



**St. Joseph's
Hospital Highland**

AN AFFILIATE OF HOSPITAL SISTERS HEALTH SYSTEM

January 29, 2014

Mr. Michael Constantino
Illinois Health Facilities and Services Review Board
2nd Floor
525 West Jefferson Street
Springfield, Illinois 62761

RECEIVED

FEB 05 2014

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Project Completion Report
St. Joseph's Hospital MOB
Highland, Illinois
CON # 11-106

Dear Mr. Constantino:

This letter certifies that project #11-106 has been completed and is in compliance with all terms of the permit, including the total project cost, square footage, and services. The final realized cost is \$14,554,381, which is less than the approved permit amount of \$14,803,282. This reflects the total amount required to complete the project.

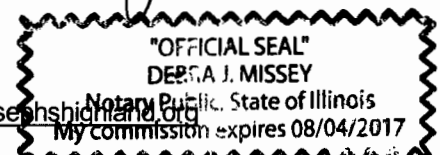
A detailed itemization of expenditures is attached. The project cost will not be submitted for reimbursement under Titles XVII and XIX of the Social Security Act. There are no additional or associated costs or capital expenditures related to the project.

This letter is intended to complete the project close-out process for this permit. If further information or action is needed, please contact myself or Brian Bozeman (574.904.7404).

Regards,

Peggy Sebastian
President and CEO
St. Joseph's Hospital
618.651.2531

Notarized by:
Debra J. Missey



12866 Troxler Avenue— Highland, Illinois 62249 — www.stjosephshs.org

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**St. Joseph's
Hospital Highland**

AN AFFILIATE OF HOSPITAL SISTERS HEALTH SYSTEM

St. Joseph's Hospital MOB
Highland, IL
Final Realized Costs
CON #11-106

Description/Use of Funds	Total Allocation	Spent to Date	% complete
Preplanning Costs	\$ 0	\$ 0	0%
Site Survey/Soil Investigation	\$ 35,000	\$ 14,925	100%
Site Preparation	\$ 147,383	\$ 147,383	100%
Off Site Work	\$ 666,031	\$ 617,699	100%
New Construction Contracts	\$ 10,390,146	\$ 10,770,635	100%
Contingencies	\$ 625,969	\$ 625,969	100%
A & E Fees	\$ 376,824	\$ 340,000	100%
Consulting and Other Fees	\$ 629,183	\$ 554,027	100%
Movable or Other Equipment	\$ 1,464,802	\$ 1,156,211	100%
Net Interest Expense	\$ 337,586	\$ 209,367	100%
Other Costs to be Capitalized	\$ 130,358	\$ 118,165	100%
TOTAL	\$ 14,803,282	\$ 14,554,381	100%

Certificate of Need Financial Review



Date: October 25, 2013

Location: St. Joseph's Hospital

PROJECT BACKGROUND

St. Joseph's Hospital, Highland, IL (SJH), submitted two separate Certificate of Need (CON) proposals to the State of Illinois Health Facilities and Services Review Board (Review Board) to construct a new critical care access hospital and a new 3-story medical office building (MOB). The combined estimated cost for both facilities was reported to the Board at \$62.2 million, \$47.4 million for the new hospital, and \$14.8 million for the MOB.

The CON Review Board approved and issued both certificates of need during their February 28, 2012 meeting. As part of the CON submission and permit approval process, SJH provided annual construction spending reports to the Illinois Department of Public Health (IDPH) in March 2013 for both the new hospital and MOB projects. At the request of SJH Executive Management, CHAN HEALTHCARE previously performed a review of costs from project inception through December 2012, prior to SJH's presentation of these annual reports.

Per the IDPH's standards, the permit holder (SJH) must provide final construction spending reports within 90 days following the completion date of construction. Both the newly-constructed hospital and MOB were opened and operational in August 2013. Per policy, final reports are due to be submitted in November 2013. The construction of the new hospital and MOB facilities were identified during the November 2012 risk assessment process as key activities underlying the local system's overall strategy.

PROJECT OBJECTIVES

- Review and testing of the draft close-out cost reports to establish that information is accurate for final CON report submission.

PROJECT SCOPE

Location: New St. Joseph Hospital, Highland

Time Period: January 1, 2013 through October 31, 2013

Sample Selected: Draft CON reports (2) and a judgmental sample of invoices (49).

Confidential

Certificate of Need Financial Review



Date: October 25, 2013

Location: St. Joseph's Hospital

PROCEDURES PERFORMED

CHAN HEALTHCARE reviewed the final CON reports, in draft format, for both the new hospital and MOB construction projects. The following steps were performed in order to establish the audit conclusion:

1. Vouched budgeted amounts for all cost reporting categories from the original CON applications to amounts reported on the final CON reports.
2. Traced a judgmental sample selection of 49 invoices (new hospital - 40 invoices; MOB - 9 invoices) by cost category to original documentation.
3. Verified percentages of completion reported on the final CON reports.
4. Reviewed reconciliation of SJH invoice listing to ADAMS cost detail and final CON reports.

Confidential

Page 2 of 3

Certificate of Need Financial Review




Date: October 25, 2013 Location: St. Joseph's Hospital

PROJECT RESULTS

Our review established that the CON reports prepared for submission to the CON Board appear accurate based upon limited testing and the scope of this review.

REPORT ACCEPTANCE


Peggy Sebastian, President and CEO



Corey Hastings, Director of Finance

Date

11/1/13

Date

10/31/13

COPIES

AUDITORS

Mark Reifsteck, HSHS Division CEO and President, Southern Division Darren Johnson, Audit Manager
Johnny Watkins, HSHS Southern Illinois Division CFO
Tim Ferguson, Director of Facilities Management

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