as the prior submission.

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C. Mercy's "waiver" argument is without merit

Mercy's attorney claims that Mercy "waived" its request for the cardiac catheterization category of service by not responding to the Board's Review Criteria for that service. This argument is without merit.

First, the argument that Mercy waived the request for the cardiac catheterization category of service is itself an acknowledgment that the application in fact requested that service. That Mercy now wants to "waive" the request does not change the facts that the original application included the cardiac catheterization category of service and that the modification changed the categories of service to be provided so as to require an opportunity for public hearing. If an applicant could avoid a public hearing on a Type A modification by merely claiming "waiver" afterwards, as Mercy does here, then the Board's rules would be rendered meaningless.

Second, the fact that the Board's staff deemed Mercy's application "substantially complete" and eligible for staff review even though it did not address the Review Criteria for cardiac catheterization should not be deemed a waiver on Mercy's part. Mercy's application also failed to address the Review Criteria for most of the proposed clinical services (including Surgery, Emergency Department, Newborn Nursery, Labor Delivery Recovery, Diagnostic Imaging, and others, as required in Attachment 37 of the CON application) and was still deemed "complete." Mercy obviously does not claim that it waived its request for those services.

Finally, Mercy was on notice of the references to cardiac catheterization in its application *no later than June 7, 2011*, when Centegra's objections to Mercy's project were posted on the Review Board's website. Mercy's request for cardiac catheterization, even though it failed to address the Review Criteria for that category of service, was specifically raised as an objection to the project by Centegra Health System in the letter dated June 6, 2011 from Aaron Shepley to Ms. Avery. An attachment to that letter identifies the pages in the application where cardiac catheterization is requested. (A copy of Mr. Shepley's letter and the referenced attachment are included as Exhibit E to this letter.) If Mercy really wanted to waive its request for this category of service it should have done so when Centegra raised the objection. Instead, Mercy remained silent and let the Review Board vote on the project at its June 28, 2011 meeting *with the cardiac catheterization references still in the application*. Mercy knew that its application contained references to cardiac catheterization, and then let the Review Board vote on that application without notifying the Board or the public that it was waiving its request to establish the cardiac catheterization category of service in its proposed hospital. Mercy should not now be deemed to have waived the service for the purpose of avoiding a public hearing on its modification.

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D. An opportunity for public hearing should be allowed in light of the material changes in the application

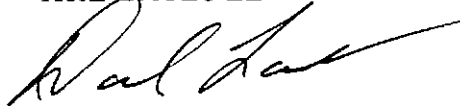
Apart from the Type A modification, a public hearing should be held based upon the material modifications to the application. Mercy's submission of August 11, 2011 does not respond to this point at all.

As noted in Centegra's request for public hearing, Mercy has reduced the proposed number of medical/surgical beds from 100 to 56, and the obstetric beds from 20 to 10. These changes violate the Review Board's regulations that require new medical/surgical units to have a minimum of 100 beds and new obstetric units have a minimum of 20 beds. The modified application directly attacks the Review Board's regulations and is essentially a referendum on the reasonableness and validity of the Review Board's adopted review criteria. The public and existing area hospitals should be allowed to participate in this process through the public hearing processes.

For these reasons, the Review Board should grant an opportunity for public hearing on the modification made by the Mercy applicants in Project No. 10-089 Mercy Crystal Lake Hospital and Medical Center.

Very truly yours,

K&L GATES LLP



Daniel J. Lawler

DJL:dp

Enclosures

cc: Mr. Frank Urso
Mr. Michael Constantino
Ms. Andrea Rozran
Ms. Hadley Streng

ORIGINAL

10-089

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

DEC 29 2010

Facility/Project Identification

Facility Name: Mercy Crystal Lake Hospital and Medical Center, Inc.	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address: SE Corner of State Rte 31 & Three Oaks Road		
City and Zip Code: Crystal Lake, IL 60014		
County: McHenry	Health Service Area: 8	Health Planning Area: A-10

Applicant /Co-Applicant Identification

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

Exact Legal Name: Mercy Crystal Lake Hospital and Medical Center, Inc.
Address: 2000 Lake Avenue, Woodstock, IL 60098
Name of Registered Agent: Richard H. Gruber
Name of Chief Executive Officer: Javon R. Bea
CEO Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6112

Type of Ownership of Applicant/Co-Applicant

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

o Corporations and limited liability companies must provide an Illinois certificate of good standing.

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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

Primary Contact

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

Name: Dan Colby
Title: Vice President
Company Name: Mercy Health System Corporation, Inc.
Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6123
E-mail Address: dcolby@mhsjvl.org
Fax Number: 608-756-6236

Additional Contact

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

Name: Richard H. Gruber
Title: Vice President
Company Name: Mercy Health System Corporation, Inc.
Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6112
E-mail Address: rgruber@mhsjvl.org
Fax Number: 608-756-6236



CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Mercy Alliance, Inc. and Mercy Crystal Lake Hospital and Medical Center, Inc. *

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

On behalf of Mercy Alliance, Inc.

On behalf of Mercy Crystal Lake Hospital and Medical Center, Inc.

Dan Colby
SIGNATURE

Richard H. Gruber
SIGNATURE

PRINTED NAME Dan Colby

PRINTED NAME Richard H. Gruber

PRINTED TITLE Vice President

PRINTED TITLE Secretary

Notarization:
Subscribed and sworn to before me
this 27th day of December, 2010

Notarization:
Subscribed and sworn to before me
this 27th day of December, 2010

Richard H. Gruber
Signature of Notary

Richard H. Gruber
Signature of Notary

Seal

Seal

*Insert EXACT legal name of the applicant

Square Footage Summary

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Mod/Surg Unit	61,769	\$320	\$19,775,860	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	16,085	\$320	\$5,019,200	
4 Newborn Nursery	3,865	\$315	\$1,164,475	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
8 Emergency	8,398	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
6 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,665	
10 Cath Labs	6,729	\$423	\$2,848,387	
11 Central Processing	4,250	\$408	\$1,725,600	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	6,224	\$320	\$1,971,680	
14 Outpatient Surgery	13,693	\$320	\$4,372,160	
15 Dialysis	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$484,118	
17 Respiratory Therapy	1,290	\$316	\$408,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,860	
19 Physical Therapy	2,365	\$320	\$763,800	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$226	\$5,344,675	
24 Materials Management	2,640	\$220	\$584,800	
25 Building Support	6,261	\$215	\$1,343,865	
26 Employee Facilities	6,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$267,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,681	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	6,600	\$224	\$1,232,000	
32 Dining	6,480	\$310	\$1,992,800	
33 Yard Storage	600	\$185	\$102,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,625	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	

Total Hospital DGSF: 291,984 Total Cost: \$288,385,488,923

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	6,728	\$220	\$1,259,720
2 Medical Records	12,284	\$224	\$2,747,136
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,660	\$210	\$957,600
6 Physician Offices	42,868	\$230	\$9,859,640

Total Clinic DGSF: 89,948 Total Cost: \$20,207,936

Total Hospital and Clinic DGSF: 353,780 Total Cost: \$105,704,859

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal \$4,300,000

Subtotal with Allowance \$4,600,000

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DG/SF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,789	\$320	\$19,775,680	
2 ICU	3,884	\$434	\$1,688,988	
3 Obstetrics	15,885	\$320	\$5,019,200	
4 Newborn Nursery	3,885	\$315	\$1,164,475	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$826,330	
6 Emergency	8,368	\$330	\$3,001,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	8,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	8,729	\$423	\$2,840,387	
11 Central Processing	4,250	\$408	\$1,725,600	
12 Surgical Suite	19,650	\$488	\$9,735,900	
13 Recovery	5,224	\$320	\$1,871,680	
14 Outpatient Surgery	13,083	\$320	\$4,372,180	
16 Diolory	8,724	\$473	\$4,128,462	
16 Pharmacy	1,698	\$291	\$484,118	
17 Respiratory Therapy	1,290	\$315	\$408,360	
18 Cardiac Rehabilitation	1,203	\$320	\$384,860	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$260	\$2,937,000	
22 Administration	8,828	\$260	\$1,707,260	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	8,251	\$215	\$1,343,865	
26 Employee Facilities	5,110	\$218	\$1,103,780	
27 Medical Library	1,150	\$224	\$267,600	
28 Housekeeping	3,631	\$220	\$778,820	
29 Laundry Holding	1,681	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,600	\$224	\$1,232,000	
32 Dining	6,460	\$310	\$1,982,600	
33 Yard Storage	600	\$185	\$92,500	
34 Human Resources	838	\$220	\$183,820	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,600	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$167	\$160,788	
39 Canopies	2,250	\$260	\$582,500	

Subtotal Hospital DG/SF: 353,780 \$/SF: \$223 \$: \$105,708,869

Physician Clinic Summary

Department Name	Total DG/SF	\$/SF	\$
1 Building Systems	5,728	\$220	\$1,259,720
2 Medical Records	12,284	\$224	\$2,747,138
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,660	\$210	\$957,600
5 Physician Offices	42,888	\$230	\$9,859,840

Total Clinic DG/SF: 88,928 \$/SF: \$223 \$: \$20,207,838

Total Hospital and Clinic DG/SF: 442,708 \$/SF: \$223 \$: \$105,708,869

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal: \$4,300,000

Subtotal with Allowances: \$110,008,869

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary		Total DGSF	\$/SF	\$	Comments
Room Name					
IDHP Reviewable Areas					
1 Mod/Surg Unit	61,799	\$320	\$19,778,680		
2 ICU	3,894	\$434	\$1,689,998		
3 Obstetrics	15,665	\$320	\$5,019,200		
4 Newborn Nursery	3,665	\$315	\$1,154,475		
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330		
6 Emergency	8,368	\$330	\$3,091,440		
7 Laboratory	4,878	\$398	\$1,941,444		
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,891,298		
9 MRI	3,405	\$473	\$1,610,565		
10 Cath Labs	8,729	\$423	\$2,648,387		
11 Central Processing	4,250	\$406	\$1,725,500		
12 Surgical Suite	19,660	\$498	\$9,735,900		
13 Recovery	5,224	\$320	\$1,671,680		
14 Outpatient Surgery	13,663	\$320	\$4,372,160		
15 Dietary	8,724	\$473	\$4,126,452		
16 Pharmacy	1,698	\$291	\$494,118		
17 Respiratory Therapy	1,290	\$315	\$408,350		
18 Cardiac Rehabilitation	1,203	\$320	\$384,960		
19 Physical Therapy	2,355	\$320	\$753,600		
20 Occupational Therapy	450	\$320	\$144,000		
IDHP Non Reviewable Areas					
21 Building Systems	11,748	\$250	\$2,937,000		
22 Administration	8,829	\$250	\$1,707,250		
23 Public Circulation	23,755	\$226	\$5,344,875		
24 Materials Management	2,840	\$220	\$624,800		
25 Building Support	6,251	\$215	\$1,343,865		
26 Employee Facilities	5,110	\$216	\$1,103,780		
27 Medical Library	1,150	\$224	\$257,600		
28 Housekeeping	3,631	\$220	\$778,820		
29 Laundry Holding	1,681	\$200	\$332,200		
30 Morgue	286	\$224	\$64,512		
31 Medical Records	5,500	\$224	\$1,232,000		
32 Dining	5,450	\$310	\$1,692,600		
33 Yard Storage	500	\$185	\$92,500		
34 Human Resources	838	\$220	\$183,920		
35 Marketing	2,310	\$220	\$508,200		
36 Meeting Rooms	2,525	\$220	\$555,600		
37 Sleep Studies	1,313	\$280	\$367,840		
38 Ambulance Garage	1,024	\$167	\$180,788		
39 Canopies	2,250	\$250	\$562,500		
Subtotal Hospital DGSF		284,884	\$288	\$85,498,923	
Physician Clinic Summary					
Department Name	Total DGSF				
1 Building Systems	5,726	\$220	\$1,259,720		
2 Medical Records	12,284	\$224	\$2,747,136		
3 Waiting	23,408	\$230	\$5,383,840		
4 Public Circulation	4,650	\$210	\$957,000		
5 Physician Offices	42,888	\$230	\$9,859,840		
Total Clinic DGSF		88,956	\$223	\$20,207,936	
Total Hospital and Clinic DGSF		353,790	\$223	\$105,706,859	
Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000		
Landscaping (Allowance)	1	\$300,000	\$300,000		
Subtotal				\$4,300,000	
Subtotal with Allowances				\$110,006,859	

Attachment 14: Size of Project

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDPH Reviewable Areas				
1 Med. / Surg. Unit	61,799	\$280	\$17,303,748	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$280	\$4,391,772	
4 Newborn Nursery	6,047	\$280	\$1,693,230	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,482	
6 Emergency	9,368	\$330	\$3,091,506	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,097	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	6,729	\$423	\$2,848,177	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	19,550	\$489	\$9,735,975	
13 Recovery	5,224	\$297	\$1,551,380	
14 Outpatient Surgery	13,063	\$297	\$4,057,985	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$288	\$371,520	
18 Cardiac Rehabilitation	1,203	\$288	\$346,579	
19 Physical Therapy	2,355	\$288	\$678,298	
20 Occupational Therapy	450	\$288	\$129,499	
IDPH Non Reviewable Areas				
21 Building Systems	11,748	\$157	\$1,844,436	
22 Administration	6,829	\$224	\$1,529,741	
23 Public Circulation	23,755	\$210	\$4,988,550	
24 Materials Management	2,840	\$185	\$525,400	
25 Building Support	6,251	\$157	\$981,407	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$171	\$603,801	
29 Laundry Holding	1,661	\$185	\$307,285	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$199	\$1,086,540	
33 Yard Storage	500	\$185	\$92,483	
34 Human Resources	836	\$185	\$154,660	
35 Marketing	2,310	\$185	\$427,350	
36 Meeting Rooms	2,525	\$185	\$467,125	
37 Sleep Studies	1,313	\$280	\$367,695	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	
Subtotal Hospital DGSF	297,346	\$286	\$79,249,696	

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	5,726	\$157	\$899,045
2 Medical Records	12,264	\$224	\$2,747,136
3 Waiting	23,408	\$210	\$4,915,680
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,868	\$220	\$9,430,960
Total Clinic DGSF	88,826	\$213	\$18,950,421
Total Hospital and Clinic DGSF	386,172	\$270	\$98,200,317
Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000
Subtotal			\$4,300,000
Subtotal with Allowances			\$102,500,317

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Hospital Departmental Summary

Department Name	Total DGSF	Norm GSF	Illinois State Norms
IDPH Reviewable Areas			
1 Med. / Surg. Unit	61,799	40,100	401 GSF / Bnd (100 Beds)
2 ICU	3,894	2,412	603 GSF / Bed (4 Beds)
3 Obstetrics	15,685	11,424	476 GSF / Bnd (24 Beds)
4 Newborn Nursery	6,047	3,648	152 GSF / OB Bed (24 OB Beds)
5 Labor-Delivery-Recovery Rooms	2,501		1,975 GSF / Needed Delivery Room
6 Emergency	9,368		744.6 GSF / Treatment Room @ 2,000 per Rm per yr.
7 Laboratory	4,878	4,608	38 GSF / Bed (128 Beds)
8 Imaging (Diagnostic Radiology)	9,752		1,386 GSF / Procedure Rm
9 MRI	3,405	3,400	3,400 GSF / Unit @ 2,000 visits/unit
10 Cath Labs	6,729	3,192	1,596 GSF / Lnh (2 Labs)
11 Central Processing	4,250	2,304	18 GSF / Bed (128 Beds)
12 Surgical Suite	19,550	20,078	2078 GSF / Operating Room (10 ORs)
13 Recovery	5,224	1,800	180 GSF / Recovery Station - max 4 per OR (1 PACU per 10 ORs)
14 Outpatient Surgery	13,653		
15 Dietary	8,724		
16 Pharmacy	1,698	1,536	12 GSF / Bed (128 Beds)
17 Respiratory Therapy	1,290	1,140	8.9 GSF / Bed (128 Beds)
18 Cardiac Rehabilitation	1,203		
19 Physical Therapy	2,355	2,300	23 GSF / M-S Bed (100 Beds)
20 Occupational Therapy	450	430	4.3 GSF / M-S Bed (100 Beds)
IDPH Non Reviewable Areas			
21 Building Systems	11,748		
22 Administration	6,829		
23 Public Circulation	23,755		
24 Materials Management	2,840		
25 Building Support	6,251		
26 Employee Facilities	5,110		
27 Medical Library	1,150		
28 Housekeeping	3,531		
29 Laundry Holding	1,681		
30 Morgue	288		
31 Medical Records	5,500		
32 Dining	5,460		
33 Yard Storage	500		
34 Human Resources	836		
35 Marketing	2,310		
36 Meeting Rooms	2,525		
37 Sleep Studies	1,313		
38 Ambulance Garage	1,024		
39 Canopies	2,250		
Subtotal Hospital DGSF	267,348		

Physician Clinic Summary

Department Name	Total DGSF	Comments
1 Building Systems	5,726	
2 Medical Records	12,264	
3 Waiting	23,408	
4 Public Circulation	4,560	
5 Physician Offices	42,868	
Total Clinic DGSF	88,826	
Total Building DGSF	356,173	

**Mercy
Crystal Lake
Medical Center**

Cath Labs

SPACE REQUIREMENTS

Prep/Recovery Zone

Room Name			Total NSF	Required by:	Comments
1 Prep/Recovery	4 @	108	432	AIA	1 Isolation/Quiet
2 Handwashing	1 @	5	5	IDPH, AIA	
3 Patient Toilet	4 @	60	240	IDPH, AIA	
4 Nurse Station	1 @	144	144	IDPH, AIA	
5 Clean Utility	1 @	80	80	IDPH	
6 Soiled Utility	1 @	100	100	IDPH	

Subtotal Prep/Recovery Zone 1,001

Procedure Zone

Room Name			Total NSF	Required by:	Comments
→ 1 Cath Labs	2 @	600	1,200	AIA	400 sf min clear
2 Computer Equipment	2 @	100	200	AIA	
3 Control Room	2 @	100	200	AIA	
4 Scrub Alcove	2 @	25	50	AIA	
5 Stretcher Alcove	2 @	30	60		
6 Equipment Storage	2 @	150	300	AIA	
7 Clean Core/Work Area	1 @	250	250	AIA	
8 Viewing Room	1 @	80	80	AIA	
9 Server Room	1 @	30	30	AIA	
10 Soiled Utility	1 @	80	80	AIA	
11 Clean Utility	1 @	120	120	AIA	
12 Anesthesia Work	1 @	180	180	AIA	
13 Dictation	1 @	60	60	AIA	
14 Housekeeping	1 @	40	40	AIA	

Subtotal Procedure Zone 2,850

Support Zone

Room Name			Total NSF	Required by:	Comments
1 Women's Lockers	1 @	180	180	AIA	Includes Toilet & Shower
2 Men's Lockers	1 @	180	180	AIA	Includes Toilet & Shower
3 Control Desk	1 @	120	120		
4 Crash Cart	1 @	10	10		

Subtotal Support Zone 490

Subtotal Cath Lab Suite (NSF) 4,341

Total Department Gross Square Feet (DGSF) @ 1.55 6,729

IDPH Illinois Department of Public Health (77 ILL. ADM. CODE 250 Section 250.2440 - General Hospital Standards)

AIA AIA Guidelines for Design and Construction of Hospitals and Health Care Facilities - 2001 Edition

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A		B		C		D		E		F		G		H		Total Cost (G + H)
	Cost/Square Foot New	Square Foot Mod.	Gross Square Foot New	Square Foot Mod.	Gross Square Ft. Circ.*	Square Foot Circ.*	Gross Square Ft. Mod.	Square Foot Circ.*	Gross Square Ft. Mod.	Square Foot Circ.*	Const. \$ (A x C)	Mod.\$ (B x E)	Const. \$ (A x C)	Mod.\$ (B x E)			
Hospital - All Departments																	
IDPH Reviewable Areas																	
1 Med/Surg Unit	\$320		61,799											\$19,775,680			\$19,775,680
2 ICU	\$434		3,894											\$1,689,996			\$1,689,996
3 Obstetrics	\$320		15,685											\$5,019,200			\$5,019,200
4 Newborn Nursery	\$315		3,665											\$1,154,475			\$1,154,475
5 Labor-Delivery-Recovery Rooms	\$330		2,501											\$825,330			\$825,330
6 Emergency	\$330		9,368											\$3,091,440			\$3,091,440
7 Laboratory	\$398		4,878											\$1,941,444			\$1,941,444
8 Imaging (Diagnostic Radiology)	\$398		9,752											\$3,881,296			\$3,881,296
9 MRI	\$473		3,405											\$1,610,565			\$1,610,565
10 Cath Labs	\$423		6,729											\$2,846,367			\$2,846,367
11 Central Processing	\$406		4,250											\$1,725,500			\$1,725,500
12 Surgical Suite	\$498		19,550											\$9,735,900			\$9,735,900
13 Recovery	\$320		5,224											\$1,671,680			\$1,671,680
14 Outpatient Surgery	\$320		13,663											\$4,372,160			\$4,372,160
15 Dietary	\$473		8,724											\$4,126,452			\$4,126,452
16 Pharmacy	\$291		1,698											\$494,118			\$494,118
17 Respiratory Therapy	\$315		1,290											\$406,350			\$406,350
18 Cardiac Rehabilitation	\$320		1,203											\$384,960			\$384,960
19 Physical Therapy	\$320		2,355											\$753,600			\$753,600
20 Occupational Therapy	\$320		450											\$144,000			\$144,000
IDPH Non Reviewable Areas																	
21 Building Systems	\$250		11,748											\$2,937,000			\$2,937,000
22 Administration	\$250		6,829											\$1,707,250			\$1,707,250
23 Public Circulation	\$225		23,755											\$5,344,875			\$5,344,875
24 Materials Management	\$220		2,840											\$624,800			\$624,800
25 Building Support	\$215		6,251											\$1,343,965			\$1,343,965
26 Employee Facilities	\$216		5,110											\$1,103,760			\$1,103,760
27 Medical Library	\$224		1,150											\$257,600			\$257,600
28 Housekeeping	\$220		3,531											\$776,820			\$776,820



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18-089

January 21, 2011

Courtney R. Avery, Administrator
Illinois Health Facilities and Services Review Board
100 W. Randolph St.
Chicago, IL 60601

RECEIVED

JAN 24 2011

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Dear Ms. Avery,

As you are aware, Mercy Health System submitted a CON application to build a new hospital in Crystal Lake, Ill. That application was deemed complete on January 12.

In the process of reviewing our application we noted some minor calculation errors. After a phone discussion with Mike Constantino of your office, he advised us to submit corrected pages of these minor technical errors to your office for inclusion in our application. Please see enclosed.

We thank you for your cooperation and look forward to working with you and your staff during this application process.

Sincerely

Dan Colby,
Vice President

cc: Mike Constantino

enc.

PERCAD-Bayerno, R. J.
EXHIBIT
B

Square Footage Summary

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary				
Room Name	Total DGFSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,678	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	6,729	\$423	\$2,848,367	
11 Central Processing	4,250	\$408	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,400	\$310	\$1,682,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	830	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	
Subtotal Hospital DGFSF				
	264,934	\$298	\$85,489,473	
Physician Clinic Summary				
Department Name	Total DGFSF			
1 Building Systems	5,726	\$220	\$1,259,720	
2 Medical Records	12,264	\$224	\$2,747,136	
3 Waiting	23,408	\$230	\$5,383,840	
4 Public Circulation	4,560	\$210	\$957,600	
5 Physician Offices	42,860	\$230	\$9,859,840	
Total Clinic DGFSF				
	88,826	\$223	\$20,207,936	
Total Hospital and Clinic DGFSF				
	353,760	\$290	\$105,697,409	
Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000	
Landscaping (Allowance)	1	\$300,000	\$300,000	
Subtotal			\$4,300,000	
Subtotal with Allowances			\$109,997,409	

Attachment 7: Project Costs and Sources of Funds

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	S/SF	\$	Comments
IDHP Reviewable Areas				
1 Mod/Surg Unit	61,799	\$320	\$19,775,880	
2 ICU	3,884	\$434	\$1,689,986	
3 Obstetrics	15,885	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,298	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	8,729	\$423	\$2,846,367	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	10,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,280	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$218	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,861	\$200	\$372,200	
30 Morgue	268	\$224	\$59,952	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	
Subtotal Hospital DGSF				
	264,934	\$298	\$85,489,473	
Physician Clinic Summary				
Department Name	Total DGSF			
1 Building Systems	5,726	\$220	\$1,259,720	
2 Medical Records	12,204	\$224	\$2,747,136	
3 Waiting	23,408	\$230	\$5,383,840	
4 Public Circulation	4,580	\$210	\$961,800	
5 Physician Offices	42,868	\$230	\$9,858,640	
Total Clinic DGSF				
	88,826	\$223	\$20,207,936	
Total Hospital and Clinic DGSF				
	353,760	\$290	\$105,697,409	
Sitework (Included in bldg S/SF)	1	\$4,000,000	\$4,000,000	
Landscaping (Allowance)	1	\$300,000	\$300,000	
Subtotal				
			\$4,300,000	
Subtotal with Allowances				
			\$109,997,409	

Attachment 9: Cost Space Requirements

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$320	\$5,018,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,585	
10 Cath Labs	8,729	\$423	\$2,848,367	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,100	
15 Diolary	8,724	\$473	\$4,126,452	
18 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	8,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,865	
26 Employee Facilities	5,110	\$210	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,788	
39 Cengpics	2,250	\$250	\$562,500	

Subtotal Hospital DGSF 264,934 \$298 \$85,489,473

Physician Clinic Summary

Department Name	Total DGSF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,868	\$230	\$9,859,640

Total Clinic DGSF 88,826 \$223 \$20,207,936

Total Hospital and Clinic DGSF 353,760 \$290 \$105,697,409

Sitework (Included in bldg \$/SF) 1 \$4,000,000 \$4,000,000
 Landscaping (Allowance) 1 \$300,000 \$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$109,997,409

Attachment 14: Size of Project

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	
								Mod.\$	(B x E)
	Cost/Square Foot New	Foot Mod.	Gross Square Ft. New	Gross Square Ft. Circ.*	Gross Square Mod.	Gross Square Ft. Circ.*	Const. \$ (A x C)		Total Cost (G + H)
Hospital - All Departments									
IDPH Reviewable Areas									
1 Med/Surg Unit	\$320		61,799				\$19,775,680		\$19,775,680
2 ICU	\$434		3,894				\$1,689,996		\$1,689,996
3 Obstetrics	\$320		15,685				\$5,019,200		\$5,019,200
4 Newborn Nursery	\$315		3,635				\$1,145,025		\$1,145,025
5 Labor-Delivery-Recovery Rooms	\$330		2,501				\$825,330		\$825,330
6 Emergency	\$330		9,368				\$3,091,440		\$3,091,440
7 Laboratory	\$398		4,878				\$1,941,444		\$1,941,444
8 Imaging (Diagnostic Radiology)	\$398		9,752				\$3,881,296		\$3,881,296
9 MRI	\$473		3,405				\$1,610,565		\$1,610,565
10 Cath Labs	\$423		6,729				\$2,846,367		\$2,846,367
11 Central Processing	\$406		4,250				\$1,725,500		\$1,725,500
12 Surgical Suite	\$498		19,550				\$9,735,900		\$9,735,900
13 Recovery	\$320		5,224				\$1,671,680		\$1,671,680
14 Outpatient Surgery	\$320		13,663				\$4,372,160		\$4,372,160
15 Dietary	\$473		8,724				\$4,126,452		\$4,126,452
16 Pharmacy	\$291		1,698				\$494,118		\$494,118
17 Respiratory Therapy	\$315		1,290				\$406,350		\$406,350
18 Cardiac Rehabilitation	\$320		1,203				\$384,960		\$384,960
19 Physical Therapy	\$320		2,355				\$753,600		\$753,600
20 Occupational Therapy	\$320		450				\$144,000		\$144,000
IDPH Non Reviewable Areas									
21 Building Systems	\$250		11,748				\$2,937,000		\$2,937,000
22 Administration	\$250		6,829				\$1,707,250		\$1,707,250
23 Public Circulation	\$226		23,755				\$5,344,875		\$5,344,875
24 Materials Management	\$220		2,840				\$624,800		\$624,800
25 Building Support	\$215		6,251				\$1,343,965		\$1,343,965
26 Employee Facilities	\$216		5,110				\$1,103,760		\$1,103,760
27 Medical Library	\$224		1,150				\$257,600		\$257,600
28 Housekeeping	\$220		3,531				\$776,820		\$776,820



10-089



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HEALTH FACILITIES &
SERVICES REVIEW BOARD

January 21, 2011

Courtney R. Avery, Administrator
Illinois Health Facilities and Services Review Board
100 W. Randolph St.
Chicago, IL 60601

Dear Ms. Avery,

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In the process of reviewing our application we noted some minor calculation errors. After a phone discussion with Mike Constantino of your office, he advised us to submit corrected pages of these minor technical errors to your office for inclusion in our application. Please see enclosed.

We thank you for your cooperation and look forward to working with you and your staff during this application process.

Sincerely

Dan Colby,
Vice President

cc: Mike Constantino

enc.

PERCAD-Bayshore, N. J.
EXHIBIT
C

Square Footage Summary

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGFSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
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3 Obstetrics	15,685	\$320	\$5,019,200	
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9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	6,729	\$423	\$2,846,387	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
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18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,480	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,840	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	

Subtotal Hospital DGFSF 264,934 \$298 \$85,488,473

Physician Clinic Summary

Department Name	Total DGFSF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
3 Waiting	23,408	\$230	\$5,383,840
4 Public Circulation	4,560	\$210	\$957,600
5 Physician Offices	42,868	\$230	\$9,859,640

Total Clinic DGFSF 88,826 \$223 \$20,207,936

Total Hospital and Clinic DGFSF 353,760 \$290 \$105,697,409

Sitework (Included in bldg S/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$109,997,409

Attachment 7: Project Costs and Sources of Funds

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DG/SF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,685	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	6,729	\$423	\$2,846,367	
11 Central Processing	4,250	\$406	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,126,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
25 Building Support	6,251	\$215	\$1,343,965	
26 Employee Facilities	5,110	\$216	\$1,103,760	
27 Medical Library	1,150	\$224	\$257,600	
28 Housekeeping	3,531	\$220	\$776,820	
29 Laundry Holding	1,661	\$200	\$332,200	
30 Morgue	288	\$224	\$64,512	
31 Medical Records	5,500	\$224	\$1,232,000	
32 Dining	5,460	\$310	\$1,692,600	
33 Yard Storage	500	\$185	\$92,500	
34 Human Resources	836	\$220	\$183,920	
35 Marketing	2,310	\$220	\$508,200	
36 Meeting Rooms	2,525	\$220	\$555,500	
37 Sleep Studies	1,313	\$280	\$367,640	
38 Ambulance Garage	1,024	\$157	\$160,768	
39 Canopies	2,250	\$250	\$562,500	

Subtotal Hospital DG/SF 264,934 \$298 \$85,489,473

Physician Clinic Summary

Department Name	Total DG/SF	\$/SF	\$
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
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Total Clinic DG/SF 88,826 \$223 \$20,207,936

Total Hospital and Clinic DG/SF 353,760 \$290 \$105,697,409

Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000
Landscaping (Allowance)	1	\$300,000	\$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$109,997,409

Attachment 9: Cost Space Requirements

Mercy
Crystal Lake
Medical Center

Space Summary
All Departments

SPACE REQUIREMENTS

Departmental Summary

Room Name	Total DGSF	\$/SF	\$	Comments
IDHP Reviewable Areas				
1 Med/Surg Unit	61,799	\$320	\$19,775,680	
2 ICU	3,894	\$434	\$1,689,996	
3 Obstetrics	15,885	\$320	\$5,019,200	
4 Newborn Nursery	3,635	315	1,145,025	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330	
6 Emergency	9,368	\$330	\$3,091,440	
7 Laboratory	4,878	\$398	\$1,941,444	
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296	
9 MRI	3,405	\$473	\$1,610,565	
10 Cath Labs	6,729	\$423	\$2,846,387	
11 Central Processing	4,250	\$400	\$1,725,500	
12 Surgical Suite	19,550	\$498	\$9,735,900	
13 Recovery	5,224	\$320	\$1,671,680	
14 Outpatient Surgery	13,663	\$320	\$4,372,160	
15 Dietary	8,724	\$473	\$4,128,452	
16 Pharmacy	1,698	\$291	\$494,118	
17 Respiratory Therapy	1,290	\$315	\$406,350	
18 Cardiac Rehabilitation	1,203	\$320	\$384,960	
19 Physical Therapy	2,355	\$320	\$753,600	
20 Occupational Therapy	450	\$320	\$144,000	
IDHP Non Reviewable Areas				
21 Building Systems	11,748	\$250	\$2,937,000	
22 Administration	6,829	\$250	\$1,707,250	
23 Public Circulation	23,755	\$225	\$5,344,875	
24 Materials Management	2,840	\$220	\$624,800	
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36 Meeting Rooms	2,525	\$220	\$555,500	
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Subtotal Hospital DGSF 264,934 \$298 \$85,489,473

Physician Clinic Summary

Department Name	Total DGSF		
1 Building Systems	5,726	\$220	\$1,259,720
2 Medical Records	12,264	\$224	\$2,747,136
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Total Clinic DGSF 68,826 \$223 \$20,207,936

Total Hospital and Clinic DGSF 353,760 \$290 \$105,697,409

Sitework (Included in bldg \$/SF) 1 \$4,000,000 \$4,000,000
Landscaping (Allowance) 1 \$300,000 \$300,000

Subtotal \$4,300,000

Subtotal with Allowances \$109,997,409

Attachment 14: Size of Project

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.	Gross Square Foot Mod.	Gross Square Foot New	Gross Square Ft. Circ.*	Gross Square Ft. Mod.	Gross Square Ft. Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Hospital - All Departments									
IDPH Reviewable Areas									
1 Med/Surg Unit	\$320		61,799				\$19,775,680		\$19,775,680
2 ICU	\$434		3,894				\$1,689,996		\$1,689,996
3 Obstetrics	\$320		15,685				\$5,019,200		\$5,019,200
4 Newborn Nursery	\$315		3,635				\$1,145,025		\$1,145,025
5 Labor-Delivery-Recovery Rooms	\$330		2,501				\$825,330		\$825,330
6 Emergency	\$330		9,368				\$3,091,440		\$3,091,440
7 Laboratory	\$398		4,878				\$1,941,444		\$1,941,444
8 Imaging (Diagnostic Radiology)	\$398		9,752				\$3,881,296		\$3,881,296
9 MRI	\$473		3,405				\$1,610,565		\$1,610,565
10 Cath Labs	\$423		6,729				\$2,846,367		\$2,846,367
11 Central Processing	\$406		4,250				\$1,725,500		\$1,725,500
12 Surgical Suite	\$498		19,550				\$9,735,900		\$9,735,900
13 Recovery	\$320		5,224				\$1,671,680		\$1,671,680
14 Outpatient Surgery	\$320		13,663				\$4,372,160		\$4,372,160
15 Dietary	\$473		8,724				\$4,126,452		\$4,126,452
16 Pharmacy	\$291		1,698				\$494,118		\$494,118
17 Respiratory Therapy	\$315		1,290				\$406,350		\$406,350
18 Cardiac Rehabilitation	\$320		1,203				\$384,960		\$384,960
19 Physical Therapy	\$320		2,355				\$753,600		\$753,600
20 Occupational Therapy	\$320		450				\$144,000		\$144,000
IDPH Non Reviewable Areas									
21 Building Systems	\$250		11,748				\$2,937,000		\$2,937,000
22 Administration	\$250		6,829				\$1,707,250		\$1,707,250
23 Public Circulation	\$225		23,755				\$5,344,875		\$5,344,875
24 Materials Management	\$220		2,840				\$624,800		\$624,800
25 Building Support	\$215		6,251				\$1,343,965		\$1,343,965
26 Employee Facilities	\$216		5,110				\$1,103,760		\$1,103,760
27 Medical Library	\$224		1,150				\$257,600		\$257,600
28 Housekeeping	\$220		3,531				\$776,820		\$776,820

CHARLES H. FOLEY & ASSOCIATES INC.

1638 South MacArthur Boulevard • Springfield, Illinois 62704
217/544-1551 • Fax: 217/544-3615 • E-mail: foley.associates@sbcglobal.net

HAND DELIVERED

RECEIVED

May 13, 2011

MAY 13 2011

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mr. Michael Constantino,
Chief Project Reviewer
ILLINOIS DEPARTMENT OF PUBLIC HEALTH
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: IDPH Project Number 10-089, Mercy
Crystal Lake Hospital and Medical Center.

Dear Mike:

Please accept this correspondence as the Applicant's response to your emailed data request dated, April 29th, May 3rd, and May 5th. The information provided is as follows:

Appended as **EXHIBIT I**, is a "breakdown of the following items: Site Survey and Soil Investigations, Site Preparation, Offsite Work, Movable and Other Equipment, Bond Issuance Expense, Net Interest Expense, Other Costs to be Capitalized".

Appended as **EXHIBIT II**, is the projected payor mix and charity care information for the proposed project.

Appended as **EXHIBIT III**, is Criterion 77 Illinois Administrative Code Section 1110.3030 (b) Establishment. It should be noted that the documentation of this criterion indicates that the physicians who made referrals to this proposed project are Mercy-employed physician's. Also within this section is the resultant utilization for the proposed project.

Appended as **EXHIBIT IV**, is the listing of projected physician referrals for the proposed project by physician, specialty, and listing of where those historical referrals were made. This data is the basis for the project's projected utilization.

Appended as **EXHIBIT V**, is the consolidated financial statements for Mercy Alliance, Inc. and its Affiliates.



Health Care Consulting

EXHIBIT

D

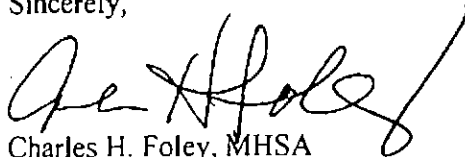
PHENAC-Expend, N. J.

Mr. Michael Constantino
May 13, 2011
Page Two

Appended as **EXHIBIT VI**, is the breakout of clinical and nonclinical costs in the CON application form's Project Costs and Sources of Funds page. Additionally, it should be noted that the break out of the physician clinic is provided on page seven (corrected page) as previously submitted.

Thank you for your consideration on these items. Should you have any questions or concerns on these or any other issues relating to the above referenced application please do not hesitate to contact me.

Sincerely,



Charles H. Foley, MHSA
Health Care Consultant

ENCLOSURES

C: Richard H. Gruber, VP
Dan Colby, VP
Linas Grikis, Attorney at Law
McDermott Will & Emery

Project Costs and Sources of Funds
Moveable or Other Equipment

Inserted Page

Description	Quantity	Unit Price	Total Cost	
Outpatient Surgery				
Carts	12	\$7,000	\$84,000	
Patient Recliner	32	\$3,000	\$96,000	
Patient Monitoring	44	\$11,000	\$484,000	
Pyxis/Med Prep	3	\$47,000	\$141,000	
Nutrition	3	\$15,000	\$45,000	
Clean Supply	3	\$30,000	\$90,000	
Other Dept-Spec Furniture Alloc	13,663	\$12.00	\$163,956	
Computers/Telecomm Equip Alloc	13,663	\$20.00	\$273,260	
Misc	32	\$5,000	\$160,000	
				\$1,537,216
Recovery				
Carts	14	\$7,000	\$98,000	
Patient Monitoring	14	\$11,000	\$154,000	
Pyxis/Med Prep	1	\$47,000	\$47,000	
Nutrition	1	\$20,000	\$20,000	
Clean Supply	1	\$15,000	\$15,000	
Staff Furniture/Workstations Alloc	5,224	\$4.00	\$20,896	
Computers/Telecomm Equip Alloc	5,224	\$20.00	\$104,480	
Misc	6	\$5,000	\$30,000	
				\$489,376
Diagnostic Imaging				
Gen Radiography	2	\$300,000	\$600,000	
Radiography/Fluoroscopy	1	\$650,000	\$650,000	
Ultrasound	2	\$240,000	\$480,000	
Nuclear Med	1	\$650,000	\$650,000	
Portable Rad	2	\$210,000	\$420,000	
Pacs	1	\$100,000	\$100,000	
Clean Supply	3	\$15,000	\$45,000	
Patient Monitoring	6	\$12,000	\$72,000	
Pyxis/Med Prep	1	\$47,000	\$47,000	
Misc	9	\$25,000	\$225,000	
MRI & Injector	1	\$1,500,000	\$1,500,000	
CT	2	\$1,200,000	\$2,400,000	
Other Dept-Spec Furniture Alloc	13,157	\$8.00	\$105,256	
Computers/Telecomm Equip Alloc	13,157	\$20.00	\$263,140	
				\$7,557,396
Cath Labs				
Cath Labs	2	\$1,200,000	\$2,400,000	
Echo/Ultrasound	2	\$250,000	\$500,000	
Vascular Lab	1	\$240,000	\$240,000	
EKG	4	\$12,000	\$48,000	
PFT	1	\$60,000	\$60,000	
EEG/EMG	1	\$75,000	\$75,000	
Holter/Tilt	1	\$50,000	\$50,000	
Patient Monitoring	6	\$19,000	\$114,000	
Pyxis/Med Prep	1	\$47,000	\$47,000	
Other Dept-Spec Furniture Alloc	6,729	\$4.00	\$26,916	
Computers/Telecomm Equip Alloc	6,729	\$20.00	\$134,580	
Misc	9	\$20,000	\$180,000	
				\$3,875,496

June 6, 2011

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

Re: Material Omissions, Inconsistencies and Misrepresentations in the Application for Mercy Crystal Lake Hospital, Project No. 10-089

Dear Ms. Avery:

I am the Senior Vice President and General Counsel of Centegra Health System. I am submitting this written comment in opposition to Project No. 10-089 ("the Mercy application") on behalf of Centegra Health System, Centegra Hospital-McHenry and Centegra Hospital-Woodstock.

Even a cursory review of the application submitted in connection with Project No. 10-089 reveals a document so lacking in information and so riddled with errors, inconsistencies and misstatements that the sincerity of the applicant could legitimately be questioned. A more careful review of the application leads to the inescapable conclusion that the application must be denied for at least three reasons: 1) The application omits material information and thereby fails to satisfy the criteria of the Illinois Health Facilities Planning Act and the rules of the Health Facilities and Services Review Board including, inter alia, the applicable review criteria for cardiac catheterization, 2) The inconsistencies in the application are so prolific that it is difficult to identify the scope of – and therefore impossible to approve – the project that has been presented, and 3) Information that the applicant actually has provided is false, inaccurate, or misleading.

I. The Planning Act and Review Board's Rules Require a Complete Application that Specifically Defines the Construction, Applicants, Location, and Project Costs

The Illinois Health Facilities Planning Act ("Planning Act") (20 ILCS 3960/1 *et seq.*) places the burden to provide affirmative evidence on which the Review Board may make its decision squarely on the shoulders of the project applicant. Section 6(a) of the Planning Act states:

"[The] application *shall contain* such information as the State Board deems necessary.... Such application *shall include* affirmative evidence on which the State Board or Chairman may make its decision on the approval or denial of the permit or exemption." (Emphasis added; 20 ILCS 3960/6(a).)

PERC-10-089, M. 1.
EXHIBIT
E

A CON application must specifically define the proposed construction and specifically identify the applicants, site and project costs. Section 5 of the Planning Act states: "A permit shall be valid only for the defined construction ... site, amount and person named in the application for such permit and shall not be transferable or assignable." (20 ILCS 3960/5.) The rules of the Health Facilities and Services Review Board ("Review Board") reiterate this statutory requirement. (See 77 Ill. Admin. Code 1130.710(c).) The Board's rules also require a complete application in which "all review criteria applicable to the individual project have been addressed." (77 Ill. Admin. Code 1130.620(d)(1)(A).) The requirement of a complete application that addresses all applicable criteria is emphatically reiterated in the Review Board's Instructions for permit applications. The Instructions include the following mandatory directive:

"ALL APPLICABLE CRITERIA for each applicable section must be addressed." (Emphasis in original.)

When measured by these standards, the Mercy application was incomplete when filed in December 2010. Since that time, Mercy has made three separate supplemental submissions with additions, corrections, revisions and modifications to application. (See Mercy submissions dated January 6, 2011, January 21, 2011 and May 13, 2011.) Even with these additional submissions, the application remains riddled with inconsistencies and still fails to address all applicable criteria. Mercy has had ample opportunity to correct its application but has failed to do so. Project 10-089 should therefore be denied.

II. The Mercy Application Does Not Provide Information Sufficient to Satisfy Applicable Review Criteria.

For reasons which escape explanation, the Mercy application fails in many respects to provide even the most basic information relevant – and necessary – to their project. Although not isolated, one of the most glaring of Mercy's failures relates to their request for approval of a cardiac catheterization service. In regards to that request, Mercy fails to address any of the following applicable criteria:

1. **Criterion 1110.1330(a), Peer Review**
2. **Criterion 1110.1330(b), Establishment or Expansion of Cardiac Catheterization Service**
3. **Criterion 1110.1330(c), Unnecessary Duplication of Services**
4. **Criterion 1110.1330(c), Support Services**
5. **Criterion 1110.1330(f), Laboratory Location**
6. **Criterion 1110.1330(g), Staffing**

7. Criterion 1110.1330(h), Continuity of Care

In addition to the foregoing, the application fails to provide proper attestations, certifications, and complete responses to other review criteria as specified in the attached Detailed Summary of Deficiencies dated June 6, 2011.

III. The Inconsistencies in the Mercy Application are so Prolific that it Is Difficult to Determine the Scope of the Project and Impossible to Approve It

Under the Planning Act, a permit is only valid for the "defined construction or modification, site, amount and person named in the application for such permit..." (Emphasis added; 20 ILCS 3960/5.) The word "defined" means "clearly outlined, characterized or delimited." (Webster's Third New International Dictionary.)

The Mercy application does not clearly outline, characterize or delimit the project's applicants, location, amount, size or costs. To the contrary, as demonstrated below, the application is full of irreconcilable representations relating to fundamental aspects of the project and the inconsistencies are so numerous that it is almost impossible to determine exactly what they are requesting the Board to approve:

1. Conflicting Identities of Applicants:

- *Two* applicants are identified on pages 1 and 1b of the application: Mercy Crystal Lake Hospital and Medical Center, Inc., and Mercy Alliance, Inc.
- *Three* applicants are identified in CON Attachment 1, which requires the applicants' Certificates of Good Standing: Mercy Crystal Lake Hospital and Medical Center, Inc., Mercy Alliance, Inc., and Mercy Health System Corporation.

2. Conflicting Identity of Licensed Entity:

- *One* entity is identified as the licensee on page 2, which requires the "exact legal name" of the licensee. It says "Mercy Crystal Lake Hospital and Medical, Inc." (which is not the *exact* name of any identified applicant).
- *Three* different entities are identified as the licensee in CON Attachment 3, which requires the licensee's Certificate of Good Standing: Mercy Crystal Lake Hospital and Medical Center, Inc.; Mercy Alliance, Inc.; and Mercy Health System Corporation.

3. Conflicting Number of ICU Beds:

- *Four* ICU beds are listed on pages 124 and 126 of the application.
 - *Eight* ICU beds are shown on pages 4, 18, and elsewhere.
4. **Conflicting Number of OB Beds:**
- *20* OB beds are listed on page 4, 18, and elsewhere.
 - *24* OB beds are listed on pages 124 and 127.
 - *30* OB beds are shown on page 182.
5. **Conflicting Categories of Service:**
- *Three* categories of service (medical/surgical, ICU, OB) are identified on page 18 and elsewhere.
 - *A fourth* category of service (cardiac catheterization) is shown on pages 71, 72b-j, and elsewhere.
6. **Conflicting Number of Operating Rooms:**
- *Eight* ORs and 2 procedure rooms are shown on pages 119, 174, and 178b.
 - *Ten* ORs and 2 procedure rooms are shown on pages 124 and 138.
7. **Conflicting Number of ER Stations/Rooms**
- *11 stations* are listed on page 119.
 - *12 stations* are shown on pages 174, 178b and elsewhere.
 - *14 rooms + 2 observation* rooms are shown on page 130.
8. **Conflicting Number of Recovery (PACU) Stations**
- *12 stations* are shown on page 139.
 - *20 stations* are shown on page 119.
9. **Conflicting Locations:**
- *One location*, the SE Corner of State Rte 31 & Three Oaks Road, is described as *16.71 acres* on page 4.

- *A second location*, 4313 Three Oaks Road, is described on pages 59 and 62, and is *3.5 acres* based on the Illinois Real Estate Transfer Declaration. (See Real Estate Transfer Declaration dated 12/21/2004 included as Attachment 1 hereto.)
- *A third location*, is described as "the North 1464.54 feet of the West 580.14 feet of the Southeast Quarter of Section 10 [etc.]" on page 4, and is *5 acres* based on the Illinois Real Estate Transfer Declaration. (See Real Estate Transfer Declaration dated 12/12/2003 included as Attachment 2 hereto.)

10. Conflicting Total Project Costs:

- *\$199,344,433* is shown as the Total Estimated Project Cost on the Project Costs and Sources of Funds page (corrected Page 5 of the application form), submitted May 13, 2011.
- *\$218,545,600* is shown as the Total Estimated Project Cost on CON Attachment 9 submitted January 21, 2011.

11. Conflicting Construction Costs:

- *\$105,697,409* is shown on the Project Costs and Sources of Funds page submitted May 13, 2011.
- *\$121,832,908* is shown on CON Attachments 7 and 9 submitted January 21, 2011.

12. Conflicting Square Footage for Nursery:

- *3,635 gsf* is shown as the total on pages 119 and 120.
- *6,047 gsf* is shown on page 124.

13. Conflicting Square Footage for MRI:

- *4,250 dgsf* is shown as the total on page 119.
- *3,405 dgsf* is shown on pages 120 and elsewhere.

14. Conflicting Square Footage for Surgical Suite:

- *4,250 dgsf* is shown as the total for Surgical Operating Suite (Class C) plus Surgical Procedure suite (Class B) on page 119.

- *19,550 dgsf* is shown for the Surgical Suite on pages 79, 210, 124, 138, and 187.

In addition to the above, the Mercy application contains dozens of other inconsistencies that are identified in the attached Detailed Summary of Deficiencies dated June 6, 2011 included as Attachment 3 hereto.

IV. Information Actually Submitted that is not Inconsistent is Either False or Misleading

Even if it were possible to ignore the omissions and inconsistencies that poison the Mercy application, the information they do provide is in many cases false or, in its best light, misleading.

A. Mercy's false statements regarding joint venture discussions

Mercy has made false statements to the Review Board regarding discussions with Centegra. In the Alternatives section on page 114 of its application, Mercy claims that it "approached Centegra Health System about a joint venture to provide a hospital and multi-specialty physicians clinic in Crystal Lake. Too [sic] date, Centegra Health System has not responded to any of our requests." This is not true.

Prior to the filing of Mercy's latest application, the last time Mercy contacted Centegra about Crystal Lake was over 3½ years ago in 2007. Contrary to Mercy's statement that we never responded, our CEO, Mr. Michael Eesley, agreed in writing to meet with Mercy, and did in fact meet with them and to hear Mercy's proposal. (See correspondence from Javon Bea to Michael Eesley dated June 19, 2007, and correspondence from Mr. Eesley to Mr. Bea dated July 12, 2007 and August 22, 2007 included as Attachment 4 hereto.)

While we were not persuaded then, and are not now, that a new hospital in Crystal Lake was appropriate or could satisfy the Review Board's criteria, Mr. Eesley offered to continue discussions with Mercy on other possible joint efforts to improve access to health care for area residents. Mercy was not interested. In a letter to Mr. Eesley dated August 30, 2007, Javon Bea stated he would "have Dan Colby or Rich Gruber contact us to continue discussions." (Mr. Bea's August 30, 2007 letter is included with Attachment 5.) Notwithstanding this promise, neither Mr. Colby nor Mr. Gruber, or anyone else from Mercy, contacted us. Mr. Bea's August 30, 2007 letter was the last we heard from Mercy about a joint venture until the filing of the Mercy CON application. Mercy's statement on page 114 of its CON application about our discussions is, therefore, both false and misleading.

B. Inaccurate referral data in Mercy's application

Mercy's application includes referral letters from 42 physicians representing that they had a total of 3,809 historical referrals to existing facilities in FY 2010 that they would redirect to Mercy Crystal Lake Hospital. We checked this information and found that the

data submitted by only 22 of the 42 physicians coincided with what has been reported to COMPdata. All the other physicians overstated their referrals in comparison to COMPdata reports.

The total of referrals in Mercy's application is 22% higher than COMPdata. Included as Attachment 6 hereto is a comparison of the referrals claimed in the physician referral letters with the referrals shown by COMPdata for the same physicians during the same time period.

C. Mercy's predictions of traffic congestion are suspect

Mercy claims that a new hospital is needed in Crystal Lake because of "future excessive travel times to the other facilities...." (CON Application at 92.) In support of this claim, Mercy includes a traffic study performed by Gewalt Hamilton in December 2010. Mercy also had a Gewalt Hamilton study in its first Mercy Crystal Lake CON application, Project No. 03-049. (Copies of the Gewalt Hamilton studies performed in 2010 and 2003 are included as Attachments 7 and 8, respectively, hereto.) A comparison of these two studies show that the "excessive travel times" predicted back in 2003 never materialized, and the current study makes no predictions about the future. The two studies show:

1. Contrary to Gewalt's prediction in 2003 that travel times would have greatly increased by now, the actual studies show that from 2003 to 2010 the travel times remained fairly consistent and actually decreased in some instances. The claimed "excessive traffic congestion" has not occurred. It is worth noting that the 2003 study was completed in mid-June while the 2010 study was performed on December 22nd during the holiday shopping rush.
2. Seven years passed since the 2003 study, and the travel times reported in the 2010 study are still under the projected 5 year peak travel time round trip from the 2003 study.
3. Unlike its 2003 study, Gewalt's 2010 study makes no prediction of future travel times. Yet, Mercy has appended to Gewalt's 2010 study the Future Travel Times Exhibit from the 2003 study to make it appear that Gewalt now continues to predict "excessive" future travel times. This Exhibit, on page 109 of Mercy's CON Application, is dated (in very small print) June 27, 2003 and appears in the application as if it were part of Gewalt's 2010 study. Whether by accident or design, the net effect of this submission is to mislead this Board.

(See Comparisons of Traffic Studies included as Attachment 9 hereto.)

We also note that the travel time study included in Mercy's current CON application fails to meet the State Board's criteria (Section 1100.510(e)) in the following respects:

1. The study fails to affirm that it was conducted by an engineering firm pre-qualified by the Illinois Department of Transportation or conducted by a properly certified engineer. While the study has a cover memorandum from a professional engineer, he does not claim to have conducted the study.
2. The study has more than one-third of its round-trips during a rush hour period, in violation of the Review Board's criterion. Over 60% of the trips to and from Centegra Hospital-Woodstock were conducted during rush hour periods. Over 66% of the trips to and from Centegra Hospital-McHenry were conducted during rush hour periods.
3. The study fails to provide average travel times for one-way trips.
4. The travel routes and calculations of normal travel times are not documented and sealed by the responsible professional engineer as required by the Review Board's criterion.

Mercy's travel time studies are no justification for a new hospital in Crystal Lake.

Conclusion

The nature and extent of the omissions, inconsistencies, and misrepresentations of Mercy's application belie an egregious indifference to the Review Board's rules and the review process. The application is unreviewable. It does not address all applicable review criteria, it does not clearly define the applicants, the site, the costs or the construction, and it does not truthfully and accurately represent material facts. For these reasons, the Review Board should deny Project No. 10-089, Mercy Crystal Lake Hospital and Medical Center.

Respectfully submitted,

By: 

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

Contrary to the instructions for this Attachment, the costs shown appear to be construction costs only, since they agree with the construction costs shown in Cost and Gross Square Feet by Department or Service (Pages 187-188).

9. Attachment 11: Background of Applicant

This Attachment does not include the required "certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application."

The application includes the required statement on hand-stamped Page 86, but this statement is neither signed nor notarized, and, as such, it does not constitute a "certified listing."

10. Attachment 25: Cardiac Catheterization

Submission of Attachment 25 (Review Criterion 1110.1330) is required for all projects proposing to establish a Cardiac Catheterization Category of Service.

The CON application does not include Attachment 25, Cardiac Catheterization, although there is an allocation of 6,729 DGSF and \$2,846,367 for Cardiac Catheterization Laboratories shown in Attachments 7 (hand-stamped Page 71), 9 (Page 79), some pages of Attachment 14 (Corrected Page 120, Pages 124 and 126), and Cost and Gross Square Feet by Department or Service (Page 187). In addition, the listing of "Moveable or Other Equipment" submitted as Exhibit I on May 13, 2011, lists \$3,875,496 for the Cardiac Catheterization Laboratories. It should be noted that at least \$973,000 of this \$3,875,496 is medical equipment for other departments (i.e., Echo/Ultrasound, Vascular Lab, EKG, PFT, EEG/EMG/Holter/Tilt Table), but 2 Cardiac Catheterization Systems totaling \$2,400,000 are shown in this listing (May 13, 2011, Exhibit I, Attachment 7b, Pages 72b-j).

Despite the identification of square footage and construction and equipment costs for the establishment of a Cardiac Catheterization Category of Service with 2 Cath Laboratories, the required documentation is missing for justification of the establishment of this Category of Service, and there is no mention of Cardiac Catheterization on Page 119 of Attachment 14 or in Attachment 15.

Therefore, this application does not include any justification for the establishment of a Cardiac Catheterization Category of Service, and the application includes 6,729 DGSF of shell space as well as more than \$5,700,000 in project costs because a Cardiac Catheterization Suite cannot be established in the identified space without justifying the establishment of this Category of Service.

II. The application includes conflicting data, and it is not possible to determine which data are accurate.