

ORIGINAL

12-006

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

JAN 19 2012

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Elmhurst Memorial Hospital				
Street Address:	200 Berteau Avenue				
City and Zip Code:	Elmhurst, IL 60126				
County:	DuPage	Health Service Area	VII	Health Planning Area:	A-05

Applicant /Co-Applicant Identification

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

Exact Legal Name:	Elmhurst Memorial Hospital
Address:	155 E. Brush Hill Road -and- 200 Berteau Avenue Elmhurst, IL 60126
Name of Registered Agent:	Mary Barz Dano
Name of Chief Executive Officer:	W. Peter Daniels
CEO Address:	155 East Brush Hill Road Elmhurst, IL 60126
Telephone Number:	331/221-1000

Type of Ownership of Applicant/Co-Applicant

- | | | |
|--|--|--------------------------------|
| ☒ Non-profit Corporation | ☐ Partnership | |
| ☐ For-profit Corporation | ☐ Governmental | |
| ☐ Limited Liability Company | ☐ Sole Proprietorship | ☐ 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:	Ms. Gail Warner
Title:	Vice President, Strategic Planning
Company Name:	Elmhurst Memorial Healthcare
Address:	155 East Brush Hill Road Elmhurst, IL 60126
Telephone Number:	331/221-1000
E-mail Address:	gwarner@emhc.org
Fax Number:	331/221-3790

Additional Contact

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

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Health Planning Area:	A-05		

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APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Facility/Project Identification

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Street Address:	200 Berteau Avenue		
City and Zip Code:	Elmhurst, IL 60126		
County:	DuPage	Health Service Area	VII
Health Planning Area:	A-05		

Applicant /Co-Applicant Identification

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

Exact Legal Name:	Cyberknife Center of Chicago, LLC
Address:	100 Bayview Circle Suite 400 Newport Beach, CA 92660
Name of Registered Agent:	
Name of Chief Executive Officer:	Cynthia Winkler, Executive Vice President
CEO Address:	40 Burton Hills Blvd. Suite 220 Nashville, TN 37215
Telephone Number:	615/665-8220

Type of Ownership of Applicant/Co-Applicant

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

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Fax Number:	847/776-7004

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE

Name:	Ms. Gail Warner
Title:	Vice President, Strategic Planning
Company Name:	Elmhurst Memorial Healthcare
Address:	155 East Brush Hill Road Elmhurst, IL 60126
Telephone Number:	331/221-1000
E-mail Address:	gwarner@emhc.org
Fax Number:	331/221-3790

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Elmhurst Memorial Healthcare
Address of Site Owner:	155 East Brush Hill Road Elmhurst, IL 60126
Street Address or Legal Description of Site:	200 Berteau Avenue Elmhurst, IL 60126
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

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

Exact Legal Name: Elmhurst Memorial Hospital	
Address: 155 E. Brush Hill Road -and- 200 Berteau Avenue Elmhurst, IL 60126	
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☐ For-profit Corporation	☐ Governmental
☐ Limited Liability Company	☐ Sole Proprietorship ☐ Other
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. - Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

Flood Plain Requirements NOT APPLICABLE

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements NOT APPLICABLE

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT**1. Project Classification**

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

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

2. Narrative Description

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

The applicants propose to discontinue all of the inpatient and outpatient services operated by Elmhurst Memorial Hospital on its Berteau Campus in Elmhurst. The inpatient services to be discontinued are a 38-bed long-term care unit and an 18-bed acute mental illness (AMI) unit. The outpatient services to be discontinued include a "stand-by" emergency department, oncology, behavioral health, physical and occupational therapy, imaging, an immediate care center and occupational health.

During the planning for Elmhurst Memorial Hospital's replacement facility, which opened during the past summer, it was intended that the AMI unit and the long-term care unit would relocate to renovated space in the newest part of the original hospital. That plan was reasonable during the planning process, 6-7 years ago. However, economic conditions and limited capital resources now make the required renovation and the operating of the unit remote from the main hospital no longer economically feasible. In addition, and following recent evaluations, the relocating of the inpatient program to the hospital's new campus, at a cost of approximately \$45M, was also deemed to be not financially feasible at this time.

The long-term care unit operates as an intermediate care physical rehabilitation unit, operated in conjunction with Marianjoy Rehabilitation Hospital, with all admissions coming from the hospital's acute care units. EMH is working with Marianjoy to ensure the seamless placement of EMH patients in other Marianjoy-affiliated sub-acute care programs, to ensure that accessibility will not be compromised. While the IDPH *Inventory* identifies a "need" for additional long-term care beds in the area, a significant number of letters have been received from area providers, indicating capacity and a willingness to accept patients.

The AMI unit operates as a short-term stabilization program, with an average length of stay 6-7 days and an average daily census of approximately 12 patients. All of the hospital's outpatient behavioral health programs, including both a broad spectrum of individual and group programs, with an emphasis on diminishing the need for inpatient hospitalization, as well as a crisis intervention program located in the hospital's Emergency Department, will be retained. In addition, EMH will continue to employ two psychiatrists, whose focus will be on providing consultations on the inpatient units and supporting the crisis intervention program, including the transfer of patients to nearby providers, as necessary. Furthermore, EMH is working on transfer agreements with two other area hospitals that have AMI capacity and a willingness to admit its psychiatric inpatients. Those hospitals are Westlake Hospital and MacNeal Hospital, which are located 12 and 21 minutes from EMH's Berteau Campus, respectively. Those agreements are referenced in the letters supplied by Westlake and MacNeal, and included in ATTACHMENT 10C. The discussions underway also focus on returning those patients to EMH's outpatient behavioral health program, following discharge. The IDPH *Inventory* identifies an excess of 32 AMI beds in the hospital's planning area, and an excess of 85 AMI beds in the adjacent planning area.

Upon discontinuation, the hospital's parent, Elmhurst Memorial Healthcare will continue to operate the outpatient services on the Berteau Campus, including its oncology program,

outpatient behavioral health programs, the immediate care center, physical and occupational therapy, imaging and occupational health. The fair market value associated with the outpatient services to remain in operation is under the IHFSRB's capital expenditure threshold, and therefore a CON Permit will not be required to keep these services in operation. It is intended that within the next two years, the oncology program, which consists primarily of radiation therapy and infusion therapy, will be relocated to the hospital's York Street campus. Should the relocation and associated costs exceed the capital expenditure threshold, a Permit will be secured from the IHFSRB prior to moving the program.

The long-term use of the Berteau Avenue campus has not been finalized.

This is a non-substantive project because it is limited to the discontinuation of services.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			\$0*
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$0*
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

*all project costs to be expensed, rather than capitalized

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: \$ _____
Fair Market Value: \$ _____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ none

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☒ None or not applicable ☐ Preliminary
☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): July 31, 2012

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

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

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

State Agency Submittals

Are the following submittals up to date as applicable:

- ☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements**NOT APPLICABLE**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

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

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

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

FACILITY NAME: Elmhurst Memorial Hospital			CITY: Elmhurst		
REPORTING PERIOD DATES: From: January 1, 2010					

CERTIFICATION

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

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

This Application for Permit is filed on the behalf of Elmhurst Memorial Healthcare * 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.

W. Peter Daniels
SIGNATURE
W. Peter Daniels, FACHE
PRINTED NAME
President / CEO
PRINTED TITLE

James F. Daulton
SIGNATURE
James F. Daulton
PRINTED NAME
SVP & CFO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10th day of January

Notarization:
Subscribed and sworn to before me
this 10th day of January

Nicole M. Vassolo
Signature of Notary
Seal
Official Seal
Nicole M Vassolo
Notary Public State of Illinois
My Commission Expires 04/04/2012
*Insert EXACT legal name of the applicant

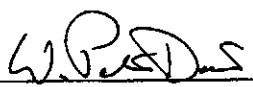
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SIGNATURE
W. Peter Daniels, FACHE

PRINTED NAME
President / CEO

PRINTED TITLE



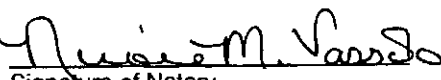
SIGNATURE
James F. Doyle

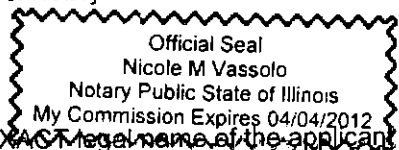
PRINTED NAME
SVP & CFO

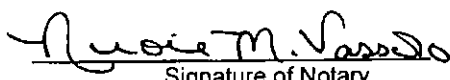
PRINTED TITLE

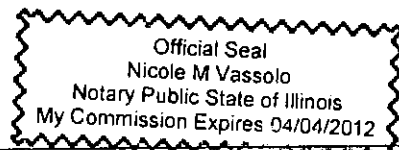
Notarization:
Subscribed and sworn to before me
this 10th day of January

Notarization:
Subscribed and sworn to before me
this 10th day of January



Signature of Notary
Seal

*Insert EXACT legal name of the applicant



Signature of Notary
Seal


CERTIFICATION

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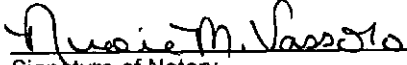
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SIGNATURE
James F. Doyle
PRINTED NAME
Board Member
PRINTED TITLE

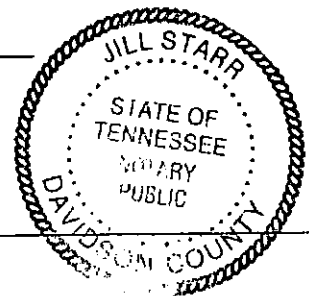

SIGNATURE
CYNTHIA A. WINKER
PRINTED NAME
Managing Member
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10th day of January

Notarization:
Subscribed and sworn to before me
this 16th day of January 2012


Signature of Notary
Seal
Official Seal
Nicole M Vassolo
Notary Public State of Illinois
My Commission Expires 04/04/2012
*Insert EXACT legal name of the applicant


Signature of Notary
Seal



SECTION II. DISCONTINUATION

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

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

SECTION II. DISCONTINUATION

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IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

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

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

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

NOT APPLICABLE

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

APPEND DOCUMENTATION AS ATTACHMENT-11 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

NOT APPLICABLE

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

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

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

NOT APPLICABLE

- 1) Identify ALL of the alternatives to the proposed project:

Alternative options must include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

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

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

READ THE REVIEW CRITERION and provide the following information: **NOT APPLICABLE**

SIZE OF PROJECT:

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

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

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

PROJECT SERVICES UTILIZATION:

NOT APPLICABLE

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

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

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

UNFINISHED OR SHELL SPACE:**NOT APPLICABLE**

Provide the following information:

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

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**ASSURANCES:****NOT APPLICABLE**

Submit the following:

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

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

NOT APPLICABLE, NO PROJECT COST

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

_____ _____ _____ _____ _____ _____ _____ _____ _____ _____	a) 1) 2) b) c) d) 1) 2) 3) 4) 5) e) f) g)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion; Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience. Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts; Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; For any option to lease, a copy of the option, including all terms and conditions. Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent; Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt; All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
		TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

NOT APPLICABLE, NO PROJECT COST

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

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

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

NOT APPLICABLE, NO PROJECT COST

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

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Foot Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

NOT APPLICABLE, NO PROJECT COST

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

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

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

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

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

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

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2008	2009	2010
Inpatient	943	748	1,116
Outpatient	1,542	3,329	4,006
Total	2,485	4,077	5,122
Charity (cost in dollars)			
Inpatient	\$2,841,008	\$3,454,758	\$3,931,342
Outpatient	\$1,955,083	\$2,615,326	\$3,159,949
Total	\$4,796,091	\$6,070,084	\$7,091,291
MEDICAID			
Medicaid (# of patients)	2008	2009	2010
Inpatient	999	1,183	1,217
Outpatient	26,573	36,714	38,640
Total	27,572	37,897	39,857
Medicaid (revenue)			
Inpatient	\$6,970,493	\$7,579,913	\$8,857,501
Outpatient	\$1,957,034	\$1,871,109	\$3,245,659
Total	\$8,927,527	\$9,451,022	\$12,103,160

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

XII. Charity Care Information

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

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

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

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

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$285,080,892	\$306,696,734	\$296,664,159
Amount of Charity Care (charges)	\$18,681,666	\$24,238,835	\$29,588,271
Cost of Charity Care	\$4,796,091	\$6,070,084	\$7,091,291

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



To all to whom these Presents Shall Come, Greeting:

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

ELMHURST MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 28, 1934, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1104902068

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of FEBRUARY A.D. 2011 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

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

ELMHURST MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 06, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



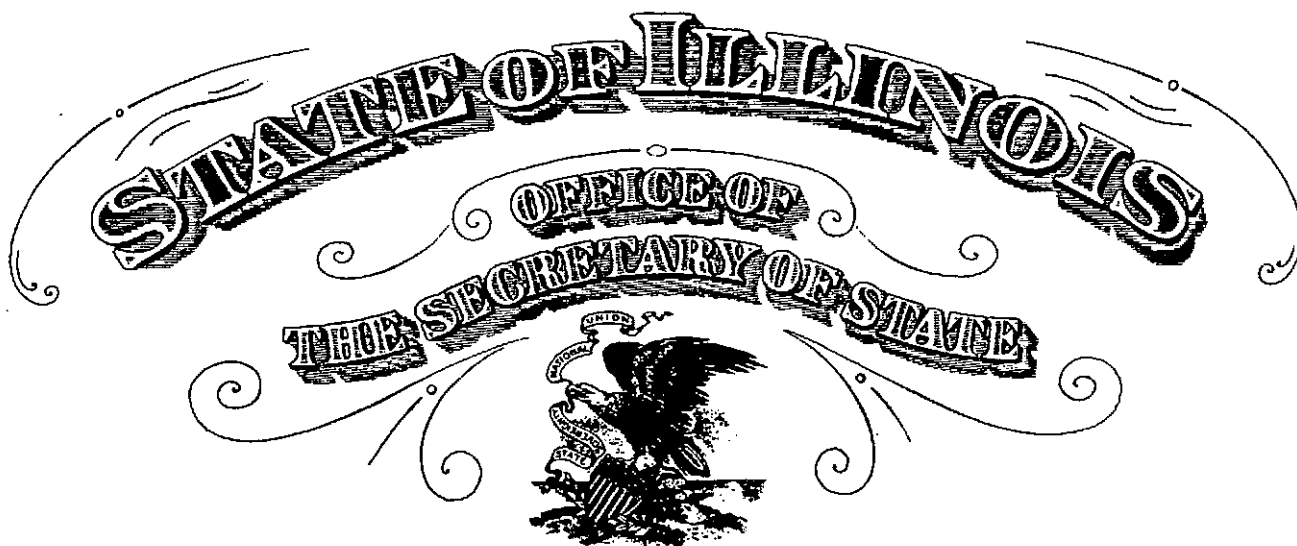
Authentication #: 1104902018

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of FEBRUARY A.D. 2011 .

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

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

CYBERKNIFE CENTER OF CHICAGO, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON SEPTEMBER 02, 2009, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1135302324

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

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of DECEMBER A.D. 2011 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1

R96-002150

96 JAN -4 PM 2:45



TRUSTEE'S DEED

RECORDER
DU PAGE COUNTY

Barney

This indenture made this 29th day
of December, 1995, between
THE CHICAGO TRUST COMPANY, a
corporation of Illinois, as Trustee
under the provisions of a deed or
deeds in trust, duly recorded and
delivered to said company in
pursuance of a trust agreement
dated the 1st day of
August 19 52,
and known as Trust Number
35936, party of the
first part, and

Reserved for Recorder's Office

15/4
W **ELMHURST MEMORIAL HEALTH SYSTEM**, an Illinois not-for-profit corporation,

whose address is: 200 Berteau Avenue, Elmhurst, Illinois 60126

party of the second part.

WITNESSETH, That said party of the first part, in consideration of the sum of **TEN** and no/100 DOLLARS (\$10.00)
AND OTHER GOOD AND VALUABLE considerations in hand paid, does hereby **CONVEY AND QUITCLAIM** unto said party
of the second part, the following described real estate, situated in DuPage County, Illinois, to wit:

See Exhibit A attached hereto and made a part hereof.

Subject to: See Exhibit B attached hereto and made a part hereof.

City of Elmhurst



Real Estate Transfer Tax

Date *DECEMBER 28, 1995*

\$ *4,665.00* 5662

Permanent Tax Number: See Exhibit A attached hereto and made a part hereof.

together with the tenements and appurtenances thereunto belonging.

TO HAVE AND TO HOLD the same unto said party of the second part, and to the proper use, benefit and behoof forever
of said party of the second part.

This deed is executed pursuant to and in the exercise of the power and authority granted to and vested in said trustee
by the terms of said deed or deeds in trust delivered to said trustee in pursuance of the trust agreement above
mentioned. This deed is made subject to the lien of every trust deed or mortgage (if any there be) of record in said county
given to secure the payment of money, and remaining unreleased at the date of the delivery hereof.

9511789

S Deters

CHARGE, C. T. I. C. - DuPAGE

The Zurich Edge - Healthcare



Policy Number

ZMD 9336810-00

Named Insured and Mailing Address

ELMHURST MEMORIAL HEALTHCARE
200 NORTH BERTEAU AVENUE
ELMHURST
IL 60126-2966

ELMHURST MEMORIAL HEALTHCARE and any subsidiary, and ELMHURST MEMORIAL HEALTHCARE interest in any partnership or joint venture in which ELMHURST MEMORIAL HEALTHCARE has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear. All hereafter referred to as the "Insured", including legal representatives.

Insurance is provided by the following Stock Company
AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY
hereafter referred to as the "Company",

Producer

JAMES AND GABLE INSURANCE BROKERS
1660 OLYMPIC BLVD
SUITE 325
WALNUT CREEK, CA 94596-5152

Policy Period

Coverage begins 05/01/2011 at 12:01 AM; Coverage ends 07/01/2012 at 12:01 AM

Proportionate Share of Company for Loss or Damage

This Policy's proportionate share of loss or damage after the application of any deductible amount is:

100 % Quota Share: Being \$750,000,000 part of a \$750,000,000 primary loss layer

Annual Policy Premium
\$414,700

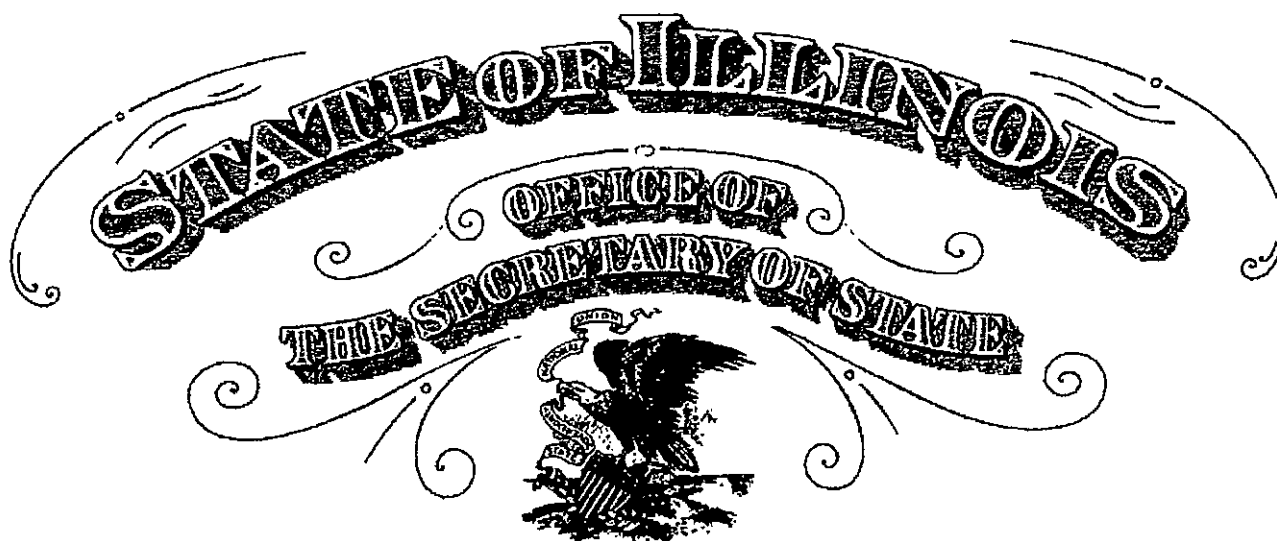
Surcharges, Taxes & Fees
0

Total Policy Premium
\$414,700

EDGE-D-102-A (06/08)
1D

ATTACHMENT 2

30



To all to whom these Presents Shall Come, Greeting:

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

ELMHURST MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MARCH 28, 1934, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



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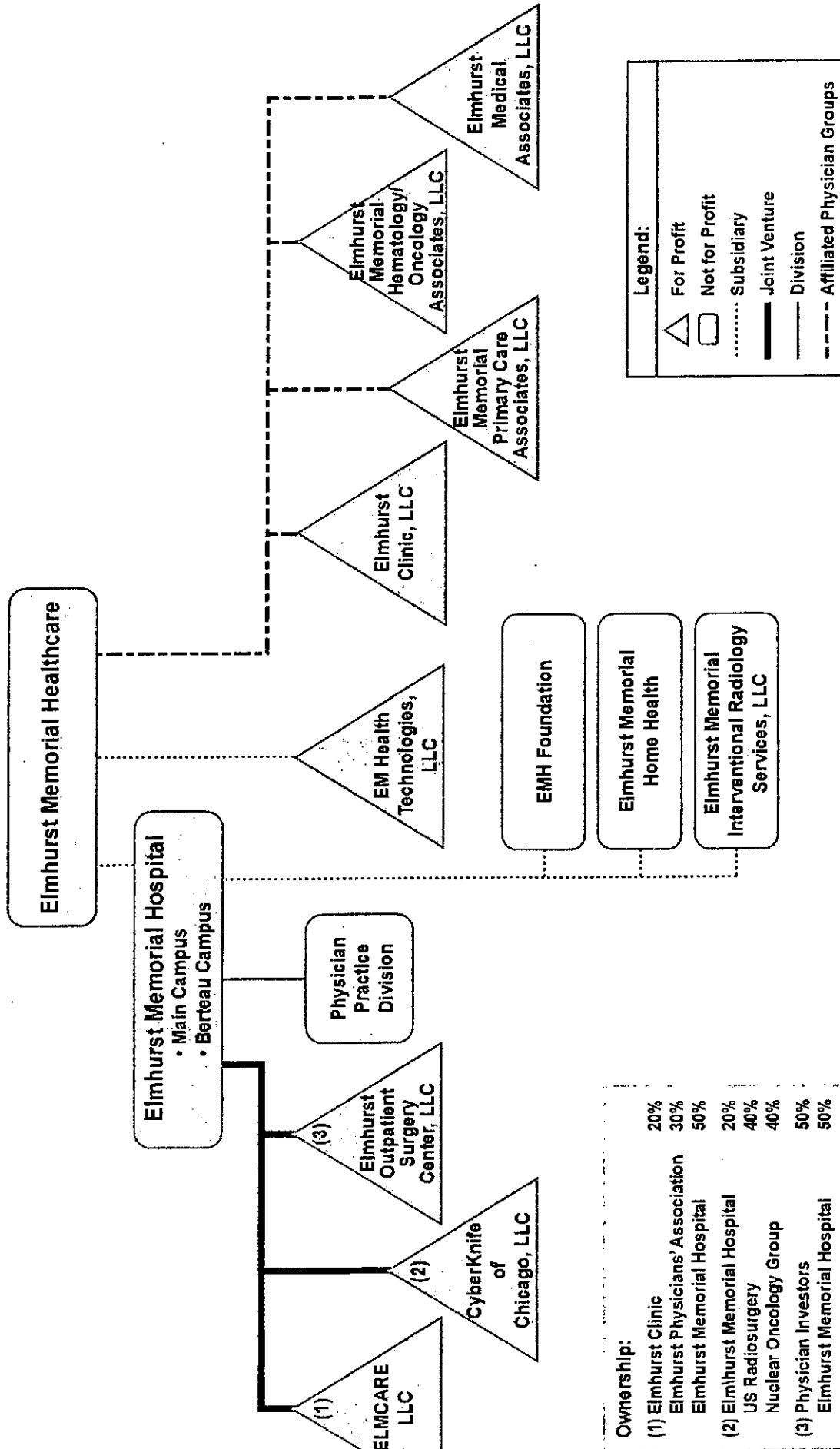
Authenticate at: <http://www.cyberdriveillinois.com>

*In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 18TH
day of FEBRUARY A.D. 2011 .*

Jesse White

SECRETARY OF STATE

Elmhurst Memorial Healthcare – Organizational Chart



Ownership:

(1) Elmhurst Clinic	20%
Elmhurst Physicians' Association	30%
Elmhurst Memorial Hospital	50%
(2) Elmhurst Memorial Hospital	20%
US Radiosurgery	40%
Nuclear Oncology Group	40%
(3) Physician Investors	50%
Elmhurst Memorial Hospital	50%

PROJECT COSTS AND SOURCES OF FUNDS

All project costs are being expensed, rather than capitalized; and as a result, and as confirmed in a technical assistance conference held with IHFSRB staff on December 15, 2011 the identified "project cost" is \$0.

DISCONTINUATION GENERAL INFORMATION REQUIREMENTS

The proposed project involves the discontinuation of two categories of service: acute mental illness, consisting of 18 beds and general long-term care, consisting of 38 beds. In addition, the following outpatient services will be discontinued: oncology, a "stand-by" emergency department, occupational health, physical and occupational therapy, imaging, an immediate care center, and outpatient behavioral health. It is anticipated that each of the above-identified inpatient and outpatient services will be discontinued no later than May 31, 2012. A number of outpatient services, as identified in other parts of this application, including the Narrative Description, will continue to be provided on the Berteau Avenue campus following the "discontinuation" addressed in this application. Final plans for the campus have yet to be determined.

Elmhurst Memorial Hospital currently operates on two campuses in Elmhurst, with the proposed project discontinuing one of those campuses. As a result, Elmhurst Memorial Hospital will remain in operation as a single-campus hospital, with all medical records being retained by the hospital.

All IDPH and IHFSRB data requests of EMH are responded to in a consolidated fashion for the two existing campuses, and that will continue to be the case, as applicable.

DISCONTINUATION REASONS FOR DISCONTINUATION

The services to be discontinued, and specifically the inpatient services, are being discontinued because in the current economic climate it is no longer financially and economically feasible to operate a 259-bed acute care hospital on one campus and 56 beds on a second campus. When the plans to do so were developed approximately six years ago, both the economy and financial position of the hospital were significantly different than is the case today.

The two inpatient programs and the outpatient programs located on the Berteau Campus occupy approximately 10% of the 550,000 square feet on that campus, with all of the hospital's other services having moved to the hospital's new campus. Estimates for the renovation of space to continue to house the two inpatient units in a contemporary setting, which would include infrastructure upgrades, are in the range of \$45M, in addition to the ongoing duplicative costs associated with the continued support (food service, housekeeping, security, plant operations, utilities, etc.) of the units. These costs have become, and will continue to be a burden on the hospital as a whole, and one that limits the allocation of financial resources to other areas.

Elmhurst Memorial Hospital's service population---those who have looked to EMH for their health care needs---has remained constant for many years; and the

applicants have taken great care to ensure that accessibility for that population will not be compromised as a result of the proposed discontinuation. Specifically, and as discussed in other attachments to this application: 1) The long term care unit being discontinued is operated in conjunction with Marianjoy Rehabilitation Hospital as a sub-acute care rehabilitation unit, and serves patients discharged from an EMH acute care unit exclusively. EMH is working with area providers, including Marianjoy and the parallel programs that Marianjoy is affiliated with, in order to provide a smooth transition from EMH's acute care setting to sub-acute care rehabilitation programs (see Marianjoy letter in ATTACHMENT 10C). 2) EMH's acute mental illness (AMI) unit is limited in scope to providing short-term stabilization services to adults, and operates with an average daily census of only 12-13 patients. There are a number of nearby AMI programs that have excess capacity, and EMH is developing patient transfer agreements with two of those hospitals (please see letters from Westlake Hospital and MacNeal Hospital provided in ATTACHMENT 10C). Through the transfer agreements, patients will be accepted for inpatient care, and then returned to an EMH-operated outpatient program for post-discharge care. In addition, EMH will maintain its commitment to its Emergency Department-based crisis intervention program, the employment of two psychiatrists to provide consults on the inpatient units, and a robust outpatient behavioral health program. 3) Each outpatient program currently located on the Berteau Campus will continue to be operated by Elmhurst Memorial Healthcare, either on the Berteau Campus, or at a different site within the community.

DISCONTINUATION IMPACT ON ACCESS

The proposed discontinuation will have no adverse impact on the ability of area residents to access any of the services currently provided on Elmhurst Memorial Hospital's Berteau Campus, which is located 3.14 miles to the north of Elmhurst Memorial Hospital's main campus.

Consistent with IHFSRB requirements, notification of the impending discontinuation of the two IDPH-designated categories of service (acute mental illness and general long-term care) on the Berteau Campus were sent to the 50 acute mental illness providers and the 338 general long-term care providers located within a 45-minute drive of the Berteau Avenue site. That notification also identified the outpatient services currently located on the Berteau Campus site, as well as those services that would continue to be provided on that site. Also, and consistent with IHFSRB requirements, the individual facilities were invited to provide an impact statement. Copies of all responses are attached, as is a template of the letter sent to each provider and lists of the individual facilities to which letters were sent. Proof of delivery of the letters is provided under separate cover, due to the large number of requests sent.

The long-term care unit at Elmhurst Memorial Hospital's Berteau Campus has operated as an intermediate care physical rehabilitation unit, with all admissions coming

from the hospital's acute care units. The unit is managed by Marianjoy Rehabilitation Hospital, and EMH is working with Marianjoy to ensure that all future patients have access to comparable programs, either at Marianjoy Rehabilitation Hospital (10.5 miles to the west) or at another sub-acute program managed by Marianjoy. While the IDPH *Inventory* identifies a "need" for additional long-term care beds in the area, a significant number of letters have been received from area providers, indicating capacity and a willingness to accept patients.

The AMI unit at Elmhurst Memorial Hospital's Berteau Campus has operated as a short-term stabilization program, with an average length of stay 6-7 days and an average daily census of approximately 12 patients. The IDPH *Inventory* identifies an excess of 32 AMI beds in the hospital's planning area, and an excess of 85 AMI beds in the adjacent planning area. There are over 50 AMI providers located within 45 minutes of EMH, and because of the narrow scope of services provided on EMH's AMI unit, the hospital has traditionally transferred patients to more comprehensive programs, particularly programs offering child/adolescent programs and programs that provide more long-term placements, rather than short-term stabilization services. Those practices will continue.

In addition, EMH is in discussions with two area hospitals, Westlake Hospital and MacNeal Hospital, related to the development of formal transfer agreements for AMI patients presenting themselves in EMH's Emergency Department, and requiring transfer to an inpatient unit. Those agreements are referenced in the letters from the two hospitals located in ATTACHMENT 10C, and the agreements will be provided for review by

IHF SRB staff upon completion. Westlake is located 14 minutes from the Berteau Campus and 12 minutes from EMH's Emergency Department (MapQuest 1/13/12), and MacNeal is located 20 minutes from the Berteau Campus and 21 minutes from the Emergency Department. Both Westlake and MacNeal are long-time providers of AMI services in the western suburbs, indicate that they have the capacity and willingness to accommodate EMH's patients, and both will be expanding their AMI bed capacity prior to the proposed discontinuation. Included in the transfer agreements will be mechanisms to smoothly transition patients to and from these programs, including bringing those patients back to EMH's outpatient services when inpatient care is no longer required, and maintaining a strong continuum of care.

Elmhurst Memorial Hospital (EMH) remains committed to behavioral health services. The hospital has historically offered a broad spectrum of outpatient behavioral health programs, with an emphasis on avoiding hospitalization, and the applicants intend to continue and enhance those services. In addition, EMH operates a "comprehensive" emergency department on its main campus, including a strong behavioral health crisis intervention program. That program will also remain intact. EMH will continue to employ two psychiatrists who will provide consults on the hospital's inpatient units and assist as needed with the crisis intervention program in the Emergency Department.



Elmhurst Memorial
Healthcare

December 14, 2011

Name
Company
Address
Address

Dear :

Elmhurst Memorial Healthcare will soon file a Certificate of Need (CON) application with the Illinois Health Facilities and Services Review Board (IHFSRB) addressing the discontinuation of the inpatient acute mental illness and long term care categories of service, currently operated by Elmhurst Memorial Hospital on its 200 Berteau Avenue campus in Elmhurst. The outpatient services currently provided on that campus include oncology, outpatient behavioral health, physical and occupational therapy, imaging, an immediate care center, and occupational health. Those services which, through Elmhurst Memorial Healthcare, will continue to be provided on that campus are: oncology, physical and occupational therapy, immediate care, imaging and occupational health. The "stand-by" emergency room on that campus will also be "discontinued".

It is anticipated that the inpatient services and "stand-by" emergency room will be permanently "discontinued" within thirty days of receiving the requested CON Permit. During the 24 month period ending November 30, 2011, 1,523 patients were admitted to the inpatient acute mental illness unit, and 1,728 patients were admitted to the long term care unit.

Consistent with Section 1110.130 of the IHFSRB's rules, you are hereby provided the opportunity to provide an impact statement, indicating whether your facility has the willingness and capacity to accept without conditions, limitations or discrimination patients that have traditionally used the inpatient services identified above. Impact statements received within 15 days of your receipt of this letter will be included in the CON application.

Thank you for your attention to this matter.

Sincerely,

W. Peter Daniels, FACHE
President/CEO

#	NAME	STREET	CITY	AMI Beds	STATE	ZIP
1	Adventist Glen Oaks Hospital	701 Winthrop Avenue	Glendale Heights	61	IL	60139-0000
2	Adventist Hinsdale Hospital	120 North Oak Street	Hinsdale	17	IL	60521-0000
3	Advocate Christ Hospital and Medical Center	9500 South Kenneth Ave	Oak lawn	51	IL	60453-0000
4	Advocate Good Samaritan Hospital	3815 Highland Avenue	Downers Grove	41	IL	60515-0000
5	Advocate Illinois Masonic Medical Center	836 West Wellington	Chicago	39	IL	60657-5193
6	Advocate Lutheran General Hospital	1775 Dempster Street	Park Ridge	55	IL	60068-0000
7	Alexian Brothers Behavioral Health Hospital	1650 Moon Lake Boulevard	Hoffman Estates	141	IL	60194-0000
8	Aurora Chicago Lakeshore Hospital	4840 North Marine Drive	Chicago	146	IL	60640-0000
9	Central DuPage Hospital	Hospital Road	Winfield	15	IL	60190-0000
10	Children's Memorial Hospital	2300 Childrens Plaza	Chicago	12	IL	60614-0000
11	Elmhurst Memorial Hospital - Berteau Avenue	200 Berteau Avenue	Elmhurst	18	IL	60126-0000
12	Evanston Hospital	2650 Ridge Avenue	Evanston	21	IL	60201-0000
13	Garfield Park Hospital	520 Ridgeway Avenue	Chicago	88	IL	
14	Gottlieb Memorial Hospital	701 West North Avenue	Melrose Park	12	IL	60160-0000
15	Hartgrove Hospital	5730 West Roosevelt Road	Chicago	150	IL	60624-0000
16	Highland Park Hospital	718 Glenview Avenue	Highland Park	13	IL	60035-0000
17	Ingalls Memorial Hospital	One Ingalls Drive	Harvey	68	IL	60426-0000
18	Jackson Park Hosp. Foundation	7531 Stony Island Avenue	Chicago	86	IL	60649-0000
19	Kindred Hospital Chicago North	2544 West Montrose Avenue	Chicago	31	IL	60618-0000
20	Linden Oaks Hospital	852 S West St	Naperville	101	IL	60540-6400
21	Little Company of Mary Hospital and Health Care Center	2800 West 95th Street	Evergreen Park	24	IL	60642-0000
22	Loretto Hospital	645 South Central Avenue	Chicago	76	IL	60644-0000
23	Louis A. Weiss Memorial Hospital	4646 North Marine Drive	Chicago	10	IL	60640-0000
24	MacNeal Memorial Hospital	3249 South Oak Park Avenue	Berwyn	62	IL	60402-0000
25	Maryville Academy / Scott A. Nolan Center	555 Wilson Lane	Des Plaines	180	IL	60016-0000
26	Mercy Hospital & Medical Center	2525 South Michigan Avenue	Chicago	39	IL	60616-2477
27	Methodist Hospital of Chicago	5025 North Paulina Street	Chicago	62	IL	60640-0000
28	Mount Sinai Hospital Medical Center	1501 S California Ave	Chicago	28	IL	60608-0000
29	Northwest Community Hospital	800 West Central Road	Arlington Heigh	32	IL	60005-0000
30	Northwestern Memorial Hospital	251 East Huron St	Chicago	29	IL	60611-0000
31	Norwegian American Hospital	1044 North Francisco Avenue	Chicago	37	IL	60622-0000
32	Palos Community Hospital	12251 South 80th Avenue	Palos Heights	43	IL	60463-0000

33	Provena Mercy Center	1325 North Highland Avenue	Aurora	95 IL	60506-1458
34	Provena Saint Joseph Hospital	77 North Airline Street	Elgin	30 IL	60120-0000
35	Provena Saint Joseph Medical Center	333 North Madison Street	Joliet	31 IL	60435-0000
36	Riveredge Hospital	8311 West Roosevelt Road	Forest Park	210 IL	60130-2500
37	Roseland Community Hospital	45 West 111th Street	Chicago	30 IL	60628-0000
38	Rush University Medical Center	1653 West Congress Parkway	Chicago	70 IL	60612-0000
39	Saint Joseph Health Centers & Hospital	2900 North Lake Shore	Chicago	35 IL	60657-0000
40	Saint Mary Of Nazareth Hospital	2233 West Division Street	Chicago	120 IL	60622-0000
41	South Shore Hospital	8012 South Crandon Avenue	Chicago	15 IL	60617
42	St. Anthony Hospital	2875 West 19th Street	Chicago	42 IL	60623-0000
43	St. Bernard Hospital	326 West 64th Street	Chicago	40 IL	60621-0000
44	St. Elizabeth's Hospital	1431 North Claremont	Chicago	40 IL	60622-0000
45	Streamwood Behavioral Health Systems	1400 E. Irving Park Road	Streamwood	162 IL	60107
46	Swedish Covenant Hospital	5145 North California Avenue	Chicago	34 IL	60625-0000
47	Thorek Memorial Hospital	850 West Irving Park	Chicago	20 IL	60613-0000
48	University of Illinois Hospital	1740 West Taylor Avenue	Chicago	53 IL	60612-0000
49	VHS Westlake Hospital	1225 W Lake St	Melrose Park	33 IL	60160-0000
50	Vista Medical Center West	2615 West Washington	Waukegan	46 IL	60085-0000

	FACNAME	ADDRESS	CITY	ZIP	Gen Beds	SC Beds
1	Abbingdon Rehab & Nursing Ctr	31 West Central	Roselle	60172-0000	82	0
2	Abbott House	405 Central Avenue	Highland Park	60035-0000	106	0
3	Abington Of Glenview	3901 Glenview Road	Glenview	60025-0000	192	0
4	Addison Rehabilitation & Living Center	1754 Capital Street	Elgin	60124-0000	120	0
5	Addolorata Villa	555 Mchenry Road	Wheeling	60090-0000	98	43
6	Admiral at the Lake	909 West Foster Avenue	Chicago	60640	36	
7	Advocate South Suburban Hospital	17800 South Kedzie Avenue	Hazel Crest	60429	41	
8	Albany Care	901 Maple Avenue	Evanston	60202-0000	417	0
9	Alden - Des Plaines Rehab/HCC	1221 East Golf Road	Des Plaines	60016-0000	110	0
10	Alden Estates of Barrington	1420 South Barrington Road	Barrington	60010-0000	150	0
11	Alden Estates Of Evanston	2520 Gross Pointe Road	Evanston	60201-0000	52	47
12	Alden Estates of Naperville	1525 South Oxford Lane	Naperville	60565-0000	203	0
13	Alden Estates of Shorewood	735 Shorewood Dr	Shorewood	60431	100	0
14	Alden Estates of Skokie	4660 Old Orchard Road	Skokie	60076-0000	56	0
15	Alden Lincoln Rehab & Hc Ctr	504 West Wellington Avenue	Chicago	60657-0000	96	0
16	Alden North Shore Rehab & Hc	5050 West Touhy	Skokie	60077	93	0
17	Alden Of Waterford	2021 Randi Drive	Aurora	60504-0000	99	0
18	Alden-Lakeland Rehab & Care Cr	820 West Lawrence	Chicago	60640-0000	300	0
19	Alden-Long Grove Rehab/HC Ctr	2308 Old Hicks Road	Long Grove	60047-0000	248	0
20	Alden-Northmoor Rehab & Hc Ctr	5821 North Northwest Highway	Chicago	60631-0000	198	0
21	Alden-Orland Park Rehab & Hcc	16450 South 97th Avenue	Orland Park	60462	200	0
22	Alden-Poplar Creek Rehab & Care	1545 Barrington Road	Hoffman Estates	60194-0000	217	0
23	Alden-Princeton Rehab & Care	255 West 69th Street	Chicago	60621-0000	225	0
24	Alden-Town Manor Rehab & Hhc	6120 West Ogden	Cicero	60650-0000	237	0
25	Alden-Valley Ridge Rehab & Care	275 East Army Trail Road	Bloomingtondale	60108-0000	207	0
26	Alden-Wentworth Rehab & Care	201 West 69th Street	Chicago	60621-0000	300	0
27	All American Nursing Home	5448 North Broadway Street	Chicago	60640-0000	144	0
28	All Faith Pavilion	3500 South Giles Avenue	Chicago	60653-0000	245	0
29	Alshore House	2840 West Foster Avenue	Chicago	60625-0000	48	0
30	Ambassador Nursing & Rehab Center	4900 North Bernard	Chicago	60625-0000	190	0
31	Apostolic Christian Resthaven	2750 West Highland Avenue	Elgin	60123-0000	50	0
32	Applewood Rehabilitation Center	21020 Kostner Avenue	Matteson	60443-0000	115	0
33	Arbour Health Care Center	1512 West Fargo	Chicago	60626-0000	99	0

34	Arlington Rehab & Living Ctr.	1666 Checker Road	Long Grove	60047-0000	190	0
35	Asbury Healthcare	1750 Elmhurst Road	Des Plaines	60018	75	0
36	Asbury Pavilion Nursing & Rehab Ctr	210 Airport Road	North Aurora	60542	75	0
37	Assisi Healthcare Center at Clare Oaks	775 W Bartlett Rd	Bartlett	60103	120	33
38	Asta Care Center Of Elgin	134 North Mclean Boulevard	Elgin	60123-0000	102	0
39	Astoria Place Living & Rehab Ctr	6300 North California Avenue	Chicago	60659-0000	164	0
40	Atrium Health Care Center	1425 West Estes Avenue	Chicago	60626-0000	160	0
41	Aurora Rehab & Living Center	1601 North Farnsworth	Aurora	60505-0000	195	0
42	Avenue Care Nursing & Rehab. Center	4505 South Drexel	Chicago	60653-0000	155	0
43	Ballard Nursing Center	9300 Ballard Road	Des Plaines	60016-0000	231	0
44	Balmoral Home	2055 West Balmoral Avenue	Chicago	60625-0000	213	0
45	Batavia Rehab & Hlthcare Ctr.	520 Fabyan Parkway	Batavia	60510-0000	63	0
46	Bayside Terrace	1100 South Lewis Avenue	Waukegan	60085-0000	168	0
47	Beacon Hill	2400 South Finley Road	Lombard	60148-0000	108	0
48	Belhaven Nursing & Rehab Center	11401 South Oakley Avenue	Chicago	60643-0000	221	0
49	Belmont Nursing Home	1936 West Belmont Avenue	Chicago	60657-0000	61	0
50	Berkeley Nursing & Rehab. Ctr	6909 West North Avenue	Oak Park	60302-0000	72	0
51	Berkshire Nursing & Rehab Center	8200 West Roosevelt Road	Forest Park	60130	232	0
52	Bethany Terrace Nursing Center	8425 Waukegan Road	Morton Grove	60053-0000	273	2
53	Bethesda Home & Retirement Ctr	2833 North Nordica Avenue	Chicago	60634-0000	113	49
54	Birchwood Plaza	1426 West Birchwood	Chicago	60626-0000	200	0
55	Boulevard Care Nursing & Rehab. Center	3405 South Michigan Avenue	Chicago	60616-0000	155	0
56	Brentwood North Healthcare & Rehab	3705 Deerfield Road	Riverwoods	60015-0000	240	0
57	Brentwood Sub-Acute Hlth-Care	5400 West 87th Street	Burbank	60459-0000	163	0
58	Briar Place	6800 Joliet Road	LaGrange	60525-0000	232	0
59	Bridgeview Health Care Center	8100 South Harlem Avenue	Bridgeview	60455-0000	146	0
60	Bridgeway Christian Village Rehab & SNF	111 East Washington	Bensenville	60106-0000	222	0
61	Brightview Care Center	4538 North Beacon	Chicago	60640-0000	143	0
62	British Home	8700 West 31st Street	Brookfield	60513-0000	72	17
63	Bronzeville Park Skilled Nsg & Living Ctr	3400 South Indiana Avenue	Chicago	60616-0000	302	0
64	Bryn Mawr Care	5547 North Kenmore	Chicago	60640-0000	174	0
65	Buckingham Pavilion	2625 West Touhy Avenue	Chicago	60645-0000	247	0
66	Burgess Square	5801 South Cass Avenue	Westmont	60559-0000	203	0
67	Burnham Healthcare	14500 South Manistee	Burnham	60633-0000	309	0

68	California Gardens Nrg & Rehab	2829 South California Blvd	Chicago	60608-0000	297	0
69	Cambridge Nursing & Rehab	9615 North Knox Avenue	Skokie	60076-0000	113	0
70	Carlton At The Lake	725 West Montrose Avenue	Chicago	60613-0000	244	0
71	Cedar Pointe Rehab & Nuraing	5825 West Cermak Road	Cicero	60804-0000	485	0
72	Central Baptist Village	4747 North Canfield Avenue	Norridge	60706-0000	120	30
73	Central Nursing Home	2450 North Central Avenue	Chicago	60639-0000	245	0
74	Central Plaza Residential Home	321 North Central	Chicago	60644-0000	240	0
75	Chateau Nrsg & Rehab Center	7050 Madison Street	Willowbrook	60521-0000	150	0
76	Chicago Ridge Nursing Center	10602 Southwest Highway	Chicago Ridge	60415-0000	231	0
77	Church Creek	1200 West Central Road	Arlington Hts	60005-0000	56	0
78	Claremont Rehab & Living Ctr.	150 Weiland Rd	Lincolnshire	60089-0000	200	0
79	Claremont-Hanover Park	2016 West Lake Street	Hanover Park	60133	150	0
80	Claridge Healthcare Center	700 Jenkisson Avenue	Lake Bluff	60044-0000	231	0
81	Clark Manor Convalescent Ctr	7433 North Clark Street	Chicago	60626-0000	267	0
82	Clayton Residential Home	2026 North Clark Street	Chicago	60614-0000	235	0
83	Columbus Manor Residential	5107 West Jackson Blvd	Chicago	60644-0000	189	0
84	Columbus Park N & Rehab Center	901 South Austin	Chicago	60644-0000	216	0
85	Community Care - Chicago	4314 South Wabash Avenue	Chicago	60653-0000	204	0
86	Community Nsg & Rehab Center	1136 North Mill Street	Naperville	60563-0000	153	0
87	Concord Nursing & Rehab Center	9401 South Ridgeland Avenue	Oak Lawn	60453-0000	134	0
88	Continental Nursing & Rehab Center	5336 North Western Avenue	Chicago	60625-0000	208	0
89	Countryside Care Center	2330 West Galena Boulevard	Aurora	60506-0000	203	0
90	Countryside Nursing & Rehab Center	1635 East 154th Street	Dolton	60419-0000	197	0
91	Courtyard Healthcare Center	3601 South Harlem Avenue	Berwyn	60402-0000	145	0
92	Covenant Health Care Center	831 Batavia Avenue	Batavia	60510-0000	99	0
93	Covenant Health Care Center	2155 Pfingsten Road	Northbrook	60062-0000	102	0
94	Crestwood Care Centre	14255 South Cicero Ave	Midlothian	60445-0000	303	0
95	Crestwood Terrace	13301 South Central Ave	Midlothian	60445-0000	126	0
96	Ctr Home For Hispanic Elderly	1401 North California	Chicago	60622-0000	156	0
97	Danish Home, The	5656 North Newcastle Avenue	Chicago	60631-0000	17	42
98	Deerbrook Care Centre	306 North Larkin Avenue	Joliet	60435-0000	214	0
99	Dobson Plaza	120 Dodge Avenue	Evanston	60202-0000	97	0
100	Dolton Healthcare Centre	14325 South Blackstone	Dolton	60419-0000	80	0
101	Dupage Convalescent Home	400 N County Farm Road	Wheaton	60187-0000	508	0

102	Elm Brook Hlth C & Rehab Ctr	127 West Diversey Avenue	Elmhurst	60126-0000	180	0
103	Elmhurst Extended Care Center	200 East Lake Street	Elmhurst	60126-2079	108	0
104	Elmhurst Memorial Hospital	200 Berteau Avenue	Elmhurst	60126-0000	38	0
105	Elmwood Care	7733 Grand Avenue	Elmwood Park	60635-0000	245	0
106	Elmwood Terrace Healthcare Ctr	1017 West Galena Boulevard	Aurora	60506-0000	68	0
107	Elston Nursing & Rehab Center	4340 North Keystone	Chicago	60641-0000	117	0
108	Emeritus at Prospect Heights	700 East Euclid Avenue	Prospect Hgts	60070-0000	30	128
109	Emeritus Burr Ridge	6801 HIGH GROVE BOULEVARD	Willowbrook	60527	30	120
110	Evanston Nursing & Rehab Center	1300 Oak Avenue	Evanston	60201-0000	57	0
111	Evergreen Health Care Center	10124 South Kedzie Avenue	Evergreen Park	60642-0000	242	0
112	Exceptional Health Care	5701 West 79th Street	Burbank	60459-0000	55	0
113	Fairmont Care Centre	5061 North Pulaski Road	Chicago	60630-0000	176	0
114	Fairview Baptist Home	6700 Fairview Avenue	Downers Grove	60516-0000	160	72
115	Fairview Care Center of Joliet	222 North Hammes	Joliet	60435-0000	203	0
116	Forest View Rehab & Nursing Center	535 South Elm	Itasca	60143-0000	144	0
117	Forest Villa Nsg. & Reh. Ctr.	6840 West Touhy Avenue	Niles	60714-0000	212	0
118	Franciscan Village	1270 Franciscan Drive	Lemont	60439-0000	127	0
119	Frankfort Terrace	40 North Smith Street	Frankfort	60423-0000	120	0
120	Friendship Village Schaumburg	350 West Schaumburg Road	Schaumburg	60194-0000	250	0
121	Garden View Nursing & Reh Ctr	6450 North Ridge Avenue	Chicago	60626-0000	136	0
122	Geneva Nursing & Rehab	1101 East State Street	Geneva	60134-0000	107	0
123	Glen Bridge Nursing Center	8333 West Golf Road	Niles	60714-0000	302	0
124	Glen Lake Terrace Nursing & Rehab	2222 West 14th Street	Waukegan	60085-0000	271	0
125	Glen Oaks Nsg. & Rehab. Ctr.	270 Skokie Highway	Northbrook	60062-0000	298	0
126	Glencrest Hlthcr & Rehab Ctr	2451 West Touhy Avenue	Chicago	60645-0000	312	0
127	Glenshire Nsg & Rehab Centre	22660 South Cicero Avenue	Richton Park	60471-0000	294	0
128	Glenview Terrace Nursing Ctr	1511 Greenwood Road	Glenview	60025-0000	314	0
129	Glenwood Healthcare & Rehab.	19330 South Cottage Grove	Glenwood	60425-0000	184	0
130	Gottlieb Memorial Hospital	701 West North Avenue	Melrose Park	60160-0000	34	0
131	Grasmere Place	4621 North Sheridan Road	Chicago	60640-0000	216	0
132	Greek American Rehab & Care Center	220 North First Street	Wheeling	60090	204	0
133	Greenfields of Geneva	Lot 2 & 3 Mill Creek	Geneva	60134-0000	43	0
134	Greenwood Care	1406 Chicago Avenue	Evanston	60202-0000	145	0
135	Grosse Pointe Manor	6601 West Touhy Avenue	Niles	60714-0000	99	0

136	Grove Lincoln Park Living & Rehab	2732 North Hampden Court	Chicago	60614-0000	109	0
137	Grove North Living & Rehab Center	9000 La Vergne Avenue	Skokie	60077-0000	149	0
138	Harmony Nursing And Rehab Ctr	3919 West Foster Avenue	Chicago	60625-0000	180	0
139	Heather Healthcare Center	15600 Honore Ave	Harvey	60426-0000	173	0
140	Heritage Healthcare Center	5888 North Ridge Avenue	Chicago	60560-0000	128	0
141	Heritage Manor - Elgin	355 Raymond Street	Elgin	60120-0000	94	0
142	Hickory Nursing Pavilion	9246 South Roberts Road	Hickory Hills	60457-0000	74	0
143	Highland Park Nursing & Rehab	50 Pleasant Avenue	Highwood	60040-0000	104	0
144	Hillcrest Nursing & Rehab Center	777 Draper	Joliet	60432-0000	168	0
145	Holy Family Nursing & Rehab Center	2380 Dempster Street	Des Plaines	60016-0000	251	0
146	Holy Family Villa	Will Cook Rd	Lemont	60439-0000	99	0
147	Imperial Grove Pavilion	1366 West Fullerton Avenue	Chicago	60614-0000	248	0
148	International Nursing & Rehab Center	4815 South Western Avenue	Chicago	60609	218	0
149	Jackson Square Nrg & Rehab Ctr	5130 West Jackson Boulevard	Chicago	60644-0000	234	0
150	Jennings Terrace	275 South Lasalle	Aurora	60505-0000	60	103
151	Joliet Terrace	2230 Mcdonough	Joliet	60436-0000	120	0
152	King Home	1555 Oak Avenue	Evanston	60201-0000	18	90
153	King-Bruwaert House	6101 South County Line Road	Burr Ridge	60527-0000	49	76
154	Lake Cook Terrace Nursing Ctr	263 Skokie Boulevard	Northbrook	60062-0000	134	0
155	Lake Forest Hosp-Westmoreland	660 North Westmoreland Road	Lake Forest	60045-0000	88	0
156	Lake Forest Place	1100 Pembroke Drive	Lake Forest	60045-0000	63	0
157	Lake Front Convalescent Center	7618 North Sheridan Road	Chicago	60626-0000	99	0
158	Lake Park Center	919 Washington Park	Waukegan	60085-0000	210	0
159	Lake Shore Hlth Care & Rehab	7200 North Sheridan Road	Chicago	60626-0000	313	0
160	Lakeview Rehab & Nursing Ctr	735 West Diversey	Chicago	60614-0000	178	0
161	Lakewood Nrsng & Rehab Center	1112 North Eastern Avenue	Plainfield	60544-0000	131	0
162	Lee Manor	1301 Lee Street	Des Plaines	60018-0000	262	0
163	Lemont Nrsng & Rehab Center	12450 Walker Rd	Lemont	60439-0000	158	0
164	Lexington Health Care Center	14601 S. John Humphrey Drive	Orland Park	60462-0000	278	0
165	Lexington Health Care Center-Bloomington	165 South Bloomington Road	Bloomington	60108-0000	166	0
166	Lexington Health Care Center-Lombard	2100 South Finley Road	Lombard	60148-0000	224	0
167	Lexington Health Care-Wheeling	730 West Hintz Road	Wheeling	60090-0000	215	0
168	Lexington Of Chicago Ridge	10300 Southwest Highway	Chicago Ridge	60415-0000	203	0
169	Lexington of Elmhurst	420 W Butterfield Rd	Elmhurst	60126-0000	145	0

170	Lexington Of Lagrange	4735 Willow Springs Road	Lagrange	60525-0000	120	0
171	Lexington Of Lake Zurich	900 South Rand Road	Lake Zurich	60047-0000	203	0
172	Lexington Of Schaumburg	675 South Roselle Road	Schaumburg	60193-0000	214	0
173	Lexington Of Streamwood	815 East Irving Park Road	Streamwood	60107-3073	214	0
174	Libertyville Manor Ext Care	610 Peterson Road	Libertyville	60048-0000	174	0
175	Lieberman Center for Health & Rehab	9700 Gross Point Road	Skokie	60076-0000	240	0
176	Lincolnwood Place	7000 North McCormick Blvd	Lincolnwood	60712-0000	40	25
177	Little Sisters Of The Poor	2325 North Lakewood Avenue	Chicago	60614-0000	76	0
178	Lutheran Home For Aged	800 West Oakton Street	Arlington Hts	60004-0000	334	58
179	Lydia Healthcare	13901 South Lydia	Robbins	60472-0000	412	0
180	Manor Care - Elk Grove Village	1920 Nerge Road	Elk Grove Villg	60007-0000	190	0
181	Manor Care - Naperville	200 West Martin Avenue	Naperville	60540-0000	118	0
182	Manor Care of Highland Park	2773 Skokie Valley Road	Highland Park	60035-0000	215	0
183	Manor Care of Hinsdale	600 West Ogden Avenue	Hinsdale	60521-0000	202	0
184	Manor Care of Libertyville	1500 South Milwaukee Avenue	Libertyville	60048-0000	150	0
185	Manor Care of Northbrook	3300 Milwaukee Avenue	Northbrook	60062-0000	158	0
186	Manor Care of Rolling Meadows	4225 Kirchoff Road	Rolling Meadows	60008-0000	155	0
187	Manor Care of Westmont	512 East Ogden Avenue	Westmont	60559-0000	155	0
188	Manor Care of Wilmette	432 Poplar Drive	Wilmette	60091-0000	80	0
189	Manorcare of Arlington Heights	715 West Central Road	Arlington Hts	60005-0000	151	0
190	Manorcare of Elgin	180 South State Street	Elgin	60123-0000	88	0
191	Manorcare of Homewood	940 Maple Avenue	Homewood	60430-0000	120	0
192	Manorcare of Oak Lawn East	9401 South Kostner Avenue	Oak Lawn	60453-0000	122	0
193	Manorcare of Oak Lawn West	6300 West 95th Street	Oak Lawn	60453-0000	192	0
194	Manorcare of Palos Heights East	7850 West College Drive	Palos Heights	60463-0000	184	0
195	Manorcare of Palos Heights West	11860 Southwest Highway	Palos Heights	60463-0000	130	0
196	Manorcare of South Holland	2145 East 170th Street	South Holland	60473-0000	200	0
197	Maplewood Care	50 North Jane Drive	Elgin	60123-0000	203	0
198	Margaret Manor	1121 North Orleans	Chicago	60610-0000	135	0
199	Margaret Manor - North	940 West Cullom Avenue	Chicago	60613-0000	99	0
200	Marianjoy Rehab Hospital	2050 W Roosevelt Rd	Wheaton	60187	20	
201	Maryhaven Nsg. & Rehab. Ctr.	1700 East Lake Avenue	Glenview	60025-0000	135	0
202	Mather Pavilion	820 Foster Street	Evanston	60201-0000	158	0
203	Mayfield Care Center	5905 West Washington	Chicago	60644-0000	156	0

204	McAllister Nursing & Rehab	18300 Lavergne Ave	Country Club Hills	60478	111	0
205	Meadowbrook Manor	37W220 Keslinger Road	Geneva	60134-0000	150	0
206	Meadowbrook Manor	720 Raymond Drive	Naperville	60563-0000	245	0
207	Meadowbrook Manor	431 West Remington Boulevard	Bolingbrook	60440-0000	298	0
208	MEADOWBROOK MANOR LAGRANGE	339 9th Avenue	LaGrange	60525	197	0
209	Mercy Circle	10000 South Central Park Avenue	Chicago	60655	24	
210	Methodist Home	1415 West Foster Avenue	Chicago	60640-0000	126	0
211	Methodist Hospital Of Chicago	5025 North Paulina Street	Chicago	60640-0000	23	0
212	Mid America Care Center	4920 North Kenmore	Chicago	60640-0000	310	0
213	Midway Neurological/Rehab Center	8540 South Harlem Avenue	Bridgeview	60455-0000	404	0
214	Monarch Landing	2255 Erickson Drive	Naperville	60563-0000	24	0
215	Monroe Pav Hlth & Treatmnt Ctr	1400 West Monroe Street	Chicago	60607-0000	136	0
216	Montgomery Place	5550 South Shore Drive	Chicago	60637-0000	40	0
217	Nazarethville	300 North River Road	Des Plaines	60016-0000	68	15
218	Niles Nursing & Rehab Center	9777 Greenwood	Niles	60714-0000	304	0
219	Norridge Hlthcr & Rehab Centre	7001 West Cullom	Norridge	60706-0000	292	0
220	North Aurora Care Center	310 Banbury Road	North Aurora	60542-0000	129	0
221	Norwood Crossing	6016 North Nina Avenue	Chicago	60631-0000	131	130
222	Oak Brook Health Care Center	2013 Midwest Road	Oak Brook	60521-0000	156	0
223	Oak Forest Hospital	15900 South Cicero Avenue	Oak Forest	60452-0000	10	0
224	Oak Lawn Respiratory & Rehab	9525 South Mayfield	Oak Lawn	60453-0000	143	0
225	Oak Park Healthcare Center	625 North Harlem Avenue	Oak Park	60302-0000	204	0
226	Oakridge Nursing & Rehab Ctr	323 Oakridge Avenue	Hillside	60162-0000	73	0
227	Oakton Pavilion	1660 Oakton Place	Des Plaines	60018-0000	294	0
228	Our Lady Of Angels Ret Home	1201 Wyoming Avenue	Joliet	60435-0000	87	50
229	Our Lady Of Resurrect Med Ctr	5645 West Addison Street	Chicago	60634-0000	66	0
230	Palos Hills Healthcare	10426 South Roberts	Palos Hills	60465-0000	179	0
231	Park House Nursing & Rehab Ctr	2320 South Lawndale	Chicago	60623-0000	106	0
232	Park Place Christian Community	1050 Euclid Avenue	Elmhurst	60126	37	
233	Park Point South Elgin Healthcare	Illinois 25 & East Middle Street	South Elgin		120	
234	Park Ridge Care Center	665 Busse Highway	Park Ridge	60068-0000	46	0
235	Park Villa Nrsng & Rehab Center	12550 South Ridgeland Avenue	Palos Heights	60463-0000	101	0
236	Parkshore Estates Nursing & Rehab	6125 South Kenwood	Chicago	60637-0000	318	0
237	Pavilion of Waukegan	2217 Washington Street	Waukegan	60085-0000	109	0

238	Pershing Convalescent Center	3900 South Oak Park Avenue	Berwyn	60402-0000	51	0
239	Peterson Park Nursing Home	6141 North Pulaski Road	Chicago	60646-0000	188	0
240	Pine Crest Health Care	3300 West 175th Street	Hazel Crest	60429-0000	199	0
241	Plaza Nursing & Rehab Center	3249 West 147 Street	Midlothian	60445-0000	91	0
242	Plum Grove Nursing & Rehab Ctr	24 South Plum Grove Road	Palatine	60067-0000	69	0
243	Plymouth Place	315 North Lagrange Road	LaGrange	60525	86	0
244	Prairie Manor Nsg & Rehab Ctr	345 Dixie Highway	Chicago Heights	60411-0000	148	0
245	Prairieview at the Garlands	6000 GARLANDS LANE	Barrington	60010	20	0
246	Presidential Pavilion	8001 South Western Avenue	Chicago	60620-0000	328	0
247	Provena McAuley Manor	400 West Sullivan Road	Aurora	60506-0000	87	0
248	Provena Pine View Care Center	611 Allen Lane	St. Charles	60174-0000	120	0
249	Provena Villa Franciscan	210 North Springfield Avenue	Joliet	60435-0000	176	0
250	Radford Green	901 MILWAUKEE AVENUE	Lincolnshire	60069	88	0
251	Rainbow Beach Care Center	7325 South Exchange	Chicago	60649-0000	211	0
252	Regency Rehabilitation Center	6631 Milwaukee Avenue	Niles	60714-0000	300	0
253	Renaissance At 87th Street	2940 West 87th Street	Chicago	60652-0000	210	0
254	Renaissance At Midway	4437 South Cicero	Chicago	60632-0000	249	0
255	Renaissance At South Shore	2425 East 71st Street	Chicago	60649-0000	248	0
256	Renaissance Park South	10935 South Halsted Street	Chicago	60628-0000	300	0
257	Rest Haven Central	13259 South Central Avenue	Palos Heights	60463-0000	193	0
258	Rest Haven South	16300 Wausau Street	South Holland	60473-0000	171	0
259	Rest Haven West	3450 Saratoga Avenue	Downers Grove	60515-0000	145	96
260	Resurrection Life Center	7370 West Talcott	Chicago	60631	157	5
261	Resurrection Nsg & Rehab Ctr	1001 North Greenwood Avenue	Park Ridge	60068-0000	298	0
262	Riviera Care Center	490 West 16th Place	Chicago Heights	60411-0000	200	0
263	Rosary Hill Home	9000 West 81st Street	Justice	60458-0000	29	31
264	Rosewood Care Center	3401 Hennepin Drive	Joliet	60435-0000	120	0
265	Rosewood Care Center Inverness	1800 Colonial Parkway	Inverness	60067-0000	142	0
266	Rosewood Care Center of Elgin	2355 Royal Boulevard	Elgin	60123	139	0
267	Rosewood Care Ctr St. Charles	850 Dunham Road	St. Charles	60174-0000	109	0
268	Rosewood Care Ctr-Northbrook	4101 Lake Cook Road	Northbrook	60062	147	0
269	Rush Oak Park Hospital	520 South Maple Avenue	Oak Park	60304-0000	36	0
270	Sacred Heart Home	1550 South Albany	Chicago	60623-0000	172	0
271	Schwab Rehabilitation Hospital	1401 S. CALIFORNIA AVENUE	Chicago	60608	21	

272	Scottish Old Peoples Home	2748 Des Plaines Avenue	North Riverside	60546-0000	36	49
273	Selfhelp Home Of Chicago	908 West Argyle Street	Chicago	60640-0000	65	0
274	Sheridan Shores Care & Rehab	5838 North Sheridan Road	Chicago	60660-0000	191	0
275	Sherman West Court	1950 Larkin Avenue	Elgin	60123-0000	120	0
276	Sherwin Manor Nursing Center	7350 North Sheridan Road	Chicago	60626-0000	219	0
277	Skokie Meadows Nursing Center II	4600 West Golf Road	Skokie	60076-0000	111	0
278	Smith Crossing	10501 Emilie Ln	Mokena	60467	46	0
279	Snow Valley Nrsng & Rehab Ctr	5000 Lincoln Avenue	Lisle	60532-0000	51	0
280	South Elgin Rehab & Hlthcare Ct	746 Spring Street	South Elgin	60177-0000	90	0
281	South Suburban Rehab Center	19000 Halsted Street	Homewood	60430-0000	259	0
282	Southport Nur & Rehab	1010 West 95th Street	Chicago	60643-0000	228	0
283	Southview Manor	3311 South Michigan Avenue	Chicago	60616-0000	200	0
284	St. Agnes Health Care Center	60 East 18th Street	Chicago	60616-0000	197	0
285	St. Andrew Life Center	7000 North Newark	Niles	60714-0000	55	0
286	St. Benedict Nsg. & Rehab. Ctr	6930 West Touhy Avenue	Niles	60714-0000	99	0
287	St. Elizabeth Hospital	1431 North Claremont Avenue	Chicago	60622-0000	28	0
288	St. Joseph Hospital	2900 North Lake Shore Drive	Chicago	60657-0000	26	0
289	St. Joseph's Home For Elderly	80 West Northwest Highway	Palatine	60067-0000	60	7
290	St. Joseph's Village	4021 West Belmont Avenue	Chicago	60641	54	
291	St. Martha's Manor	4621 North Racine Avenue	Chicago	60640-0000	132	0
292	St. Matthew Center for Health	1601 North Western Avenue	Park Ridge	60068-0000	140	0
293	St. Patrick's Residence	1400 Brookdale Road	Naperville	60563-2125	209	1
294	St. Paul's House & Healthcare	3800 North California Avenue	Chicago	60618-0000	110	68
295	Swedish Covenant Hospital	5145 North California	Chicago	60625-0000	37	0
296	Tabor Hills Healthcare	1437 Crystal Avenue	Naperville	60563-0000	211	0
297	The Clare at Water Tower	55 EAST PEARSON	Chicago	60611	32	
298	The Grove of Evanston	500 Asbury Street	Evanston	60202-0000	124	0
299	The Grove of LaGrange Park	701 North Lagrange Road	Lagrange Park	60525-0000	131	0
300	The Mather	425 Davis Street	Evanston	60201	37	0
301	The Moorings Health Center	761 Old Barn Lane	Arlington Hts	60005-0000	116	67
302	The Renaissance At Hillside	4600 North Frontage Road	Hillside	60162-0000	198	0
303	The Wealshire	150 Jamestown Lane	Lincolnshire	60069-0000	142	2
304	Thornton Heights Terrace	160 10th St	Chicago Heights	60411-0000	222	0
305	Three Crowns Park	2320 Pioneer Place	Evanston	60201-0000	48	82

306	Triller's Nursing & Rehab Center	4390 SR-71	Oswego	60543-0000	106	0
307	Tower Hill Healthcare Center	759 Kane Street	South Elgin	60177-0000	206	0
308	Transitional Care of Arlington Heights	1200 North Arlington Heights Road	Arlington Heights		120	
309	Transitional Care of Naperville	1175 East Diehl Road	Naperville		120	
310	Tri-State Manor Nursing Home	2500 East 175th Street	Lansing	60438-0000	84	0
311	Vi at the Glen	1400 Patriot Boulevard	Glenview	60025	38	0
312	Victorian Village	12565 W. Renaissance Circle	Homer Glen	60491-0000	50	0
313	Villa Scalabrini Nsg & Rehab	480 North Wolf Road	Northlake	60164-0000	253	0
314	Warren Barr Pavilion	66 West Oak Street	Chicago	60610-0000	271	0
315	Warren Park Health & Living Center	6700 North Damen Avenue	Chicago	60645-0000	127	0
316	Washington & Jane Smith Comm.	2340 West 113th Place	Chicago	60643-0000	103	0
317	Waterford Nursing & Rehab, The	7445 North Sheridan Road	Chicago	60626-0000	141	0
318	Waterfront Terrace	7750 South Shore Drive	Chicago	60649-0000	118	0
319	West Chicago Terrace	928 Joliet Road	West Chicago	60185-0000	120	0
320	West Suburban Hospital & Med C	518 North Austin	Oak Park	60302-0000	50	0
321	West Suburban Nursing & Rehab Center	311 Edgewater Drive	Bloomington	60108-0000	259	0
322	Westbury Care Center	1800 Robin Lane	Lisle	60532-0000	55	27
323	Westchester Health & Rehab	2901 Wolf Road	Westchester	60154-0000	120	0
324	Westminster Place	3200 Grant Street	Evanston	60201-0000	204	51
325	Westmont Nursing & Rehab Center	6501 South Cass	Westmont	60559-0000	215	0
326	Westwood Manor	2444 West Touhy Avenue	Chicago	60645-0000	115	0
327	Wheaton Care Center	1325 Manchester Road	Wheaton	60187-0000	123	0
328	Whitehall- North	300 Waukegan Rd	Deerfield	60015-0000	190	0
329	Wilson Care	4544 North Hazel Street	Chicago	60640-0000	198	0
330	Winchester House Nursing Home	1125 North Milwaukee Avenue	Libertyville	60048-0000	360	0
331	Windmill Nursing Pavilion	16000 South Wabash	South Holland	60473-0000	150	0
332	Windsor Park Manor	110 Windsor Park Drive	Carol Stream	60188-0000	80	0
333	Windsor Park Nursing & Living Center	2649 East 75th Street	Chicago	60649	240	0
334	Winfield Woods	28W141 Liberty Street	Winfield	60190-0000	138	0
335	Winston Manor Convalescent	2155 West Pierce	Chicago	60622-0000	180	0
336	Wood Glen Nursing & Rehab Ctr	County Farm Rd & SR-64	West Chicago	60185-0000	207	0
337	Woodbridge Nursing Pavilion	2242 North Kedzie	Chicago	60647-0000	222	0
338	Wynscape	2180 Manchester Road	Wheaton	60187-0000	209	0

AVENUE CARE NURSING AND REHABILITATION CENTER

4505 South Drexel • Chicago, Illinois 60653
773-285-0550 • Fax 773-285-5618

December 20, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, Illinois 60126

Dear Mr. Daniels:

Avenue Care Nursing and Rehabilitation Center offers a cheerful environment where caring and compassion join together to provide the perfect blend of excellence. We believe that life can be rewarding and meaningful at every stage. Therefore, our programs offer a wide array of services specifically developed to assist each resident in reaching their highest level of independence.

Avenue Care Nursing and Rehabilitation Center provides a comprehensive spectrum of nursing services including skilled, therapy and rehabilitative services, intermediate, hospice and respite care.

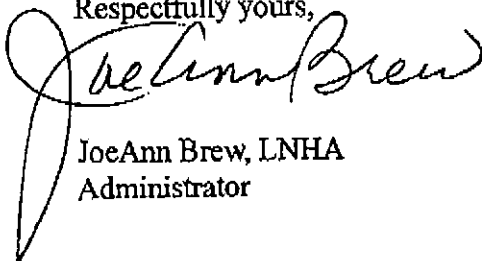
The staff at Avenue Care Nursing and Rehabilitation Center is trained to meet the social service needs of each resident. A Licensed Social Worker, as well as other qualified mental health professionals, regularly provide specialized services to meet residents' individualized needs.

Our staff will discreetly assist each resident/family with the Medicare, Medicaid and Disability application process. Staff also assists each resident with discharge planning, independent living skills and community placement.

We are more than willing and have the capacity to accept patients that have traditionally used the inpatient services: acute mental illness and longterm care categories. Avenue Care Nursing and Rehabilitation Center conducts an assessment and evaluates each patient prior to admission to make sure the facility can meet the needs of the patient to ensure quality care.

We look forward to working with you in the near future to provide the best care for the patients that are in need of inpatient services. If you have any questions and/or concerns please feel free to contact me at (773) - 285 - 0550.

Respectfully yours,



JoeAnn Brew, LNHA
Administrator

ATTACHMENT 10C

Mr. W. Peter Daniels, President/CEO
Elmhurst Memorial Healthcare
155 East Bush Hill Road
Elmhurst, IL. 60126

Date December 19, 2011

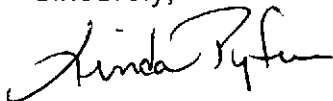
Dear Mr. Daniels:

This letter is to inform you of Bridgeway Christian Village's intent to accept patients that have traditionally used the inpatient facilities designated as long term care categories as you are discontinuing those services.

I am confident that the long time relationship between Bridgeway Christian Village and Elmhurst Memorial Healthcare will continue as your services change.

If I can be of any assistance, please don't hesitate to call me at 630-787-7010.

Sincerely,



Linda Pyfer, MPA, LNHA
Administrator





December 19, 2011

Dear Mr. W. Peters Daniels:

Cedar Pointe Rehab & Nursing is located in Cicero, IL right on the main street of Cermak Rd. We are a nine story facility with the capacity of 485 License beds. There is also a dedicated floor of 74 certified skilled beds. Our facility specializes in :

- Pain Management
- Wound Care
- Specialized Rehabilitative Services
- PT/OT/Speech Therapy
- Short/Long Term Care
- Dementia/Alzheimer's Unit
- Hospice
- HIV/AIDS Care
- IV Antibiotic Therapy
- Psychiatric Services:
Substance Abuse treatment programs, Vocational & Day programs, Behavioral Modifications, Discharge Planning, Individual & Group Therapy, Incentive Programs, Skills Training Groups and Psychotropic Reduction Program

Our facility has multitude of Interdisciplinary Team members which includes: Physicians, PA, Psychiatrists, Psychologist, RN, Case Managers (PRSV), Dietician and our wonderful staff. We would gladly be willing to accept any patient of yours who has the need of Long Term Care as long as they fit the list of our admissions criteria:

1. Has Medicaid, Medicare, VA Benefits, Private Pay, Respite Care or Hospice.
2. Over the age of 18yrs
3. Is assessed to need a LTC facility.
4. Is not on a Vent
5. Not a Sex Offender or High Risk for Criminal offenses.

We look forward to hearing from your organization and want to be able to assist you in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "Moshe Levovitz", written over a horizontal line.

Moshe Levovitz

Administrator



Columbus Manor, Inc.
Residential Care Home

Patrick J. O'Brien
107 W. Jackson Blvd.
Chicago, Illinois 60644

Phone 773-378-5490
Fax 773-378-7860

December 14, 2011

Administrator
Columbus Manor Residential
5107 West Jackson Blvd
Chicago, IL 60644

Dear Administrator:

Elmhurst Memorial Healthcare will soon file a Certificate of Need (CON) application with the Illinois Health Facilities and Services Review Board (IHFSRB) addressing the discontinuation of the inpatient acute mental illness and long term care categories of service, currently operated by Elmhurst Memorial Hospital on its 200 Berteau Avenue campus in Elmhurst. The outpatient services currently provided on that campus include oncology, outpatient behavioral health, physical and occupational therapy, imaging, an immediate care center, and occupational health. Those services which, through Elmhurst Memorial Healthcare, will continue to be provided on that campus are: oncology, physical and occupational therapy, immediate care, imaging and occupational health. The "stand-by" emergency room on that campus will also be "discontinued".

It is anticipated that the inpatient services and "stand-by" emergency room will be permanently "discontinued" within thirty days of receiving the requested CON Permit. During the 24 month period ending November 30, 2011, 1,523 patients were admitted to the inpatient acute mental illness unit, and 1,728 patients were admitted to the long term care unit.

Consistent with Section 1110.130 of the IHFSRB's rules, you are hereby provided the opportunity to provide an impact statement, indicating whether your facility has the willingness and capacity to accept without conditions, limitations or discrimination patients that have traditionally used the inpatient services identified above. Impact statements received within 15 days of your receipt of this letter will be included in the CON application.

Thank you for your attention to this matter.

Sincerely,

W. Peter Daniels, FACHE
President/CEO

*We can accept MI
Clients with Public Aid
55/551*

Thank you.

ATTACHMENT 10C

WWW.EMHC.ORG

Countryside HealthCare Center

1635 E. 154th Street • Dolton, Illinois 60419
Phone 708-841-9550 • Fax 708-841-4517

December 27, 2011

To: Elmhurst Memorial Healthcare

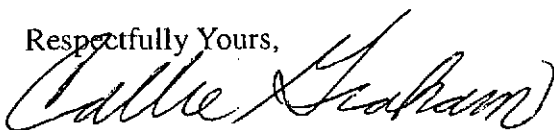
In response to your letter concerning the discontinuation of patient service at Elmhurst Memorial Healthcare, we are able to provide the following care to long and short term patients ages 45 and over. Our staff is trained to provide care to both medical and behavioral diagnosis.

We accept Medicare, Medicaid, Va contracts, private pay and some private insurances. Enclosed you will find detailed information of programs that we can and cannot provide as well as outside resident services.

We do not discriminate between sex, religion, or race, creed and sexual orientation. We do not accept sex offenders and felons as we are located in close proximity of school.

Thank you for the opportunity to provide this impact statement. We are willing to accommodate any patients meeting our facility admission criteria.

Respectfully Yours,



Callie Graham, LNHA

Countryside HealthCare Center

1635 E. 154th Street • Dolton, Illinois 60419

Phone 708-841-9550 • Fax 708-841-4517

A SKILLED NURSING AND REHAB CENTER FOR AGES 35 AND UP

WE DO ACCEPT

TRACHEOTOMY
WOUND CARE
ALL REHAB
G-TUBE FEEDING
IV THERAPY
HOSPICE RESPITE
PAIN MANAGEMENT

WE DO NOT ACCEPT

VENTS
TPN
PUSH IV
NASAL TUBE FEEDING
DETOX
PERITONEAL DIALYSIS

SPECIAL PSYCH PROGRAMS DONE IN FACILITY

GATEWAY SUBSTANCE ABUSE 3 TIMES A WEEK
MONEY AND BEHAVIOR MANAGEMENT
SMOKING
SOCIALIZATION
INDEPENDENCE

OUTSIDE PROGRAMS

HEALTHY CHOICES

PSYCHOLOGIST IN FACILITY PROGRAMS DONE BY

DR. MONTROSE	3 TIMES A WEEK
DR. KIRCHENBAUM	2 TIMES A WEEK
DR. CHILES	2 TIMES A WEEK

FACILITY DOCTORS

DR. ZAHER JAWICH (MEDICAL DIRECTOR)
DR. CHANDRA ANAND
DR. MYRLIE CASCO
DR. GARTELL KING

DR. JOLLY ANAND (PSYCH DIRECTOR)
DR. SHYAM PUPPALA
DR. RAD GHARAVI

Fairview Care Center of Joliet

222 N. Hammes • Joliet, IL 60435
Tel: 815.725.0443 • Fax: 815.725.1079

December 29, 2011

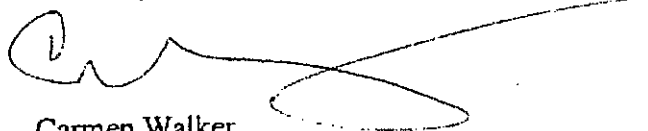
W. Peter Daniels, FACHE, President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Daniels:

Fairview Care of Joliet has received your letter regarding the discontinuation of your inpatient and long term care services. We do have the ability, willingness and capacity to accept patients that have traditionally used your inpatient services. We appreciate the opportunity to serve those who are in need. Please let us know how we can assist you and your staff with the transition.

Thank you in advance.

Sincerely,



Carmen Walker
Patient Care Coordinator
Fairview Care Center of Joliet





Adventist
GlenOaks Hospital
Keeping you well

December 27, 2011

Mr. W. Peter Daniels
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Re: Discontinuation of Acute Mental Illness and Long-term Care Categories of Service Impact Letter
Received December 15, 2011

Dear Mr. Daniels:

Thank you for the opportunity to provide you with the impact Elmhurst Memorial HealthCare's discontinuation would have on Adventist GlenOaks Hospital (AGH).

As a long time provider of psychiatric services, and the only Disproportionate Share Hospital in DuPage County, I understand the financial challenges in operating an inpatient Acute Mental Illness (AMI) unit. Unfortunately, due to our high occupancy in our psychiatric services, Adventist GlenOaks Hospital is not able to accommodate any additional Acute Mental Illness patients. Year to date (through November, 2011) AGH is at 77.2% occupancy for the AMI category of service. With the limited resources available through the county and other local social service organizations, individuals who need behavioral health services often turn to Adventist GlenOaks Hospital's emergency department in search of care. AGH's emergency department has had to hold 108 patients awaiting a bed in AGH's psychiatric unit or waiting to be transferred to another facility. Discontinuing your unit would negatively impact our facility by increasing the bottle neck that already exists in our emergency department for AMI patients.

Adventist GlenOaks Hospital already faces challenges in accommodating the volume of our patients who need inpatient mental health services based on our current bed capacity. Discontinuing Elmhurst Memorial's AMI unit would add to those challenges, and would have a significant negative impact on our facility and on our patients by increasing the bottle neck that already exists in our emergency department for AMI patients, and for other patients who need emergency medical care.

Adventist GlenOaks Hospital does not have Long-term Care beds and would not be able to accommodate this patient type.

I hope you find this information helpful as you move forward with plans for your facility.

Sincerely,

Bruce C. Christian
Chief Executive Officer

60

ATTACHMENT 10C

3815 Highland Avenue
Downers Grove, Illinois 60515-1590
Telephone 630.275.5900



December 29, 2011

Via Certified Mail –Return Receipt Requested

Mr. W. Peter Daniels
President/CEO
Elmhurst Memorial Healthcare
155 East Brush Hill Road
Elmhurst, IL 60126

Re: Proposed Discontinuation of Acute Mental Illness Inpatient Services

Dear Mr. Daniels:

Thank you for your December 14, 2011 letter regarding your intent to discontinue acute mental illness ("AMI") service at Elmhurst Memorial Hospital. Your letter inquired as to what impact your proposed discontinuation would have on our hospital and also asked whether Advocate Good Samaritan Hospital had the capacity to accommodate any of Elmhurst Memorial Hospital's AMI caseload.

We are concerned about the impact closure of your AMI unit would have upon other providers and the communities that we serve. As you know, the ability to care for the psychiatric population has become quite challenging in recent years. Over the years we have appreciated Elmhurst Memorial Healthcare doing its part to care for this population and are concerned that your closure could impair patients' access to psychiatric care and could strain the ability of remaining hospitals who provide this service.

Unfortunately, we do not have sufficient information at this time to provide you with a detailed response. We understand that we may have only 15 days to respond to your letter or there could be a presumption that your discontinuation would not cause a negative impact. Absent more information on the patients affected, we are unable, at this time, to quantify the impact of your discontinuation on our facility. We will review your CON application and, upon reviewing that detailed information can provide a further response as to the impact your closure would create.

In connection with the proposed closure of your long term care unit, we would not anticipate any material impact upon our facility.

Once again, thank you for your letter soliciting our input.

Very truly yours,

Patrick Idemoto
Vice President, Business Development

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**Gottlieb
Memorial
Hospital**

Trisha Cassidy
President
Tel: (708) 450-4550
Fax: (708) 681-7984

December 28, 2011

Mr. W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Hospital
155 E. Brush Hill Road
Elmhurst, IL, 60126

Dear Mr. Daniels:

Thank you for your letter dated December 14, 2011 regarding your proposed project to discontinue acute mental illness and long term care services at Elmhurst Memorial Hospital. You requested our assessment of the impact these closings may have on Gottlieb Memorial Hospital's capacity to accommodate patients who would no longer be able to access your program.

Our current AMI unit of 12 beds has fluctuated over the last three years between 85% and 96% and is currently at 88% occupancy. We cannot at this time accurately assess what impact this closing will have on our facility. Once you have filed the CON application and more detail is available we will be better able to evaluate the impact this will have on our facility and potentially on other area programs.

As you know the demand and need for mental health services and access have never been greater. Closing an inpatient program may have a detrimental effect on this vulnerable population.

In regards to the long term care portion of your application our current unit of 34 beds has averaged an occupancy rate of 80% over the last two years. We anticipate that this aspect of your project should not adversely impact us.

It has been the long standing policy of Gottlieb Memorial Hospital and Loyola University Health System that patients are accepted without conditions, limitations or discrimination. If we were able to accept patients from your facility, we would do so without discrimination.

Sincerely,

Trisha Cassidy
President
Gottlieb Memorial Hospital
Loyola University Health System

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*We also treat the human spirit.**
ATTACHMENT 10C

**HILLCREST NURSING & REHABILITATION CENTER
777 DRAPER AVE.
JOLIET, IL 60432
(815)727-4794
FAX (815)727-1026**

12-22-11

Dear Mr. Daniels

We were pleased to have received your letter and to be given the opportunity to work closely with you in placing your patients. Hillcrest Nursing and Rehabilitation Center is a skilled nursing facility, we provide therapies, groups and counseling, all in a structured environment, with the goals of the patient in mind. I have attached our brochure and flyer, explaining in more vivid detail what our facility can offer. We are more than excited to participate in helping this transition run as smoothly as possible.

Hillcrest Nursing and Rehabilitation Center looks forward to offering a safe, relaxing, therapeutic and home like setting for your patients. We currently have beds available in our Geriatric Psych Unit, Medicare and Medicaid Units. Please accept this letter as our impact statement, to show that we are very interested in helping you with the best placement possible for your patients.

Please feel free to contact me at anytime with any questions you may have regarding our facility. Thank you again for this opportunity. Hillcrest Nursing and Rehabilitation Center looks forward to working with you.

Sincerely,

Crystal Eichhorst
Director of Marketing/Admissions
(815)727-4794 Office
(815)370-9697 Cell
(815)727-1026 Fax

Attachments - 3

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ATTACHMENT 10C

What's New At Hillcrest Nursing & Rehab Center?

Hillcrest Nursing & Rehab Center is a skilled nursing facility specializing in treating individuals with severe mental illness. Residents are encouraged to participate in mental health treatment in addition to their medical care. Since its inception in 1999, The Mental Health Program has continuously updated its programming to meet the ever-changing needs of our residents. Please take a look below to see the new mental health programming available at Hillcrest!

Clinical Staff

Sierra Gabrys, M.Ed., LCPC – Clinical Director
Megan Orr, Psy.D. – Clinical Supervisor
Libby Reinecke, MSW, LSW – Social Service Director
Jake Bakst, Ph.D., LCSW – Chief Clinical Consultant
C. Leslie Cox, Psy.D., - Training Program Clinical Supervisor
Four Master's level therapists
Five Bachelor's level Psychiatric Technicians
Nine Doctoral level student externs



Mental Health Services Offered

Individual Counseling – individual therapy focused on enhancing emotional and behavioral health

Group Counseling – therapy and educational groups to improve residents' ability to manage symptoms and prepare themselves for community re-entry

Psychological Testing – testing to clarify psychiatric diagnosis and develop specialized treatment programming

Doctoral Level Student Externs

Hillcrest has partnered with Doctoral training programs! Currently, nine psychology doctoral student externs are available to meet with Hillcrest residents. Students are providing diagnostic testing to clarify clinical diagnosis as well as providing individual therapy using evidence based practice to address the emotional and behavioral needs of our residents. They are also facilitating psychosocial groups focused on relaxation and the expressive arts.

Mental Health Groups

- **Symptom Management** – Identifying and coping with symptoms
- **Activities of Daily Living** – Improving self-care
- **Substance Abuse** – Recognizing triggers to substance use and coping skills to prevent relapse
- **Anxiety Management** – Implementing coping skills to manage triggers and symptoms of anxiety
- **Anger Management** – Implementing coping skills to effectively express and manage anger
- **Community Re-entry** – Learning and practicing necessary skills for independent living
- **Job Skills** – Learning and practicing skills to maintain employment
- **Men's Issues** – Discussing topics affecting the mental and physical health of male residents
- **Women's Issues** – Discussing topics affecting the mental and physical health of female residents
- **Relaxation Skills** – Learning and practicing mindfulness skills to integrate mind-body connectedness
- **Relationships** – Processing and problem-solving complex relationship issues
- **Sexual Health** – Discussing the practice safe sex
- **Self-Esteem** – Fostering positive thoughts and feelings about oneself
- **Art Therapy** – Using art as a form of emotional self-expression
- **Music Group** – Incorporating music and reminiscence therapy to engage our geriatric population
- **Diabetes Group** – Providing psycho-education around diabetes issues focusing on treatment compliance and identifying negative effects of non-compliance

December 27, 2011

W. Peter Daniels
Elmhurst Memorial Healthcare
155 E Brush Hill Road
Elmhurst, IL 60126

Re: Discontinuation of Acute Mental Illness and Long-term Care categories of service impact letter
received December 15, 2011

Dear Mr. Daniels:

Thank you for the opportunity to provide you with the impact Elmhurst Memorial Healthcare's discontinuation would have on Adventist Hinsdale Hospital (AHH).

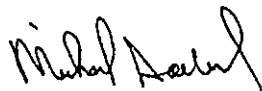
As a long time provider of psychiatric services in DuPage County, I understand the financial challenges in operating an inpatient Acute Mental Illness (AMI) unit. Unfortunately, due to our high occupancy in our psychiatric services, Adventist Hinsdale Hospital does not have the capacity to accommodate any increased volume of Acute Mental Illness patients. Year to date (through November, 2011) AHH is at 78.5% occupancy for the AMI category of service. While this number already reflects extremely high utilization, it is even more significant because our AMI unit is a mixed use unit that utilizes semi-private beds. Furthermore, AHH's emergency department already has had to hold 402 patients who were either awaiting a bed in AHH's AMI unit or waiting to be transferred to another facility. This "holding" process makes it more difficult to provide the best care to our mental health patients, and also potentially constrains the resources we have available to meet the medical needs of other emergency department patients.

Adventist Hinsdale Hospital already faces challenges in accommodating the volume of our patients who need inpatient mental health services based on our current bed capacity. Discontinuing Elmhurst Memorial's AMI unit would add to those challenges, and would have a significant negative impact on our facility and on our patients by increasing the bottle neck that already exists in our emergency department for AMI patients, and for other patients who need emergency medical care.

Adventist Hinsdale Hospital does not have Long-term Care beds and would not be able to accommodate this patient type.

I hope you find this information helpful as you move forward with plans for your facility.

Sincerely,



Michael J. Goebel
Chief Executive Officer

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ATTACHMENT 10C

December 28, 2011

Attention: Mr. Peter Daniels, President/CEO
Elmhurst Memorial Healthcare
155 East Brush Hill Road
Elmhurst IL 60126

Lexington Mr. Daniels,

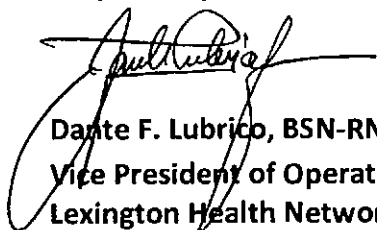
of

Bloomingtondale

We would like to inform you that Lexington of Bloomingtondale, located at 165 South Bloomingtondale Road, Bloomingtondale, IL 60108, is willing and capable to accept without conditions, limitations or discrimination patients that need Long Term Care Categories of service.

Please feel free to contact us if you have any questions at: 630-980-8700.

Respectfully,



Dante F. Lubrico, BSN-RN
Vice President of Operations
Lexington Health Network

165 South Bloomingtondale Road

Bloomingtondale, Illinois 60108

ATTACHMENT 10Ctel 630 980 8700

fax 630 980 6170

66

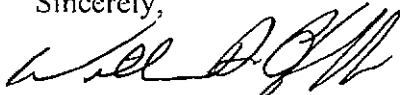
December 29, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Hospital
Lexington 155 E. Brush Hill Road
of Elmhurst, IL. 60126
Elmhurst

Dear Mr. Daniels

Lexington of Elmhurst has the availability in beds and is willing to accept without conditions your patients from the T.C.C unit as well as future patients. Our sub-acute center has the capability to provide all the necessary services needed. With our current proximity in relationship to your location we are able to provide a strong continuity of rehabilitation services with your hospital thus providing a strong network of medical services. The majority of our physicians also have medical privileges with your hospital. We look forward to a continuing relationship for the upcoming year and beyond. If you should need additional information in relationship to our services please feel free to contact me at the facility. My number is 630-832-2300.

Sincerely,



William H. Pfeiffer, LNHA, LSW
Administrator

420 West Butterfield Road
Elmhurst, Illinois 60126

tel 630 832 2300

ATTACHMENT 10C fax 630 832 7043

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Inpatient Rehabilitation
Inpatient Specialty Care
Independent Living
Assisted Living
Long-Term Care
Memory Care
Home Health Care
Hospice Care
Private Care Services

December 29, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, Illinois 60126

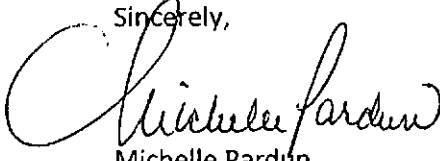
Dear Mr. Daniels:

Thank you for your letter announcing Elmhurst Memorial Healthcare filing a CON application addressing the discontinuation of the inpatient acute mental illness and long term care categories of service.

I would like to take this opportunity to formally provide an impact statement, indicating Lexington of LaGrange's willingness and capacity to accept without conditions, limitations or discrimination patients that have traditionally used Elmhurst's inpatient services.

Lexington of Lagrange appreciates this opportunity to help Elmhurst Memorial and the community we both serve.

Sincerely,



Michelle Pardun
Administrator

December 20, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Hospital
155 East Brush Hill Road
Elmhurst, IL 60126

Lexington

of

Lombard

Dear Peter,

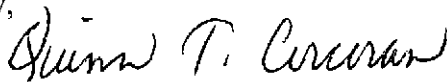
I am writing to you in regards to your Certificate of Need (CON) application with the Illinois Health Facilities and Services Review Board.

Lexington Health Care Center of Lombard is willing to and has the capacity to accept patients that were admitted to the long term care unit.

Please call upon me if I may be of any further assistance.

Thank you for your consideration.

Sincerely,



Quinn T. Corcoran, Administrator

2100 South Finley Road

Lombard, Illinois 60148

tel 630 495 4000

ATTACHMENT 10G fax 630 495 2809

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Advocate

Lutheran General Hospital

Lutheran General Children's Hospital

1775 Dempster Street || Park Ridge, IL 60068 || T 847.723.2210 || advocatehealth.com

January 5, 2012

Mr. W. Peter Daniels, FACHE
President and Chief Executive Officer
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Daniels,

Thank you for your December 14, 2011 letter regarding your intent to discontinue inpatient acute mental illness and long-term care categories of service at Elmhurst Memorial Hospital. Your letter inquired regarding any concerns this discontinuation would have on our facility.

We do not anticipate any adverse impact to Advocate Lutheran General Hospital/ Advocate Lutheran General Children's Hospital from the discontinuation of inpatient acute mental illness services, however, we are concerned about the impact this closure would have upon other providers, especially Advocate Good Samaritan Hospital, and the communities that are currently served by Elmhurst. As you are well aware, it has become very challenging to care for this patient population.

In regards to the proposed closure of your long-term care services, we would not anticipate any impact upon our facility.

Thank you for your letter soliciting our input.

Sincerely,

Anthony A. Armada, FACHE
President



VANGUARD | MACNEAL HOSPITAL

3249 South Oak Park Avenue
Berwyn, Illinois 60402
Phone: 708-783-9100
www.macneal.com

January 12, 2012

W. Peter Daniels
President & CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Peter:

Discontinuation of inpatient psychiatric services on your Berteau Campus will not have an adverse impact on the programming and services at MacNeal Hospital in Berwyn, IL. MacNeal provides inpatient psychiatric services to adults (18-64) and geriatric patients (65+). We currently staff and operate 48 inpatient beds (in 4 clinically distinct units) and will within the next 6 weeks be opening an additional unit bringing our total psychiatric bed count to 62. Based on your psychiatric average inpatient daily census of 12 patients, we anticipate having available capacity to accommodate any patients that may come from Elmhurst Memorial Hospital.

In coordination with one of our sister hospitals, Westlake, we are actively working with your facility to establish a transfer agreement that will serve your psychiatric emergency department patients and will provide them with an expedited transfer directly to our inpatient units with physician admission orders. Our management teams are also working collaboratively on the clinical transfer process and protocols to best serve the needs of these patients.

Let me know if you should have any questions or should need additional information.

Sincerely,



Brian J. Lemon
Chief Executive Officer



Marianjoy Rehabilitation Hospital

Wheaton Franciscan Healthcare

Kathleen C. Yosko
President and CEO

26W171 Roosevelt Road
Wheaton, Illinois 60187

Tel 630.909.7502
Fax 630.909.7501

January 6, 2012

Peter Daniels
President/CEO
Elmhurst Memorial Health System
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Peter,

Thank you for the opportunity to provide a statement regarding the impact of the planned closing of the Transitional Care Center (TCC) at your Berteau campus. As you know the relationship between Elmhurst Memorial Hospital and Marianjoy is long-standing and built on a foundation of mutual respect and admiration. Over the years we feel the partnership forged between our two institutions has met an important community need, and we have appreciated the opportunity to be included in your efforts to plan for the future of post-acute care services within your health system and in the Elmhurst community.

Given the care and thought you, your team, and the Board of Directors have put into the overall plan for the Berteau campus, and all of the services offered there, the leadership of Marianjoy is supportive of your intention to close the TCC. We say this in full recognition of how it will change our contractual relationship with you, but the case you have made is compelling and we are in agreement with your approach. Your plan for the transition of patients requiring the same level of skilled nursing care provided at the TCC is well designed, and we are confident it will meet their needs. Further, Marianjoy stands ready to accept patients from EMH who require the same skilled care offered in the TCC. We are also impressed with the time and due diligence you have taken to insure members of the EMH Medical Staff are in agreement with your approach as well. The support of the attending and consulting physicians at EMH is crucial to the success of your long-term plans for the transition of patients across the continuum of care. We are confident you have earned that support from these physicians.

As you make this change, we look forward to the opportunity to find new ways to continue to support the rehabilitation services for patients of Elmhurst Memorial Hospital.

Thank you again for seeking our input on this issue.

Sincerely

Kathleen C. Yosko
President and CEO



December 19, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Daniels,

Meadowbrook Manor (339 S. 9th Avenue LaGrange, IL 60525) is willing and has the capacity to accommodate the needs of patients from Elmhurst Memorial Hospital's long term care unit. Meadowbrook Manor is an intermediate and skilled nursing and rehabilitation center that accepts Medicare, Medicaid, Medicaid pending and several insurance carriers as payer sources.

It is the policy of Meadowbrook Manor to admit and treat all residents without regard to race, religion or national origin. The same requirements for admissions are applied to all. There is no distinction in eligibility for, or in the manner of providing any patient service. All services are available without distinction to all residents and visitors regardless of race, religion or national origin. All persons and organizations having occasion either to refer residents for admission or to recommend are advised to do without regard to race, religion or national origin.

Sincerely yours,

David Shires
Administrator
(708)354-4660 Ext. 180

720 Raymond Drive
Naperville, IL 60563
630-355-0220 fax: 630-717-5180

339 S. 9th Avenue
LaGrange, IL 60525
708-354-4660 fax: 708-354-1355

431 West Remington Boulevard
Bolingbrook, IL 60440
630-759-1112 fax: 630-759-6925
ATTACHMENT 10C

www.meadowbrookmanor.com
A Butterfield Health Care Group Affiliate

800 West Central Road
Arlington Heights, Illinois 60005
www.nch.org



January 9, 2012

Mr. W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Daniels:

Peter

Thank you for providing Northwest Community Healthcare (NCH) the opportunity to respond with an impact statement regarding your Certificate of Need (CON) application with the Illinois Health Facilities and Services Review Board. As you highlighted in your memo, your organization is planning on discontinuing services for patients requiring acute inpatient care for mental illnesses and long term care.

We have reviewed the impact of Elmhurst Memorial Healthcare's decision to discontinue these services on NCH. NCH does feel that the discontinuation of these services will have an impact on our organization. We are currently experiencing increased need for services in the care of the mentally ill. We also do not believe that NCH will have the capacity to accept the additional mentally ill patients without conditions or limitations.

Should you wish to discuss this further, please contact me at 847-618-5015.

Sincerely,

Bruce

Bruce K. Crowther
President & CEO

BKC: kav

Bruce K. Crowther
President and Chief Executive Officer

847.618.5015 tel
847.618.5009 fax
bcrowther@nch.org

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ATTACHMENT 10C

Oak Brook
HealthCare

December 29, 2011

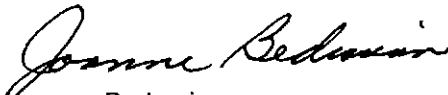
W. Peter Daniels, FACE
President/CEO
Elmhurst Memorial Hospital
155 E. Brush Hill Rd.
Elmhurst, IL 60126

Dear Mr. Daniels:

I am writing to indicate that our facility, Oak Brook HealthCare Centre, to the extent that our skilled nursing facility license permits, has the willingness and capacity to accept without conditions, limitations or discrimination patients that have traditionally used the inpatient services at the 200 Berteau Avenue campus of Elmhurst Memorial Hospital.

You may contact me directly should you have additional questions.

Sincerely,



Joanne Bedrosian
Administrator



December 19, 2011

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

To whom it may concern:

This letter is in response to the notice of intention to file a Certificate of Need (CON), dated December 14, 2011, for the discontinuation of acute mental illness and long term care categories of service, presently operated by Elmhurst Memorial Hospital on its 200 Bertrams Avenue Campus in Elmhurst, Illinois.

Please know that Plymouth Place, a long-term care licensed facility in nearby LaGrange Park, Illinois, has unused capacity for inpatient long-term care, physical therapy, occupational, and speech therapy. Plymouth Place will certainly work with the hospital to provide such services in our community. Most recently Plymouth Place is operating at approximately 83% capacity. Therefore, we do not believe the discontinuation of the above mentioned long-term care beds will present a hardship to the general public in our area.

Please know however, that Plymouth Place is not licensed, nor is it qualified, to accept acute mental illness patients either on a short-term or a long-term basis.

Plymouth Place is willing to discuss how we may be of services in our area. If any questions please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Lilburn", written over a horizontal line.

Dale Lilburn

Chief Operating Officer

c: W. Peter Daniels



PROVIDENCE
Life Services

January 13, 2012

Peter Daniels
President & CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Daniels,

We understand Elmhurst Memorial Hospital intends to file a Certificate-of-Need application for the discontinuation of its long-term care beds, which currently offer skilled nursing services to patients in our community. Concurrently, Park Place Christian Community of Elmhurst intends to apply for a Certificate-of-Need to allow open admission at our skilled nursing unit (licensed as long term care beds by IDPH).

By this letter, we offer our full support of your application to discontinue your long-term care beds. Further, should our Certificate-of-Need application be approved, we will be prepared to accommodate all eligible patients from your facility without discrimination or limitation.

We look forward to the opportunity of working with your team to provide the highest possible level of care and as seamless a transition as we can for your patients.

Sincerely,

Richard Schutt
Chief Executive Officer
Providence Life Services

18601 North Creek Drive, Suite A • Tinley Park, Illinois 60477
708.342.8100 phone • 708.342.8000 fax • www.providenceliveservices.com

PROVIDENCE LIFE SERVICES IS A CHRISTIAN 501(C)(3) NOT-FOR-PROFIT ORGANIZATION

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ATTACHMENT 10C



HEALTHCARE CENTER — A SKILLED NURSING & REHABILITATION CENTER

December 27, 2011

W. Peter Daniels, FACHE
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL. 60126

To Whom It May Concern:

We are responding to the recent letter regarding the discontinuation of inpatient long term care categories of service currently operated by Elmhurst Memorial Hospital on 200 Berteau Avenue campus.

Tower Hill Healthcare Center is a 206 bed Skilled Nursing and Rehabilitation Center located in South Elgin, IL. Services provided include long or short term care. 24 hour skilled nursing and rehabilitation can be provided. We are dual certified Medicare/Medicaid. Tower Hill also has a 31 bed state certified Alzheimer's Unit. Payer sources can include Medicare, Medicaid, Medicaid Pending, Private, Insurance and Hospice.

I have enclosed a brochure outlining our services. If we can be of help serving patients that may be impacted by the closure of the Berteau campus please let us know.

Thank you for the opportunity to provide services.

Sincerely,


Jeremy Amster, L.N.H.A.
Administrator


Pam Hilderbrand
Community Relations Director



December 21, 2011

W. Peter Daniels, FACHE
President/CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Re: Proposed Discontinuation of Elmhurst Hospital's Long Term Care Category of Service

Dear Mr. Daniels

Transitional Care of Naperville is responding to your letter dated December 14, 2011, regarding our capacity to accept additional long term patients. We are unable to accept any patients at this time because our building is still in the development stage.

Thank you for including us in the opportunity to provide care for your patients.

If you have any questions, please feel free to contact me via phone at 847-720-8700 or via email at bspeck@tc-mgmt.com

Sincerely

A handwritten signature in black ink that reads "Brian Speck" with a checkmark at the end.

Transitional Care Management
Brian G. Speck
CFO

January 12, 2012

W. Peter Daniels
President and CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Rd
Elmhurst, IL 60126

Dear Peter:

As President of Vanguard Health Chicago, I write in support of Elmhurst Memorial Healthcare's plan to discontinue inpatient psychiatric services on your Berteau campus.

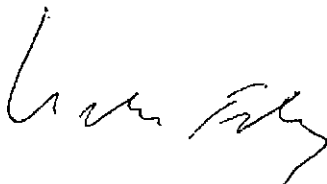
Vanguard owns and operates four hospitals in the Chicago metropolitan area – MacNeal Hospital, Louis A. Weiss Memorial Hospital, West Suburban Medical Center, and Westlake Hospital. Both MacNeal Hospital in Berwyn and Westlake Hospital in Melrose Park, our facilities closest to Elmhurst, provide inpatient adult psychiatric services. Between the two hospitals, we currently operate 81 inpatient adult psychiatric beds and plans are underway to open an additional unit of 14 beds at MacNeal and to add 20 beds at Westlake.

Based on your average daily census of 12 psychiatric inpatients, we anticipate having available capacity to accommodate any patients that may come from your Berteau campus to MacNeal or Westlake.

In addition, Vanguard Health Chicago is actively working with your facility to establish a transfer agreement that will serve your psychiatric emergency department patients and provide them with expedited transfers, as appropriate, directly to the inpatient units at MacNeal or Westlake. Management teams at both hospitals are also working collaboratively on the clinical transfer process and protocols to best serve the needs of these patients.

Please feel free to contact me if you need further information.

Sincerely,



William T. Foley
President
Vanguard Health Chicago



**Westlake
Hospital**

1225 LAKE STREET
MELROSE PARK, IL 60140
(708) 938-7201

WILLIAM A. BROWN, FACHE
Chief Executive Officer

January 12, 2012

W. Peter Daniels
President & CEO
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Dear Peter:

This letter is in support of Elmhurst Memorial Hospital's plan to discontinue inpatient psychiatric services on your Berteau Campus. The discontinuation of this service will not have an adverse impact on the program and services at Vanguard Westlake Hospital. Westlake Hospital provides adult psychiatric services and we currently are licensed for 33 AMI beds. We are in the process of adding 20 additional AMI beds increasing our future acute mental illness inventory to 53 beds. Based on your average daily psychiatric census of 12 patients, we anticipate having available capacity to accommodate any such patients that may come from your Hospital.

In coordination with our sister Hospital, MacNeal, we are currently developing a transfer agreement so that your emergency department can expeditiously transfer psychiatric patients, as appropriate, directly to our inpatient unit. In addition, our management teams are working on protocols and policies to ensure that we meet the needs of these patients.

Please do not hesitate to contact me if you have further questions or concerns.

Sincerely,

William A. Brown, FACHE
Chief Executive Officer

WAB/III



Windmill Nursing Pavilion, Ltd.

December 20, 2011

Mr. Peter Daniels, FACHE
Elmhurst Memorial Healthcare
155 E. Brush Hill Road
Elmhurst, IL 60126

Re: Available Capacity To Assume Additional Long-Term Care Patients

Dear Mr. Daniels:

Windmill Nursing Pavilion, LTD does have available capacity to assume additional long-term care patients.

Windmill's total bed capacity is 150 beds, our number of available beds is 15, and our average 2011 daily census was 133 patients.

Windmill can accept up to 10 additional patients and assist you with relocating these patients as soon as needed.

If you have any questions, please contact me at 708-339-0600.

Respectfully,


Annmarie Harrington

Administrator

Sent via certified and registered mail.

16000 South Wabash Avenue
South Holland, Illinois 60473
Tel 708.339.0600
Fax 708.339.2766
www.dynamiche.com

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ATTACHMENT 10C



Elmhurst Memorial
Healthcare

January 16, 2012

Illinois Health Facilities
Planning Board
525 West Jefferson
Springfield, IL 62761

To Whom It May Concern:

Please be advised that no adverse action has been taken by the IDPH during the past three years against Elmhurst Memorial Healthcare or any related entity.

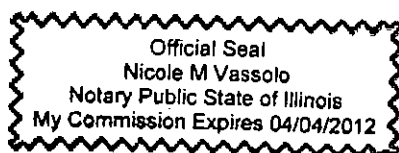
Further, the IHFPB and/or its staff is herein given authorization to review the records of Elmhurst Memorial Health and related licensed health care facilities, concerning those facilities' licensure and certification.

Sincerely,

W. Peter Daniels
President and CEO

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 16th DAY OF January, 2012

NOTARY PUBLIC



Independent Auditor's Report

To the Board of Trustees of
Elmhurst Memorial Healthcare
Elmhurst, Illinois

We have audited the accompanying consolidated balance sheets of Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Elmhurst's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Elmhurst Memorial Healthcare and Subsidiaries as of June 30, 2011 and 2010, and the results of their operations and changes in net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
September 23, 2011

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Balance Sheets

June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 23,339,411	\$ 14,193,379
Short-term investments	1,111,519	1,108,683
Patient accounts receivable - less allowances for uncollectible accounts of \$11,261,778 in 2011 and \$7,794,000 in 2010	58,609,224	51,796,446
Inventories	7,518,757	5,279,893
Prepaid expenses, interest receivable, and other	12,026,879	11,599,004
Amounts due from third-party payors	12,362,561	840,000
Total current assets	114,968,351	84,817,405
Investments and Assets Limited as to Use:		
Internally designated for capital improvements	254,728,404	340,408,845
Externally designated investments under bond agreements	31,772,065	71,116,223
Other investments and assets limited as to use	5,184,913	4,237,239
Total investments and assets limited as to use	291,685,382	415,762,307
Land, Buildings, and Equipment - Net	617,754,041	487,966,183
Prepaid Pension, Deferred Financing Costs, and Other	11,070,865	12,218,977
	\$ 1,035,478,639	\$ 1,000,764,872
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 72,598,475	\$ 35,414,882
Accrued payroll and other	23,278,212	28,990,529
Amounts due to third-party payors	28,351,919	34,403,936
Current maturities of long-term debt	5,330,004	5,225,004
Total current liabilities	129,558,610	104,034,351
Long-Term Debt, Excluding Current Maturities	506,862,261	512,051,799
Other Liabilities	33,804,815	43,494,872
Accrued Pension	15,422,911	40,916,765
Total liabilities	685,648,597	700,497,787
Net Assets		
Unrestricted	344,521,228	293,650,297
Temporarily restricted	4,819,299	6,127,273
Permanently restricted	489,515	489,515
	349,830,042	300,267,085
	\$ 1,035,478,639	\$ 1,000,764,872

See Notes to Consolidated Financial Statements.

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Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Unrestricted Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Revenues:		
Net patient service revenue	\$ 360,897,381	\$ 349,185,107
Other revenue	17,063,138	18,123,193
	<u>377,960,519</u>	<u>367,308,300</u>
Expenses:		
Salaries and benefits	175,114,386	170,892,433
Supplies	57,063,638	55,534,768
Purchased services and other	98,047,782	89,926,337
Provision for bad debts	25,233,612	14,243,404
Depreciation	34,543,448	17,402,591
Medicaid tax	7,310,342	7,304,160
One-time costs associated with new hospital	4,628,954	-
	<u>401,942,162</u>	<u>355,303,693</u>
Operating (loss) income	<u>(23,981,643)</u>	<u>12,004,607</u>
Nonoperating income (expense):		
Investment income (loss)	13,252,244	(2,834,768)
Unrealized gains on investments	26,592,360	36,597,287
Interest expense	(7,662,371)	(7,845,683)
Amortization of deferred financing costs	(145,481)	(133,927)
Cash settlements on interest rate swaps	1,008,257	(352,802)
Unrealized gain (loss) on interest rate swaps	4,694,741	(467,429)
Change in unrealized gain on hedge fund investments	8,082,905	1,944,451
	<u>45,822,655</u>	<u>26,907,129</u>
Excess of revenue over expenses	<u>21,841,012</u>	<u>38,911,736</u>
Other changes in unrestricted net assets:		
Amortization of gain on discontinuation of hedge accounting	178,463	177,089
Pension and supplemental plan related changes, other than net periodic pension cost	26,851,456	(31,192,373)
Temporarily restricted contributions released for capital projects	2,000,000	95,344
	<u>29,029,919</u>	<u>(30,919,940)</u>
Increase in unrestricted net assets	<u>\$ 50,870,931</u>	<u>\$ 7,991,796</u>

See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets:		
Excess of revenues over expenses	\$ 21,841,012	\$ 38,911,736
Amortization of gain on discontinuation of hedge accounting	178,463	177,089
Pension and supplemental plan related changes, other than net periodic pension cost	26,851,456	(31,192,373)
Temporarily restricted contributions released for capital projects	2,000,000	95,344
Increase in unrestricted net assets	50,870,931	7,991,796
Temporarily restricted net assets:		
Contributions for medical education programs, capital purchases, and other purposes	2,712,314	6,409,527
Net assets released from restrictions and used for operations, capital purposes, and medical education programs	(4,020,288)	(1,978,989)
(Decrease) increase in temporarily restricted net assets	(1,307,974)	4,430,538
Increase in net assets	49,562,957	12,422,334
Net assets:		
Beginning of year	300,267,085	287,844,751
End of year	<u>\$ 349,830,042</u>	<u>\$ 300,267,085</u>

See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 49,562,957	\$ 12,422,334
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	34,543,448	17,402,591
Loss on disposal of assets	27,939	265,640
Amortization of deferred financing costs	145,481	133,927
Change in unrealized loss on investments	(34,675,265)	(38,541,738)
Unrealized (gain) loss on interest rate swaps	(4,694,741)	467,429
Restricted contributions	(2,000,000)	(95,610)
Change in patient accounts receivable:		
Net increase in patient accounts receivable	(46,542,020)	(16,108,975)
Increase in contractual allowances	36,810,486	9,909,575
Provision for bad debts	25,233,612	14,243,404
Write-offs of accounts receivable	(22,314,856)	(15,198,766)
Increase (decrease) in prepaid pension, deferred financing costs, and other	1,002,631	(4,307,683)
Net change in other assets and liabilities	(57,837,719)	39,948,495
Net cash (used in) provided by operating activities	(20,738,047)	20,540,623
Cash Flows from Investing Activities		
Acquisition of buildings and equipment	(125,812,087)	(195,424,106)
Proceeds from sale of buildings and equipment	31,350	-
Purchases of investments	(40,198,167)	(103,024,313)
Proceeds from sales and maturities of investments	198,947,521	258,319,165
Net cash provided by (used in) investing activities	32,968,617	(40,129,254)
Cash Flows from Financing Activities		
Proceeds from restricted contributions - net of assets released from restrictions	2,000,000	95,610
Repayment of long-term debt	(5,084,538)	(4,988,685)
Net cash used in financing activities	(3,084,538)	(4,893,075)
Increase (decrease) in cash and cash equivalents	9,146,032	(24,481,706)
Cash and cash equivalents:		
Beginning of year	14,193,379	38,675,085
End of year	\$ 23,339,411	\$ 14,193,379
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 11,296,800	\$ 4,317,457
Supplemental Disclosure of Noncash Investing and Financing Activity:		
Capital acquisitions funded through accounts payable	\$ 47,639,526	\$ 9,061,018

See Notes to Consolidated Financial Statements.

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ATTACHMENT 39

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization: Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") is an integrated delivery system that provides health care services to the residents of eastern Du Page and western Cook counties. Elmhurst provides a broad continuum of services and is committed to providing high-quality, comprehensive patient care that is designed to meet the total needs of the patient.

Elmhurst functions in a leadership role in improving the health of the community through an emphasis on health maintenance, education, and rehabilitation, as well as diagnosis and treatment.

Elmhurst is the sole corporate member of Elmhurst Memorial Hospital (the "Hospital") and is also the sole shareholder of Elmhurst Memorial Health Technologies, LLC ("HTI"). The Hospital is the sole corporate member of Elmhurst Memorial Home Health ("Home Health") and Elmhurst Memorial Hospital Foundation (the "Foundation").

Principles of consolidation: The consolidated financial statements include the accounts and transactions of Elmhurst, the Hospital, Home Health, HTI, and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable and settlements with third-party payors, the accrual for professional liability, accrued pension cost and the valuation of alternative investments and derivative financial instruments. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the consolidated financial statements.

Cash equivalents: Elmhurst considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Throughout the year, Elmhurst may have amounts on deposit with financial institutions in excess of those insured by the Federal Deposit Insurance Corporation. Elmhurst has not experienced any losses in such accounts.

Patient accounts receivable, allowance for uncollectible accounts and amounts due from/to third party-payors: The collection of receivables from third-party payors and patients is the Hospital's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual allowances or discounts provided to third-party payors.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Patient receivables due directly from patients are carried at the original charge for the service provided less amounts covered by third-party payors and less estimated allowances for uncollectible accounts and charity. Management estimates the allowance for uncollectible accounts based on the aging of its accounts receivable and its historical collection experience for each payor type. Management estimates the allowance for charity based on the Hospital's charity care policy and historical charity care experience. Recoveries of receivables previously written off as uncollectible are recorded as a reduction of the provision for bad debts when received. The provision for bad debts for the year ended June 30, 2011, was increased by a change in estimate related to prior year receivables of approximately \$4,300,000.

The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts.

Receivables or payables related to estimated settlements on various third-party payor contracts, primarily Medicare and Blue Cross, are reported as amounts due from or to third-party payors. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Hospital's collection of accounts receivable, cash flows and results of operations.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market. Inventories consist mainly of supplies.

Investments and assets limited as to use: Investments in equity securities, mutual funds, and debt securities are measured at fair value in the consolidated financial statements, based on prices available in active markets for identical instruments. Elmhurst has designated its investments as trading securities. Accordingly, investment gains and losses (including interest, dividends, and realized and unrealized gains and losses) are included in excess of revenue over expenses unless the income or loss is restricted by donor or law (see Note 5). The fair values of investments in hedge funds and equity securities held in commingled funds are valued based on the net asset value provided by the respective fund manager or general partners, where the fair value of the underlying securities, which may or may not be traded in an active market, is the most significant input to the resulting net asset value. Elmhurst is a passive participant in these funds and manages its holdings in these funds similar to its holdings in other financial instruments. Investments in real estate are measured at fair value based on current appraisal value. Unrealized gains and losses on hedge funds are included in excess of revenue over expenses (see Note 5). Investment returns on permanently restricted assets are allocated to purposes specified by the donor, either as temporarily restricted or unrestricted.

Assets limited as to use consist of investments set aside by the Board of Trustees for future capital acquisitions and improvements, medical education, and other health care programs over which the Board retains control and may, at its discretion, subsequently use for other purposes. Additionally, assets limited as to use include investments held by trustees under bond agreements.

Fair value of financial instruments: Financial instruments consist primarily of cash and cash equivalents, investments, derivatives, patient accounts receivable, amounts due to/from third-party payors, accounts payable, and long-term debt. Except for derivatives and long-term debt, the fair value of these instruments approximated their financial statement carrying amount at June 30, 2011 and 2010, because of their short-term maturity. See Note 6 for additional fair value disclosures.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Joint ventures: Elmhurst Memorial Hospital has a joint venture arrangement with Elmhurst Outpatient Surgery Center, LLC which includes a 51.6% and 55.6% percent interest in the entity as of June 30, 2011 and 2010, respectively. This investment, which totaled \$2,916,787 and \$3,089,106 as of June 30, 2011 and 2010, respectively, is accounted for on the equity basis and is included in other assets in the accompanying consolidated balance sheets.

Elmhurst Memorial Healthcare has a joint venture arrangement with Cyberknife Center of Chicago, LLC, which includes a 20.0% percent interest in the entity. This investment, which totaled \$109,807 and \$239,102 as of June 30, 2011 and 2010, respectively, is accounted for on the equity basis and is included in other assets in the accompanying consolidated balance sheets.

Land, buildings, and equipment: Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Depreciation for land, buildings, and equipment is provided over the estimated useful lives of each class of depreciable assets using the straight-line method and the half-year convention. Land improvements are depreciated over 25.5 to 40.5 years, buildings over 20.5 to 40.5 years, and equipment over 3.5 to 20.5 years. Interest expense incurred during the development and construction of properties, net of interest income earned on unspent bond proceeds, is capitalized as part of the property cost and is depreciated over the useful life of the property. Net interest expense of \$9,198,075 and \$7,602,526 was capitalized for the years ended June 30, 2011 and 2010, respectively.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are included in the income or loss from operations unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred financing costs and intangible assets: Expenses incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related financing using a method which approximates the effective-yield method. Intangible assets are principally amortized over a period of 15 years using the straight-line method.

Derivative instruments and hedging activities: Derivative instruments are recorded at fair value, which considers, among other factors, nonperformance risk. Gains and losses on nonhedging or the ineffective portion of hedging derivative instruments are recorded as components of nonoperating income and gains and losses on the effective portion of hedging instruments are recorded as components of Other Changes in Unrestricted Net Assets within the Consolidated Statements of Operations and Changes in Unrestricted Net Assets (see Note 8). When a hedge is dedesignated but the hedged transactions are still probable to occur, gains and losses on the hedging instrument arising subsequent to the date of dedesignation are recorded as components of nonoperating income, and gains or losses previously recorded as components of Other Changes in Unrestricted Net Assets are amortized to nonoperating income when the hedged transactions affect income.

Accrued professional liability: The provision for accrued professional liability includes estimates of the ultimate costs of claims incurred but not reported and is actuarially determined.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Net assets: Elmhurst may classify its net assets into three categories, which are unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of Elmhurst and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of Elmhurst and/or the passage of time. Assets released from restrictions that are used for the purchase of fixed assets or capital purposes are reported in the Consolidated Statements of Operations and Changes in Net Assets as additions to unrestricted net assets. Assets released from restrictions that are used for operating purposes are reported in the Consolidated Statements of Operations and Changes in Net Assets as Other Revenue. Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by Elmhurst.

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets as net assets released from restrictions.

Net patient service revenue: Elmhurst has agreements with third-party payors that provide for payments to Elmhurst at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administering agencies. Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. See Note 2 for additional information.

Uncompensated care and community service: Elmhurst provides care to all patients regardless of their ability to pay. Uncompensated care and community service provided by Elmhurst are excluded from net patient service revenue. See Note 4 for additional information.

Excess of revenue over expenses: The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, include the effective portion of interest rate swaps, pension and supplemental plan related changes other than net periodic pension cost and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

Operating income: The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include operating income. Changes in unrestricted net assets, which are excluded from operating income, include unrestricted contributions, interest and financing costs, and other income which management views as outside of normal operating activity.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Income taxes: Elmhurst Memorial Healthcare, Elmhurst Memorial Hospital, Elmhurst Memorial Home Health and Elmhurst Memorial Hospital Foundation have received determination letters from the Internal Revenue Service stating that they are exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided for in the accompanying consolidated financial statements.

HTI, a wholly owned subsidiary of Elmhurst, is a for-profit limited liability corporation.

For the year ended June 30, 2011, HTI had net operating income of \$123,067 for financial statement purposes that was offset by previous years' net operating losses (NOL). In accordance with Internal Revenue Service regulations, an NOL may be carried forward 20 years to offset taxable income that exists in those years. At June 30, 2011, approximately \$2,393,165 of NOL was available to be carried forward.

As a result of the NOL, HTI has no tax expense or tax liability for the years ended June 30, 2011 and 2010. The deferred tax asset related to the NOL is offset by a valuation allowance, as realization of the tax benefits of the NOL carryforward is not assured.

Elmhurst Memorial Healthcare and Elmhurst Memorial Healthcare Group each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to health systems include such matters as the following: the tax exempt status of each entity, the continued tax exempt status of bonds issued by the obligated group, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption of the Financial Accounting Standards Board (FASB)-issued guidance at July 1, 2008, and as of each subsequent fiscal year-end, there were no unrecognized tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by Elmhurst Memorial Healthcare and its subsidiaries are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by Elmhurst Memorial Healthcare and its subsidiaries are no longer subject to examination for the tax years 2006 and prior.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Pending pronouncements: In August 2010, the FASB issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure*. ASU 2010-23 requires disclosures of charity care based on the health care provider's direct and indirect costs of providing charity care services, the method used to identify or estimate such costs, and funds received to offset or subsidize charity services provided. The disclosures required by ASU 2010-23 are effective for fiscal years beginning after December 15, 2010, and must be applied retrospectively. Elmhurst is assessing the impact of the implementation of ASU 2010-23 on the disclosures in its consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954) – Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, ASU 2010-24 provides that the amount of the claims liability should be determined without consideration of insurance recoveries. The provisions of ASU 2010-24 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Entities must apply the provisions of ASU 2010-24 by recording a cumulative-effect adjustment to opening unrestricted net assets as of the beginning of the period of adoption. Retrospective application of the provisions of ASU 2010-24 is permitted. Elmhurst is assessing the impact of the implementation of ASU 2010-24 on its consolidated financial statements.

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts.

For public entities such as Elmhurst, the provisions of ASU 2011-07 are effective for fiscal years and interim periods within those years beginning after December 15, 2011, with early adoption permitted. The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods. Elmhurst is assessing the impact of the implementation of ASU 2011-07 on its consolidated financial statements.

Reclassifications: Certain prior year amounts in the notes to consolidated financial statements have been reclassified to conform to the current year presentation.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue

Net patient service revenue in 2011 and 2010 was increased by the effect of favorable third-party payor settlements and related changes in estimates of approximately \$845,000 and \$129,000, respectively. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: The Hospital is paid for inpatient acute care and outpatient care services rendered to Medicare program beneficiaries under prospectively determined rates per discharge (Prospective Payment Systems). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital's classification of patients under Prospective Payment Systems and the appropriateness of the patient's admissions are subject to validation reviews. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports by the Hospital and audits by the Medicare fiscal intermediary.

Elmhurst has filed formal appeals relating to the settlement of certain prior-year Medicare cost reports. The outcome of such appeals cannot be determined at this time. Any resulting gains will be recognized in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets when realized.

Medicaid: The Hospital is reimbursed at prospectively determined rates for each Medicaid inpatient discharge. Outpatient services are reimbursed based on established fee screens. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment levels and rates, based on the amount of funding available to the Medicaid program.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Medicaid Hospital Tax Assessment Program: The Hospital is part of the State of Illinois hospital tax assessment program which is administered by the Illinois Department of Public Aid. The laws and regulations authorizing this Program have been extended through June 30, 2014. There is no assurance of the continuation of this program after June 30, 2014. Under this program, the Hospital is to receive annually approximately \$8,678,000 from the State and pay annually a provider tax assessment approximating \$7,304,000. For the years ended June 30, 2011 and 2010, the Hospital has recorded \$8,677,882 in assessment revenue (included in net patient service revenue) and \$7,310,342 and \$7,304,160, respectively, in assessment expense (Medicaid tax). In the past, the State of Illinois has significantly delayed certain payments related to this program as well as collection of the related assessment tax. As of June 30, 2011, the State of Illinois has been current in payments and collections related to this program.

Blue Cross: Substantially all of the Hospital's reimbursement from Blue Cross is derived from three managed care contracts, that provide cost-based reimbursement to the Hospital. The Hospital also participates as a provider of health care services under another cost-based reimbursement agreement with Blue Cross.

Managed care organizations: The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis of payment under these agreements includes discounts from established charges, prospectively determined per diem and case rates, and cost-based methodologies.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Concentrations of Credit Risk

Elmhurst grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net patient accounts receivable from patients and third-party payors as of June 30, 2011 and 2010, was as follows:

	2011	2010
Medicare	19 %	30 %
Medicaid	6	6
Managed care (other than Blue Cross)	37	22
Blue Cross	10	13
Self-pay	13	16
Other	15	13
	100 %	100 %

Note 4. Community Commitment and Charity Care

Community commitment represents Elmhurst's support of patients at reduced or no fee based upon community need, the inability of the individual to pay in accordance with Elmhurst's policies or the acceptance of payment from government payors at less than the cost of the services provided. The estimated amounts of the community commitment provided for the years ended June 30, 2011 and 2010, are as follows:

	2011	2010
Charity care (foregone charges)	\$ 32,894,370	\$ 29,889,167
Self-pay patient discount	4,073,645	3,821,015
Unreimbursed cost (cost less reimbursement) of treating Medicare and Medicaid patients	52,285,291	51,771,937
	<u>\$ 89,253,306</u>	<u>\$ 85,482,119</u>

In addition, Elmhurst is involved in many community benefit activities. These activities are wide-ranging and include health education, health screenings, support groups, insurance information resources, seminars, and speakers. These activities are conducted free of charge or below the cost of providing them. The estimated cost of these activities was \$1,128,867 and \$1,456,993 in fiscal 2011 and 2010, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Investments and Assets Limited as to Use

Investments and assets limited as to use as of June 30, 2011 and 2010, consisted of the following:

	2011	2010
Cash and cash equivalents	\$ 9,783,278	\$ 63,434,716
Certificates of deposit	300,495	-
Equity securities:		
U.S.	70,638,673	81,256,888
Non-U.S.	25,699,977	29,038,376
Global real estate	17,362,959	15,919,335
Fixed income securities:		
U.S. government obligations	29,691,115	90,200,201
Corporate bonds	22,410,548	15,220,412
Mutual funds and trusts invested in U.S. fixed-income securities	46,025,258	49,181,351
Trust invested in global fixed-income securities	23,538,334	20,575,216
Hedge funds	34,860,762	40,589,569
Mutual fund invested in TIPS and commodities	11,510,502	10,479,926
Real estate	975,000	975,000
	<u>\$ 292,796,901</u>	<u>\$ 416,870,990</u>

Assets limited as to use and short-term investments are classified at June 30, 2011 and 2010, as follows:

	2011	2010
Short-term investments	\$ 1,111,519	\$ 1,108,683
Investments and assets limited as to use	291,685,382	415,762,307
	<u>\$ 292,796,901</u>	<u>\$ 416,870,990</u>

Other investments and assets limited as to use as of June 30, 2011 and 2010, consisted of the following:

	2011	2010
Internally designated for medical education and other health care services	\$ 4,549,283	\$ 2,597,986
Temporarily restricted donor assets	146,115	1,149,738
Donor assets restricted into perpetuity	489,515	489,515
	<u>\$ 5,184,913</u>	<u>\$ 4,237,239</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Investments and Assets Limited as to Use (Continued)

Investment returns for the years ended June 30, 2011 and 2010, consisted of the following:

	2011	2010
Interest and dividend income	\$ 5,465,990	\$ 4,950,825
Realized income (loss) - net	7,786,254	(7,785,593)
Investment income (loss)	\$ 13,252,244	\$ (2,834,768)

Investment returns on externally designated investments related to Elmhurst's debt were \$763,490 and \$752,632 for fiscal 2011 and 2010, respectively. These amounts are presented as other operating revenue in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets and all other investment returns are presented as nonoperating investment income (loss).

Note 6. Fair Value Disclosures

Fair value measurements: Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Elmhurst uses various methods including market, income and cost approaches. Based on these approaches, Elmhurst often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Elmhurst utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques Elmhurst is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1. Quoted prices for identical instruments in active markets.

Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

For the years ended June 30, 2011 and 2010, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Alternative Investments

The fair value of alternative investments (hedge funds) is \$34,860,762 and \$40,589,569 at June 30, 2011 and 2010, respectively. Of these amounts, \$17,652,139 and \$20,511,050 was invested in a fund of hedge funds with quarterly liquidity requiring 95 days notice for redemption and \$17,208,623 and \$20,078,519 was invested in a fund of hedge funds with quarterly liquidity requiring 60 days notice for redemption as of June 30, 2011 and 2010, respectively. Alternative investments with no market activity are valued using the market values of the underlying investments held by the investment fund. Management's estimate of the fair value of hedge funds and equities held in commingled funds are based on information provided by the fund managers or general partners, which in turn is based on the most recent information available to the fund manager for the underlying investments.

In determining the appropriate levels, Elmhurst performs a detailed analysis of the assets and liabilities that are subject to the FASB-issued guidance. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Interest Rate Swaps

Currently, Elmhurst uses interest rate swaps to manage interest rate risks. The valuation of these instruments is determined by utilizing widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity and uses observable market-based inputs, including LIBOR rate curves.

Liability Derivatives			
2011		2010	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments*			
Interest rate contracts	Other liabilities	Other liabilities	
	\$ 13,088,685		\$ 17,960,634
Total derivatives	\$ 13,088,685		\$ 17,960,634

* Note 8 provides additional information on Elmhurst's purpose for entering into derivatives.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	Location of Gain (Loss) Recognized in Excess of Revenue over Expenses	Amount of Gain (Loss) Recognized in Excess of Revenue over Expenses	
		2011	2010
Derivatives not designated as hedging instruments:			
Interest rate contracts	Nonoperating income (expense)	\$ 5,702,998	\$ (820,231)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis, as of June 30, 2011 and 2010.

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	\$ 9,783,278	\$ -	\$ -	\$ 9,783,278
Certificates of deposit	-	300,495	-	300,495
Equity securities:				-
U.S.	15,657,019	54,981,654	-	70,638,673
Non-U.S.	168,904	25,531,073	-	25,699,977
Global real estate	17,362,959	-	-	17,362,959
Fixed income securities:				
U.S. government and government agency obligations	29,691,115	-	-	29,691,115
Corporate bonds	13,557,416	8,853,132	-	22,410,548
Mutual funds and trusts invested in U.S. fixed-income securities	15,815,030	30,210,228	-	46,025,258
Trust invested in global fixed- income securities	-	23,538,334	-	23,538,334
Hedge funds	-	34,860,762	-	34,860,762
Mutual fund invested in TIPS and commodities	11,510,502	-	-	11,510,502
Real estate	-	975,000	-	975,000
Total investments	\$ 113,546,223	\$ 179,250,678	\$ -	\$ 292,796,901
Interest rate swaps	\$ -	\$ (13,088,685)	\$ -	\$ (13,088,685)

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Cash	\$ 63,434,716	\$ -	\$ -	\$ 63,434,716
Equity securities:				-
U.S.	3,261,191	77,995,697	-	81,256,888
Non-U.S.	422,773	28,615,603	-	29,038,376
Global real estate	15,919,335	-	-	15,919,335
Fixed income securities:				
U.S. government and government agency obligations	90,200,201	-	-	90,200,201
Corporate bonds	6,753,387	8,467,025	-	15,220,412
Mutual funds and trusts invested in U.S. fixed-income securities	16,800,511	32,380,840	-	49,181,351
Trust invested in global fixed-income securities	-	20,575,216	-	20,575,216
Hedge funds	-	40,589,569	-	40,589,569
Mutual fund invested in TIPS and commodities	10,479,926	-	-	10,479,926
Real estate	-	975,000	-	975,000
Total investments	<u>\$ 207,272,040</u>	<u>\$ 209,598,950</u>	<u>\$ -</u>	<u>\$ 416,870,990</u>
Interest rate swaps	<u>\$ -</u>	<u>\$ (17,960,634)</u>	<u>\$ -</u>	<u>\$ (17,960,634)</u>

Fair value of financial instruments: The following methods and assumptions were used by Elmhurst to estimate the fair value of other financial instruments not described above:

The carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable, accrued expenses and amounts due to or from third-party payors are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

The estimated fair value of long-term debt, based on quoted market prices for the same or similar issues, was approximately \$9,132,000 and \$5,889,000 less than its carrying value at June 30, 2011 and 2010, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less accumulated depreciation, at June 30, 2011 and 2010, as follows:

	2011	2010
Land and land improvements	\$ 103,369,601	\$ 24,214,552
Buildings	571,667,791	190,409,236
Equipment	234,735,258	160,370,210
Construction in progress	3,612,826	325,826,477
Land held for future use	954,860	51,199,618
	<u>914,340,336</u>	<u>752,020,093</u>
Less accumulated depreciation	<u>(296,586,295)</u>	<u>(264,053,910)</u>
	<u>\$ 617,754,041</u>	<u>\$ 487,966,183</u>

In July 2004, the Board of Trustees of Elmhurst announced its decision to initiate a planning process to develop a new, integrated health care campus on 32 acres of land acquired in southern Elmhurst. Construction began in the spring of 2008 and was completed in June 2011. The new hospital opened in June 2011. The campus includes a replacement hospital and additional physician offices. A plan is being developed to determine the reuse of the current hospital campus and facilities. It is expected that some level of health care services will continue to be provided there. The Hospital does not believe the old hospital campus is impaired, however, it has begun to reassess the depreciable lives associated with the buildings and equipment on the current hospital campus. The net book value of the fixed assets at the old hospital campus was \$5,332,305 and \$9,449,549 as of June 30, 2011 and 2010, respectively. Net interest costs capitalized during the years ended June 30, 2011 and 2010, were \$9,198,074 and \$7,602,526, respectively. The accumulated capitalized interest costs as of June 30, 2011 and 2010, were \$17,401,539 and \$8,203,465, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt

Long-term debt at June 30, 2011 and 2010, consists of the following:

	2011	2010
5.00% to 6.25% secured revenue refunding bonds, dated December 15, 2002 (Series 2002D), due in varying annual principal installments through January 1, 2028	\$ 126,688,396	\$ 128,739,270
Variable rate direct note obligation Series 1985C and 1985D (0.10% and 0.25% at June 30, 2011 and 2010, respectively), maturing on December 15, 2012	8,533,300	11,733,302
Variable rate direct note obligation Series 2004A (0.25% and 0.55% at June 30, 2011 and 2010, respectively), maturing on January 1, 2024	6,482,000	6,482,000
Secured revenue bonds Series 2008A (4.5% to 5.625%), dated May 15, 2008, due in varying annual principal installments through January 1, 2037	120,344,869	120,178,531
Variable rate demand revenue bonds, Series 2008B (0.04% and 0.14% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	100,000,000	100,000,000
Variable rate demand revenue bonds, Series 2008C (0.10% and 0.39% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	75,000,000	75,000,000
Variable rate demand revenue bonds, Series 2008D (0.06% and 0.19% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	50,000,000	50,000,000
Variable rate demand revenue bonds, Series 2008E (0.24% and 0.39% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	25,000,000	25,000,000
Other long-term borrowings	143,700	143,700
	512,192,265	517,276,803
Less current maturities of long-term debt	(5,330,004)	(5,225,004)
Long-term debt less current maturities	\$ 506,862,261	\$ 512,051,799

In August 2006, Elmhurst entered into a \$12,000,000 loan through the Illinois Facilities Authority's Pooled Financing Program related to the Series 1985C and 1985D Project Loan Agreements. Proceeds from the loan were used to reimburse Elmhurst for routine capital expenditures with tax-exempt uses.

In December 2006, Elmhurst issued \$47,000,000 variable rate direct note obligation bonds, Series 2006E. The proceeds were used to establish a project fund to reimburse Elmhurst for routine capital purchases.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

In May 2008, Elmhurst issued \$124,820,000 fixed-rate revenue bonds (Series 2008A). The proceeds were used to establish a Project Fund (to reimburse Elmhurst for costs related to the construction of the new hospital campus), establish a Capitalized Interest Fund (to pay the interest costs during construction), and to establish a Debt Service Reserve Fund.

In May 2008, Elmhurst also issued \$250,000,000 variable rate revenue bonds (Series 2008B through E). A portion of the proceeds were used to redeem the Series 2006E Direct Note Bonds. The remainder of the proceeds were used to establish Project Funds (to reimburse Elmhurst for cost related to the construction of the new hospital campus) and Capitalized Interest Funds (to pay the interest costs during construction). The bonds are puttable on demand by the bondholders. Elmhurst uses a remarketing agent to resell any tendered bonds to new investors. Elmhurst has obtained an irrevocable letter of credit to secure repayment of the bond financing, and to provide short-term liquidity in the event bonds are put to Elmhurst and are not able to be immediately remarketed. If the letter of credit were to be drawn upon as a result of failed efforts to remarket any tendered bonds, amounts drawn would be repayable in quarterly installments over a 36-month period commencing 367 days after being drawn, or sooner if the bonds are subsequently remarketed to new investors.

The maturities and annual sinking fund requirements for the fiscal years ending June 30, 2012 through 2016, on the outstanding long-term debt are as follows, assuming remarketing of variable rate unsecured demand revenue bonds: 2012 - \$5,330,004; 2013 - \$7,578,294; 2014 - \$4,585,000; 2015 - \$4,975,000; 2016 - \$5,175,000 and thereafter - \$490,840,700. As described above, if variable rate unsecured demand revenue bonds fail to remarket, Elmhurst would have to make accelerated debt repayments.

The revenue bonds are collateralized by substantially all assets of Elmhurst. The provisions of the indenture require the Obligated Group (comprised of Elmhurst Memorial Hospital, Elmhurst Memorial Healthcare, and Elmhurst Memorial Home Health) to maintain certain financial covenants, including a minimum annual debt service coverage level, and a minimum number of days cash on hand.

In 1998, Elmhurst established a program to actively manage its interest cost. The program seeks to achieve the lowest interest cost consistent with an acceptable level of risk given varying interest rate environments. Elmhurst has established a long-term targeted mix of 50% fixed and 50% variable interest rate exposure. Long-term tax-exempt and taxable financings form the base for the program. These financings are necessarily timed to coincide with the periodic acquisition of qualified assets. Based upon the interest rate environment at the time of such financings, fixed or variable rate modes of financing are utilized. Derivatives (interest rate swaps) are used to achieve the targeted mix when underlying financings do not. Market conditions often limit the ability of the program to fully achieve its goals and consequently swap terms (maturity, notional amounts, etc.) do not perfectly match the terms of the underlying debt.

During the years ended June 30, 2011 and 2010, Elmhurst had the following interest rate swap agreements in place:

Floating Interest Rate Agreement ("Basis Swap") – Elmhurst entered a Basis Swap in May 2002 to lower total interest cost by earning income from spreads between taxable and tax-exempt interest rates. Elmhurst pays the SIFMA floating rate index and receives 76.21% of one-month LIBOR on a \$50,000,000 notional amount, extending over a 20-year period. The Basis Swap does not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

Fixed Receiver Interest Rate Swap Agreement ("Fixed Receiver") – Elmhurst entered this swap in August 2003 to increase its exposure to floating interest rate debt after its 2002D fixed-rate refinancing resulted in a higher fixed interest rate exposure. Elmhurst pays the SIFMA floating rate index and receives a fixed rate of 4.64% on a notional amount of \$40,000,000. This agreement also includes a counterparty termination option effective August 2011 and anytime thereafter. The swap extends over a 27-year period from its August 2003 execution date. The long-term Fixed Receiver does not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

2008 Fixed Payer Interest Rate Swap Agreement ("2008 Fixed Payer") – Elmhurst entered this swap strategy with three separate counterparties in July 2005 to hedge its fixed interest rate exposure for the planned 2008 bond issue related to the new facility. While terms with the three counterparties differ slightly, the following express the aggregate terms of the entire strategy. The exchange of payments was not effective until January 2008 to coincide with the planned bond issue. Elmhurst pays a fixed rate of 4.135% in exchange for the SIFMA floating rate index on a notional amount of \$120,000,000 for 30 years. The term of the swap is matched to the expected life and amortization on 50% of the 2008 bonds. The 2008 Fixed Payer Swap was designated for hedge accounting through June 30, 2008. Gains and losses through June 30, 2008, were recorded as Changes in Unrestricted Net Assets in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets. On July 1, 2008, Elmhurst dedesignated the hedge. Gains and losses on the hedging instrument arising subsequent to the date of dedesignation are recorded as components of Nonoperating Income, and gains or losses previously recorded as components of Other Changes in Unrestricted Net Assets are amortized to Nonoperating Income when the previously hedged interest expense is recognized.

Fixed Spread Floating Interest Rate Agreements ("Fixed Spread Basis Swaps") – Elmhurst entered this swap strategy with three separate counterparties in July 2005 with the objective of reducing total interest cost by earning income from spreads between taxable and tax-exempt interest rates. Effective January 2008, Elmhurst began paying the SIFMA floating rate index and receive 67% of one-month LIBOR, plus 0.76% on a \$120,000,000 notional amount, extending over a 30-year period. In April 2008, Elmhurst entered into another Fixed Spread Basis Swap with two counterparties. Elmhurst pays the SIFMA floating rate index and receives 61.3% of one-month LIBOR, plus a fixed spread of 0.73% on a \$140,000,000 notional amount over a 30-year period. The Fixed Spread Basis Swaps do not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Constant Maturity Swaps – Elmhurst entered this swap strategy with two counterparties in June 2006 with the objective of reducing total interest cost by earning income from spreads between one-month and five-year interest rates. Under the agreements with both counterparties, payments began in January 2007. Elmhurst pays 67% of one-month LIBOR in exchange for 61.3% of five-year LIBOR on \$60,000,000 or 50% of the LIBOR exposure of the Fixed Spread Basis Swap until 2032. In addition, Elmhurst had paid 76.21% of one-month LIBOR in exchange for 76.21% of five-year LIBOR - 0.35% on \$25,000,000 or 50% its LIBOR exposure on the basis swap. This swap was terminated during fiscal year 2011, resulting in a gain of \$1,482,000 that was recorded in cash settlements on interest rate swaps under non-operating income (expense). The remaining Constant Maturity Swap is not designated for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expenses) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Elmhurst has provisions in its swap agreements that require the posting of collateral when the counterparty mark-to-market valuation results in a liability greater than \$5,000,000. At June 30, 2011 and 2010, Elmhurst has posted \$3,071,351 and \$3,784,789, respectively, of collateral, in the form of cash and investments, with the counterparties. Amounts posted as collateral are reported on the Consolidated Balance Sheets under Prepaid expenses, interest receivable, and other.

ATTACHMENT 39

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

The following tables provide details on the swap agreements and reconciliation to the consolidated financial statements:

Derivative Contract Terms	Basis Swap	Fixed Receiver	Fixed Payer	Fixed Spread Basis Swaps	Constant Maturity Swaps	Fixed Spread Basis Swaps	Total of Interest Rate Swap Contracts
Execution date	May 2002	August 2003	July 2005	July 2005	June 2006	April 2008	
2010 Notional amount	\$ 50,000,000	\$ 40,000,000	\$ 120,000,000	\$ 120,000,000	\$ 85,000,000	\$ 140,000,000	\$ 555,000,000
2011 Notional amount	50,000,000	40,000,000	120,000,000	120,000,000	60,000,000	140,000,000	530,000,000
Elmhurst pays the counterparty	SIFMA	SIFMA	4.135%	SIFMA	5-yr LIBOR	SIFMA	
Counterparty pays Elmhurst	76.2% 1-mo. LIBOR	3.08%	SIFMA	67% LIBOR + 0.76%	1-mo. LIBOR	61.3% LIBOR + 0.73%	
Termination date	May 2022	August 2030	January 2038	January 2038	January 2027	June 2038	
Qualifies for hedge accounting	no	no	no	no	no	no	
Market Value Asset (Liability) of Derivative Contracts (1)							
Balance, July 1, 2009	\$ (1,542,223)	\$ 578,962	\$ (8,580,681)	\$ (1,611,447)	\$ 2,273,581	\$ (8,788,610)	\$ (17,670,418)
Changes in value	200,865	376,703	(6,254,347)	1,380,095	1,658,843	2,347,625	(290,216)
Balance, June 30, 2010	(1,341,358)	955,665	(14,835,028)	(231,352)	3,932,424	(6,440,985)	(17,960,634)
Changes in value	692,442	(715,192)	1,043,250	2,058,109	(330,414)	2,123,754	4,871,949
Balance, June 30, 2011	\$ (648,916)	\$ 240,473	\$ (13,791,778)	\$ 1,826,757	\$ 3,602,010	\$ (4,317,231)	\$ (13,088,685)

(1) Amounts are presented within prepaid pension, deferred financing costs, and other assets and other liabilities within the consolidated balance sheets.

Net Cash Flow Received (Paid) by Elmhurst Under Derivative Contracts	Basis Swap	Fixed Receiver	Fixed Payer	Fixed Spread Basis Swaps	Constant Maturity Swaps	Fixed Spread Basis Swaps	Total Swap Cash Flow
Year Ended June 30, 2010							
Cash from contractual payments	\$ (45,068)	\$ 1,737,720	\$ (5,024,432)	\$ 801,113	\$ 1,305,669	\$ 872,196	\$ (352,802)
Year Ended June 30, 2011							
Cash from contractual payments	\$ (30,145)	\$ 1,812,817	\$ (4,659,918)	\$ 857,637	\$ 2,163,866	\$ 864,000	\$ 1,008,257

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Operating Leases

The Hospital has operating leases for specific property, plant, and equipment.

Rent paid and recorded under operating leases was \$3,248,457 and \$3,497,062 for the years ended June 30, 2011 and 2010, respectively.

The future minimum lease commitments under these operating leases as of June 30, 2011, are as follows:

Years ending June 30:

2012	\$ 2,414,816
2013	1,865,982
2014	1,578,866
2015	556,360
	<u>\$ 6,416,024</u>

Note 10. Employee Retirement Plans

Elmhurst has a noncontributory retirement plan which qualifies as a pension plan under ASC Topic 715, *Compensation – Retirement Benefits*. The plan covers substantially all full-time employees. It is Elmhurst's policy to make contributions in amounts calculated by the actuarial consultant to adequately fund benefit programs and meet ERISA requirements. In addition, Elmhurst also maintains an unfunded noncontributory, supplemental defined benefit retirement plan (SERP) for certain executive employees.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

Information regarding the benefit obligations and assets of the pension plan and SERP as of and for the years ended June 30, 2011 and 2010, is as follows:

	2011		2010	
	Pension	SERP	Pension	SERP
Accumulated benefit obligation	\$ 160,040,495	\$ 1,732,378	\$ 154,245,330	\$ 5,794,141
Projected benefit obligation:				
Projected benefit obligation, beginning of year	\$ 179,632,937	\$ 5,815,475	\$ 136,791,763	\$ 5,575,832
Service cost	6,997,084	118,288	4,849,007	144,338
Interest cost	9,726,499	289,011	9,078,712	365,905
Plan changes	-	-	-	-
Actuarial (gains) losses	(9,865,127)	(168,933)	33,541,427	132,186
Benefits paid	(5,105,449)	(4,321,463)	(4,627,972)	(402,786)
Projected benefit obligation, end of year	181,385,944	1,732,378	179,632,937	5,815,475
Change in plan assets:				
Fair value of plan assets, beginning of year	138,716,172	-	120,736,007	-
Actual return (loss) on plan assets	26,852,310	-	15,888,137	-
Contributions	5,500,000	4,321,463	6,720,000	402,786
Benefits paid	(5,105,449)	(4,321,463)	(4,627,972)	(402,786)
Fair value of plan assets, end of year	165,963,033	-	138,716,172	-
Funded status, end of year	\$ 15,422,911	\$ 1,732,378	\$ 40,916,765	\$ 5,815,475

The unfunded pension liability is reported as Accrued Pension on the accompanying Consolidated Balance Sheets. At June 30, 2011 and 2010, \$1,382,378 and \$5,582,696, respectively, of the unfunded SERP liability is included in Other Liabilities and \$350,000 and \$232,780, respectively, is included in Accrued Payroll and Other Liabilities on the accompanying Consolidated Balance Sheets.

Plan items not yet recognized as a component of periodic pension expense, but included as a separate component of unrestricted net assets at June 30, 2011 and 2010, are as follows:

	2011		2010	
	Pension	SERP	Pension	SERP
Unrecognized prior service cost	\$ 323,159	\$ 323,130	\$ 491,581	\$ 483,529
Unrecognized net actuarial loss	54,557,934	69,134	81,202,473	500,649
	\$ 54,881,093	\$ 392,264	\$ 81,694,054	\$ 984,178

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

Pension related changes other than net periodic pension cost that have been included as a reduction of unrestricted net assets consist of:

	2011		2010	
	Pension	SERP	Pension	SERP
Net actuarial (gain) loss arising during the period	\$ (22,744,701)	\$ (168,933)	\$ 31,312,688	\$ 132,186
Prior service cost amortized during the period	(168,422)	(160,399)	(168,422)	(163,626)
Net actuarial loss amortized during the period	(3,899,838)	(262,582)	-	-
	<u>\$ (26,812,961)</u>	<u>\$ (591,914)</u>	<u>\$ 31,144,266</u>	<u>\$ (31,440)</u>

	2011		2010	
	Pension	SERP	Pension	SERP
Assumptions:				
Discount rate used to determine benefit obligation	5.75 %	5.75 %	5.50 %	5.50 %
Discount rate used to determine net periodic benefit cost	5.50 %	5.50 %	6.75 %	6.75 %
Rate of increase in compensation levels	5.00 %	5.00 %	5.00 %	5.00 %
Expected long-term rate of return on assets	8.00 %	N/A	8.50 %	N/A

The estimated net actuarial loss and prior service cost that will be amortized as a component of net periodic benefit cost during fiscal 2012 are \$3,311,441 and \$168,422, respectively, for the pension plan. The estimated prior service cost that will be amortized as a component of net periodic benefit costs during fiscal 2012 is \$100,898 for the SERP.

Elmhurst expects to contribute \$6,000,000 to the Plan during fiscal 2012, and \$350,000 to the SERP during fiscal 2012.

The allocation of pension plan assets at June 30, 2011 and 2010, is as follows:

	Target	2011	2010
Equity securities	55 %	55 %	52 %
Fixed-income securities	25	31	32
Alternative investments	20	14	16
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

The pension fund is managed in accordance with the policies established by the Investment Committee of the Board (the "Investment Committee"). The investment policy includes specific guidelines for quality, asset concentration, asset mix, asset allocations, and performance expectations. The pension fund investment allocations are periodically reviewed for compliance with the pension investment policy by the Investment Committee.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Plan's investment portfolio. Assumed projected rates of return for each asset category are selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio is developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from Plan assets.

Expected future benefit payments for the plan years ending December 31 are as follows:

	Pension	SERP
2012	\$ 6,215,000	\$ 350,000
2013	6,939,000	-
2014	7,692,000	-
2015	8,502,000	1,890,000
2016	9,333,000	-
2017-2021	58,923,000	1,170,000

Net periodic benefit cost for the years ended June 30, 2011 and 2010, includes the following components:

	2011		2010	
	Pension	SERP	Pension	SERP
Service cost - benefits earned during the year	\$ 6,997,084	\$ 118,287	\$ 4,849,007	\$ 144,338
Interest cost on projected benefit obligation	9,726,499	289,011	9,078,712	365,906
Expected return on plan assets	(13,972,736)	-	(13,659,398)	-
Amortization of prior service cost	168,422	160,399	168,422	163,626
Amortization of actuarial loss	3,899,838	-	-	-
Settlement expense	-	262,582	-	-
	<u>\$ 6,819,107</u>	<u>\$ 830,279</u>	<u>\$ 436,743</u>	<u>\$ 673,870</u>

Elmhurst also maintains contributory savings plans (the "Savings Plans") covering substantially all employees of Elmhurst. Participants may make voluntary contributions to the Savings Plans, which are partially matched by Elmhurst. For each dollar of participant contribution, Elmhurst matches 50% of the first 3% of pay and 25% of the second 3% of pay. Certain matching benefits were suspended in 2010. Additional contributions may be made by Elmhurst at its discretion. Costs of the Savings Plans charged to salaries and benefits totaled \$105,299 and \$172,505 for the years ended June 30, 2011 and 2010, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

The tables below presents the balances of pension assets measured at fair value on a recurring basis, as of June 30, 2011 and 2010:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	\$ 4,145,802	\$ -	\$ -	\$ 4,145,802
Mutual funds invested in U.S. fixed-income securities	24,017,936	6,032,706	-	30,050,642
Trust invested in global fixed-income securities	-	16,793,957	-	16,793,957
Equity securities:				
U.S.	13,800,483	49,266,073	-	63,066,556
Non-U.S.	-	20,690,515	-	20,690,515
Global real estate	8,123,552	-	-	8,123,552
Hedge funds	-	23,092,009	-	23,092,009
Total investments	\$ 50,087,773	\$ 115,875,260	\$ -	\$ 165,963,033

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Cash	\$ 5,666,761	\$ -	\$ -	\$ 5,666,761
Mutual funds invested in U.S. fixed-income securities	24,624,558	-	-	24,624,558
Trust invested in global fixed-income securities	-	14,679,854	-	14,679,854
Equity securities:				
U.S.	-	46,986,032	-	46,986,032
Non-U.S.	-	18,995,719	-	18,995,719
Global real estate	6,139,178	-	-	6,139,178
Hedge funds	-	21,624,070	-	21,624,070
Total investments	\$ 36,430,497	\$ 102,285,675	\$ -	\$ 138,716,172

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Professional and General Liabilities Insurance

Elmhurst is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will be resolved without a material impact on the Hospital's financial position. Substantially, all claims made prior to July 1, 1979, are covered by commercial insurance. On July 1, 1979, the Hospital entered into a contractual agreement with the Chicago Hospital Risk Pooling Program (CHRPP) that, through its risk-sharing provisions, provided the Hospital with insurance coverage for professional and general liability claims. CHRPP is a multi-hospital trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. As a self-insurance administrator, CHRPP enables risk-sharing among Illinois hospitals. Beneficiary hospitals are obligated to make additional contributions, if necessary, to maintain the trust assets at a level adequate to support anticipated disbursements, as defined in the trust agreement. Substantially all claims made between July 1, 1979 and December 1, 2005, are covered by CHRPP. For the period July 1, 1979 to December 31, 2002, CHRPP coverage was on the occurrence-basis. Effective January 1, 2003, CHRPP changed its coverage from occurrence-basis to claims-made.

In June 2010, CHRPP notified its current and former members that it had resolved to discontinue the issuance of hospital professional and comprehensive general liability coverage and commence a voluntary "run-off" of its claim portfolio effective January 1, 2011.

CHRPP engaged the services of an independent consultant for actuarial valuations of self-insured funding requirements and has designated attorneys to handle professional and general liability claims. The Hospital has established its risk management program and claims-handling procedures in accordance with guidelines issued by the United States Department of Health and Human Services. The self-insurance funding, which is expensed when amounts are funded into the self-insurance trust, was recommended and certified by an independent actuarial firm. As stated above, the Hospital's insurance premiums are subject to retrospective adjustments. Management does not believe any retrospective adjustments would be material.

Since 2005, the Hospital has a self-insured retention program in which the Hospital retains the risk for all claims with individual values under \$3,000,000. The Hospital has obtained insurance coverage on a claims-made basis for amounts exceeding \$3,000,000 up to \$33,000,000. The Hospital has engaged an independent actuary to determine the estimated cost of the retained risk and has recorded expense in accordance with the actuary's estimate. At June 30, 2011 and 2010, the Hospital recorded a liability, discounted at 4.50% in 2011 and 4.75% in 2010 of \$20,327,428 and \$20,309,810, respectively, for incurred but not reported claims arising under both its own self-insurance program and the CHRPP program. The effect of discounting the liability is approximately \$4,446,000 and \$5,118,000, respectively, at June 30, 2011 and 2010. This liability consists of \$2,215,654 and \$1,624,586 reported in Accounts Payable at June 30, 2011 and 2010, respectively, and \$18,111,774 and \$18,685,224 reported in Other Liabilities at June 30, 2011 and 2010, respectively, on the Consolidated Balance Sheets. The Hospital has elected to not establish a corresponding self-insured trust asset to fund this liability as of June 30, 2011, because management believes that it has enough liquidity in its cash, short-term investments, and the capital reserve fund.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010, respectively, are available for the following purposes:

	2011	2010
Pledges restricted to benefit future periods	\$ 4,673,164	\$ 5,665,477
Capital purchases	-	154,132
Medical education	63,000	63,000
Other health care programs	83,135	244,664
	<u>\$ 4,819,299</u>	<u>\$ 6,127,273</u>

Permanently restricted net assets of \$489,515 at June 30, 2011 and 2010, are investments to be held in perpetuity, the income from which is expendable for medical education.

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes of medical education, and other health care programs amounting to \$2,020,288 and \$1,883,645, respectively, and were recorded as Other Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

The expected timing of pledge payments and value of pledges receivable recorded as of June 30, 2011, are as follows:

Years ending June 30:

2012	\$ 1,015,750
2013	801,191
2014	666,000
2015	574,500
2016	510,998
Thereafter	<u>1,499,020</u>
	5,067,459
Less - present value discounts	(340,941)
Less - allowance for uncollectible pledges	<u>(53,334)</u>
Pledges receivable, net	4,673,184
Less current portion included in prepaid expense, interest receivable, and other	<u>(1,015,750)</u>
Noncurrent portion included in prepaid pension, deferred financing costs, and other	<u>\$ 3,657,434</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Functional Expenses

Elmhurst provides comprehensive quality health care services to the residents of eastern Du Page and western Cook counties. Expenses related to these functions at June 30, 2011 and 2010, are as follows:

	2011	2010
Health care services	\$ 319,069,233	\$ 274,969,039
General and administrative	81,504,133	79,028,986
Fundraising	1,368,796	1,305,668
	<u>\$ 401,942,162</u>	<u>\$ 355,303,693</u>

Note 14. Commitments and Contingencies

Medicare and Medicaid reimbursement: The Governor of Illinois recently signed into law the budget for the State's fiscal year ending June 30, 2012, which cuts Medicaid funding to hospitals in the upcoming year. The Medicaid cuts are expected to delay Medicaid payments into the State's fiscal year 2013 to cut spending in the upcoming year. For non-expedited hospitals, payments based on claims will be held for the first 160 days of the State fiscal year, whereas, for expedited hospitals 1 or 2 payments will be made in August based on their claims. Although the budget is signed, the Medicaid funding cut may be reversed by a majority vote when the General Assembly meets in October 2011 for the annual Veto Session. In addition to delayed Medicaid payments, deep cuts to both the Medicare and Medicaid programs are under consideration by the U.S. Congress as it looks to cut federal spending. Such cuts in Medicaid and Medicare reimbursement, if enacted, could have a significant adverse effect on the Corporation's financial statements.

Litigation: Elmhurst is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on Elmhurst's consolidated financial statements.

Regulatory investigation: The U.S. Department of Justice, other federal agencies and the Illinois Department of Public Aid routinely conduct regulatory investigations and compliance audits of health care providers. The Hospital is subject to these regulatory efforts. Management is currently unaware of any regulatory matters which may have a material effect on Elmhurst's financial position or results from operations.

Regulatory environment including fraud and abuse matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 14. Commitments and Contingencies (Continued)

CMS Recovery Audit Contractor Program: Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS implemented the RAC program in Illinois in 2010. Management does not believe that RAC audits will have a material effect on the Corporation's results of operations or cash flows. At June 30, 2011 and 2010, the Hospital recorded a reserve for estimated amounts that will be repaid under the RAC program based on the Hospital's RAC program experience to date.

Property tax-exemption: On August 16, 2011, the Illinois Department of Revenue (IDOR) issued initial rulings denying the property tax-exemption applications of three Illinois not-for-profit hospitals. Because the IDOR did not provide explanations for its initial rulings in these cases, it is not known what criteria and standards the IDOR used in concluding not to grant the property tax-exemption. Although these initial rulings may be appealed, the outcome of such appeals, and the applicability of these initial rulings, or subsequent rulings on the property tax-exemption applications of other Illinois not-for-profit hospitals, cannot be determined with certainty.

Elmhurst has filed a property tax-exemption application for a portion of the Center for Health, and awaits a decision from the IDOR. As of June 30, 2011, Elmhurst has recorded a refund receivable of approximately \$1,100,000 for a portion of property taxes paid relating to the Center for Health for tax years 2008, 2009 and 2010. Management continues to believe that the application will be approved and that the related property taxes will be refunded.

Note 15. Subsequent Events

Subsequent events: Elmhurst has evaluated subsequent events for potential recognition and/or disclosure through September 23, 2011, the date the consolidated financial statements were issued.



Independent Auditor's Report on the Supplementary Information

To the Board of Trustees of
Elmhurst Memorial Healthcare
Elmhurst, Illinois

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Chicago, Illinois
September 23, 2011

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Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information
June 30, 2011

Assets	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Current Assets									
Cash and cash equivalents	\$ 23,339,411	\$ -	\$ 17,444,553	\$ 1,762,045	\$ 4,132,813	\$ -	\$ 2,155,635	\$ 1	\$ 1,977,177
Short-term investments	1,111,519	-	-	-	1,111,519	-	-	-	1,111,519
Patient accounts receivable - less allowances for uncollectible accounts	58,609,224	-	5,005,236	(27)	53,604,015	-	52,539,400	1,064,615	-
Inventories	7,518,757	-	-	-	7,518,757	-	7,430,914	87,843	-
Prepaid expenses, interest receivable, and other	12,026,879	(10,959)	3,874,653	78,257	8,084,928	-	7,029,907	19,573	1,035,448
Amounts due from third-party payors	12,362,561	-	-	-	12,362,561	-	12,362,561	-	-
Accounts due from affiliated organizations	-	(2,401,387)	-	-	2,401,387	-	2,401,387	-	-
Total current assets	114,968,351	(2,412,346)	26,324,442	1,840,275	89,215,980	-	83,919,804	1,172,032	4,124,144
Investments and Assets Limited as to Use:									
Internally designated for capital improvements	254,728,404	-	254,728,404	-	-	-	-	-	-
Externally designated investments under bond agreements	31,772,065	-	30,322,638	-	1,449,427	-	1,449,427	-	-
Other investments and assets limited as to use	5,184,913	-	-	-	5,184,913	-	-	-	5,184,913
Total investments and assets limited as to use	291,685,382	-	285,051,042	-	6,634,340	-	1,449,427	-	5,184,913
Land, Buildings, and Equipment - Net	617,754,041	-	80,385,942	-	537,368,099	-	536,942,225	425,874	-
Investment in Subsidiaries	-	(444,469)	444,469	-	-	(12,806,331)	12,806,331	-	-
Prepaid Pension, Deferred Financing Costs, and Other	11,070,865	-	4,386,857	-	6,684,008	-	3,026,594	-	3,657,414
	\$ 1,035,478,639	\$ (2,856,815)	\$ 396,592,752	\$ 1,840,275	\$ 639,902,427	\$ (12,806,331)	\$ 638,144,381	\$ 1,597,906	\$ 12,966,471

Total investments and assets

limited as to use

Land, Buildings, and Equipment - Net

Investment in Subsidiaries

Prepaid Pension, Deferred Financing Costs,
and Other

ATTACHMENT 39

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information (Continued)
June 30, 2011

Liabilities and Net Assets/ Shareholder's Equity	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Current Liabilities									
Accounts payable	\$ 72,598,475	\$ (10,959)	\$ 1,303,040	14,136	\$ 71,292,258	\$ -	\$ 71,139,690	\$ 80,507	\$ 72,061
Accrued payroll and other	23,278,212	-	6,785,796	11,537	16,480,879	-	15,730,733	750,146	-
Amounts due to third-party payors	28,351,919	-	-	-	28,351,919	-	28,435,908	(83,989)	-
Current maturities of long-term debt	5,330,004	-	5,330,004	-	-	-	-	-	-
Due to affiliated organizations	-	(2,401,387)	1,031,254	1,370,133	-	-	-	-	-
Total current liabilities	129,558,610	(2,412,346)	14,450,094	1,395,806	116,125,056	-	115,306,331	746,664	72,061
Long-Term Debt, Excluding Current Maturities	506,862,261	-	506,862,261	-	-	-	-	-	-
Other Liabilities	33,804,815	-	14,222,594	-	19,582,221	-	19,494,142	-	88,079
Accrued Pension	15,422,911	-	-	-	15,422,911	-	15,422,911	-	-
Total liabilities	685,648,597	(2,412,346)	535,534,949	1,395,806	151,130,188	-	150,223,384	746,664	160,140
Net assets/shareholders' equity:									
Common stock - at par	-	(7,502,470)	-	7,502,470	-	-	-	-	-
Additional paid-in capital	-	(2,552,286)	-	2,552,286	-	-	-	-	-
Unrestricted net assets/retained earnings	344,521,228	9,610,287	(138,942,197)	(9,610,287)	483,463,425	(7,497,517)	482,612,183	851,242	7,497,517
Temporarily restricted net assets	4,819,299	-	-	-	4,819,299	(4,819,299)	4,819,299	-	4,819,299
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	349,830,042	(444,469)	(138,942,197)	444,469	488,772,239	(12,806,331)	487,920,997	851,242	12,806,331
	\$ 1,035,478,639	\$ (2,856,815)	\$ 396,592,752	\$ 1,840,275	\$ 639,902,427	\$ (12,806,331)	\$ 638,144,381	\$ 1,597,906	\$ 12,966,471

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information Year Ended June 30, 2011

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital Health	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Revenues:										
Net patient service revenue	\$ 360,897,381	\$ -	\$ 44,899,936	\$ -	\$ 315,997,445	\$ -	\$ -	\$ 307,554,019	\$ 8,443,426	\$ -
Other revenue	17,063,138	(9,309,165)	1,932,940	10,129,629	14,309,734	-	-	11,739,086	7,460	2,563,188
	<u>377,960,519</u>	<u>(9,309,165)</u>	<u>46,832,876</u>	<u>10,129,629</u>	<u>330,307,179</u>	<u>-</u>	<u>-</u>	<u>319,293,105</u>	<u>8,450,886</u>	<u>2,563,188</u>
Expenses:										
Salaries and benefits	175,114,386	-	145,188	9,540,369	165,428,829	-	-	160,365,040	4,529,898	533,891
Supplies	57,063,638	-	2,451,792	88,985	54,522,861	-	-	53,703,571	665,557	153,733
Purchased services and other	98,047,782	(9,309,165)	50,267,656	377,002	56,712,289	2,607,347	-	52,274,808	1,148,073	682,061
Provision for bad debts	25,233,612	-	1,999,907	250	23,233,455	-	-	23,133,327	101,018	(890)
Depreciation	34,543,448	-	1,269,552	25	33,273,871	-	-	33,014,953	258,918	-
Medicaid tax	7,310,342	-	-	-	7,310,342	-	-	7,310,342	-	-
One time costs associated with new hospital	4,628,954	-	-	-	4,628,954	-	-	4,628,954	-	-
	<u>401,942,162</u>	<u>(9,309,165)</u>	<u>56,134,095</u>	<u>10,006,631</u>	<u>345,110,601</u>	<u>2,607,347</u>	<u>-</u>	<u>334,430,995</u>	<u>6,703,464</u>	<u>1,368,795</u>
Operating income (loss)	<u>(23,981,643)</u>	<u>-</u>	<u>(9,301,219)</u>	<u>122,998</u>	<u>(14,803,422)</u>	<u>(2,607,347)</u>	<u>-</u>	<u>(15,137,890)</u>	<u>1,747,422</u>	<u>1,194,393</u>
Nonoperating income (expense):										
Investment income	13,252,244	-	12,327,381	69	924,794	-	-	696,826	-	227,968
Unrealized gains on investments	26,592,360	-	25,839,767	-	752,593	-	-	513,859	-	238,734
Interest expense	(7,662,371)	-	(7,662,467)	-	96	-	-	96	-	-
Amortization of deferred financing costs	(145,481)	-	(145,481)	-	-	-	-	-	-	-
Gain on settlements on interest rate swaps	1,008,257	-	1,008,257	-	-	-	-	-	-	-
Unrealized gain on interest rate swaps	4,694,741	-	4,694,741	-	-	-	-	-	-	-
Disposition of restricted revenue	-	-	-	-	-	-	-	-	-	-
Gain (loss) on investment in subsidiaries	-	(123,067)	123,067	-	-	2,607,347	-	-	-	(2,607,347)
Change in unrealized gain on hedge fund investments	8,082,905	-	8,082,905	-	-	(1,650,693)	-	1,650,693	-	-
	<u>45,822,655</u>	<u>(123,067)</u>	<u>44,268,170</u>	<u>69</u>	<u>1,677,483</u>	<u>956,654</u>	<u>-</u>	<u>2,861,474</u>	<u>-</u>	<u>(2,140,645)</u>

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)
Year Ended June 30, 2011

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Excess (deficiency) of revenue over expenses	\$ 21,841,012	\$ (123,067)	\$ 34,966,951	\$ 123,067	\$ (13,125,939)	\$ (1,650,693)	\$ (12,276,416)	\$ 1,747,422	\$ (946,252)
Other changes in unrestricted net assets:									
Amortization of gain on discontinuation of hedge accounting	178,463	-	178,463	-	-	-	-	-	-
Pension and supplemental plan related changes, other than net periodic pension cost	26,851,456	-	-	-	26,851,456	-	26,851,456	-	-
Temporarily restricted contributions released for capital projects	2,000,000	-	-	-	2,000,000	-	-	-	2,000,000
	29,029,919	-	178,463	-	28,851,456	-	26,851,456	-	2,000,000
Increase in unrestricted net assets	\$ 50,870,931	\$ (123,067)	\$ 35,145,414	\$ 123,067	\$ 15,725,517	\$ (1,650,693)	\$ 14,575,040	\$ 1,747,422	\$ 1,053,748

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information
June 30, 2010

	Assets									
	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation	
Current Assets										
Cash and cash equivalents	\$ 14,193,379	\$ -	\$ 10,668,631	\$ 1,312,063	\$ 2,212,685	\$ -	\$ -	\$ -	\$ 2,212,685	
Short-term investments	1,108,683	-	-	-	1,108,683	-	-	-	1,108,683	
Patient accounts receivable - less allowances for uncollectible accounts	51,796,446	-	4,010,438	223	47,785,785	-	46,053,156	1,732,629	-	
Inventories	5,279,893	-	271,316	-	5,008,577	-	4,937,186	71,391	-	
Prepaid expenses, interest receivable, and other	11,599,004	(10,205)	4,440,917	72,936	7,095,356	-	6,212,782	33,234	849,340	
Amounts due from third-party payors	840,000	-	-	-	840,000	-	840,000	-	-	
Amounts due from affiliated organizations	-	(1,066,462)	-	-	1,066,462	-	1,072,364	(5,902)	-	
Total current assets	84,817,405	(1,076,667)	19,391,302	1,385,222	65,117,548	-	59,115,488	1,831,352	4,170,708	
Investments and Assets Limited as to Use:										
Internally designated for capital improvements	340,408,845	-	340,408,845	-	-	-	-	-	-	
Externally designated investments under bond agreements	71,116,223	-	67,340,904	-	3,775,319	-	3,775,319	-	-	
Other investments and assets limited as to use	4,237,239	-	-	-	4,237,239	-	-	-	4,237,239	
Total investments and assets limited as to use	415,762,307	-	407,749,749	-	8,012,558	-	3,775,319	-	4,237,239	
Land, buildings, and Equipment - Net	487,966,183	-	85,430,861	25	402,535,297	-	402,062,402	472,895	-	
Investment in Subsidiaries	-	(321,402)	321,402	-	-	(12,463,612)	12,463,612	-	-	
Prepaid Pension, Deferred Financing Costs, and other	12,218,977	-	4,593,611	-	7,625,366	-	3,427,651	-	4,197,715	
	\$ 1,000,764,872	\$ (1,398,069)	\$ 517,486,925	\$ 1,385,247	\$ 483,290,769	\$ (12,463,612)	\$ 480,844,472	\$ 2,304,247	\$ 12,605,662	

ATTACHMENT 39

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information (Continued)
June 30, 2010

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Liabilities and Net Assets/ Shareholder's Equity									
Current Liabilities									
Accounts payable	\$ 35,414,882	\$ (10,205)	\$ 1,228,784	\$ 8,651	\$ 34,187,652	\$ -	\$ 34,084,815	\$ 12,837	\$ 90,000
Accrued payroll and other	28,990,529	-	11,725,826	17,023	17,247,680	-	17,015,424	232,256	-
Amounts due to third-party payors	34,403,936	-	-	-	34,403,936	-	34,421,097	(17,161)	-
Current maturities of long-term debt	5,225,004	-	5,225,004	-	-	-	-	-	-
Due to affiliated organizations	-	(1,066,462)	28,291	1,038,171	-	-	-	-	-
Total current liabilities	104,034,351	(1,076,667)	18,207,905	1,063,845	85,839,268	-	85,521,336	227,932	90,000
Long-Term Debt, Excluding Current Maturities	512,051,799	-	512,051,799	-	-	-	-	-	-
Other Liabilities	43,494,872	-	19,174,875	-	24,319,997	-	24,267,947	-	52,050
Accrued Pension	40,916,765	-	-	-	40,916,765	-	40,916,765	-	-
Total liabilities	700,497,787	(1,076,667)	549,434,579	1,063,845	151,076,030	-	150,706,048	227,932	142,050
Net assets/shareholders' equity:									
Common stock - at par	-	(7,502,470)	-	7,502,470	-	-	-	-	-
Additional paid-in capital	-	(2,552,286)	-	2,552,286	-	-	-	-	-
Unrestricted net assets/retained earnings	293,650,297	9,733,354	(31,947,654)	(9,733,354)	325,597,951	(5,846,824)	323,521,636	2,076,315	5,846,824
Temporarily restricted net assets	6,127,273	-	-	-	6,127,273	(6,127,273)	6,127,273	-	6,127,273
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
Total net assets	300,267,085	(321,402)	(31,947,654)	321,402	332,214,739	(12,463,612)	330,138,424	2,076,315	12,463,612
Total	\$ 1,000,764,872	\$ (1,398,069)	\$ 517,486,925	\$ 1,385,247	\$ 483,290,769	\$ (12,463,612)	\$ 480,844,472	\$ 2,304,247	\$ 12,605,662

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information Year Ended June 30, 2010

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Revenues:									
Net patient service revenue	\$ 349,185,107	\$ -	\$ 43,291,978	\$ -	\$ 305,893,129	\$ -	\$ 296,664,159	\$ 9,228,970	\$ -
Other revenue	18,123,193	(15,600,644)	1,989,087	16,328,855	15,405,895	-	13,419,696	(131,900)	2,118,099
	367,308,300	(15,600,644)	45,281,065	16,328,855	321,299,024	-	310,083,855	9,097,070	2,118,099
Expenses:									
Salaries and benefits	170,892,433	-	1,714,876	15,850,927	153,326,630	-	148,309,153	4,489,094	528,383
Supplies	55,534,768	-	3,398,709	92,553	52,043,506	-	51,444,190	502,677	96,639
Purchased services and other	89,926,337	(15,600,644)	50,430,877	387,483	54,708,621	1,183,169	51,656,558	1,233,248	635,646
Provision for bad debts	14,243,404	-	2,002,000	1,000	12,240,404	-	12,103,210	92,194	45,000
Depreciation	17,402,591	-	1,821,046	7,398	15,574,147	-	15,257,033	317,114	-
Medicaid tax	7,304,160	-	-	-	7,304,160	-	7,304,160	-	-
	355,303,693	(15,600,644)	59,367,508	16,339,361	295,197,468	1,183,169	286,074,304	6,634,327	1,305,668
Operating income (loss)	12,004,607	-	(14,086,443)	(10,506)	26,101,556	(1,183,169)	24,009,551	2,462,743	812,431
Nonoperating income (expense):									
Investment (loss) income	(2,834,768)	-	(3,379,710)	-	544,942	-	483,100	-	61,842
Unrealized gains on investments	36,597,287	-	36,009,895	-	587,392	-	295,015	-	292,377
Interest expense	(7,845,683)	-	(7,820,053)	-	(25,630)	-	(25,630)	-	-
Amortization of deferred financing costs	(133,927)	-	(133,927)	-	-	-	-	-	-
Cash settlements on interest rate swaps	(352,802)	-	(352,802)	-	-	-	-	-	-
Unrealized loss on interest rate swaps	(467,429)	-	(467,429)	-	-	-	-	-	-
Disposition of restricted revenue	-	95,610	-	-	(95,610)	1,183,169	-	-	(1,278,779)
Gain (loss) on investment in subsidiaries	-	10,772	(10,772)	-	-	16,519	(16,519)	-	-
Change in unrealized gain on hedge funds investments	1,944,451	-	1,944,451	-	-	-	-	-	-
	26,907,129	106,382	25,789,653	-	1,011,094	1,199,688	735,966	-	(924,560)

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)
Year Ended June 30, 2010

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Excess (deficiency) of revenue over expenses	\$ 38,911,736	\$ 106,382	\$ 11,703,210	\$ (10,506)	\$ 27,112,650	\$ 16,519	\$ 24,745,517	\$ 2,462,743	\$ (112,129)
Other changes in unrestricted net assets:									
Amortization of gain on discontinuation of hedge accounting	177,089	-	177,089	-	-	-	-	-	-
Pension and supplemental plan related changes, other than net periodic pension cost	(31,192,373)	-	-	-	(31,192,373)	-	(31,192,373)	-	-
Temporarily restricted contributions released for capital projects	95,344	(266)	-	-	95,610	-	-	-	95,610
	(30,919,940)	(266)	177,089	-	(31,096,763)	-	(31,192,373)	-	95,610
Increase (decrease) in unrestricted net assets	\$ 7,991,796	\$ 106,116	\$ 11,880,299	\$ (10,506)	\$ (3,984,113)	\$ 16,519	\$ (6,446,856)	\$ 2,462,743	\$ (16,519)



Elmhurst Memorial
Healthcare

November 14, 2011

TO: MSRB EMMA Services and Bondholders requesting direct disclosure
FROM: James F. Doyle, Senior Vice President and CFO
SUBJECT: Quarterly Disclosure for Illinois Health Facilities Authority
Revenue Bonds: Elmhurst Memorial Healthcare

Enclosed is Elmhurst Memorial Healthcare's quarterly disclosure report for the three-month period ended September 30, 2011. This report includes Management's Discussion, Utilization Statistics and Interim Financial Statements.

JFD/hz

encl.

ELMHURST MEMORIAL HEALTHCARE
Management's Discussion of Operations
Results for the fiscal quarter ended September 30, 2011

(Note: all comparative comments are with regard to the prior fiscal year unless otherwise noted)

Utilization Statistics

The first quarter of FY2012 is the first full quarter of operations at the new main campus. The New main campus opened on June 25, 2011. On June 25th all acute care operations, along with most outpatient diagnostic and treatment services moved from the Berteau Campus to the new Brush Hill campus approximately 3 miles south of the Berteau campus. The 38 bed skilled nursing unit, the 18 bed behavioral health unit and OP radiation oncology services along with an immediate care center are the main services now located on the Berteau Campus.

Total discharges were essentially flat compared to same period prior year. Inpatient adult days were up 3.2% for the first quarter. Medicare patient acuity as measured by the case mix index was down 3.1% compared to last fiscal year, largely due to the decrease in IP surgeries versus the same period prior year. Discharges, days, length of stay and occupancy rates all exclude observation patients.

Skilled Nursing (SNF) discharges were down 3.2% for the first quarter. SNF days, which is a better indicator of revenue, was also down by 14.4% for the first quarter. This drop is largely due to the initial operational changes in the first several weeks following the move of the acute care business to the new main campus.

Emergency Room visits were down 5.0% for the first quarter. Immediate Care visits were up by 8%. Note that in the first several weeks post move a number of lower acuity patients presented to the Berteau campus thinking the ER was still located there, these patients were treated in the immediate care center now located at the Berteau Campus. The Physician Practice Division office visits were up 10.6% for the first quarter.

Hospital Ambulatory Surgery cases were down 4.6% for the first quarter. The Elmhurst Outpatient Surgery Center case volume increased by 3.3% for the first quarter. Inpatient surgical cases were also down 1.6% for the first quarter.

Home Health admissions were up 6.4% for the first quarter. The number of Home Health visits- an indicator of expenses- was also up by 7.2%. Hospice covered days were also up 4.8% for the first quarter.

Payer Mix

Net Revenue for the year for managed care payers was up 2% reflecting the growth in OP services versus the flat volumes in IP services as well as some favorable rate changes in certain managed care contracts in FY11.

Financial Statements

Balance Sheet:

The System's 90-day rolling average number of days in net AR was 65 days on September 30th. The increase in AR is due to the implementation of provider based billing in January of 2011, which resulted in about some significant OP billing delays. The decrease in Trustee Held Assets and the Reserve for Capital Replacement are due the PP&E expenditures made during the year on the replacement hospital which opened June 25th and the unrealized losses experienced during the first quarter. The growth in deferred expenses and other assets is largely due to required collateral postings on EMHC's SWAP portfolio.

Income Statement:

Total revenue increased 6.3% due in large part to growth in OP and physician office activity.. Salaries and Benefits expense increased 8.8% over prior year due to the increase in employees needed to operate two inpatient campus locations and 2.8% in average merit increases. Interest expense is increased over prior year as the project is now complete and interest is now longer being capitalized. Depreciation increased by \$7 million over prior year due to the New Replacement Hospital.

Cash Flow

Draws from the capital reserve were used in the first quarter to pay accrued construction invoices and fund the increase in AR and to post nearly \$13 million in collateral on the SWAP portfolio.

Other

Northwestern Memorial Healthcare and EMHC have executed a non-disclosure agreement that provides for a period of exclusive discussions regarding a potential affiliation. EMHC cannot predict whether these discussions will result in an agreement between the two organizations. Any definitive agreement would be subject to both parties' governing bodies and applicable regulatory approvals.

ELMHURST MEMORIAL HEALTHCARE
System Balance Sheet

	<u>Sep-11</u>	<u>Sep-10</u>	<u>\$ change</u>	<u>% change</u>
Assets				
Cash and Short Term Investments	\$ 10,274	\$ 8,621	1,653	19.2%
Patient Accts Receivable, Net	68,027	53,574	14,453	27.0%
Inventories	7,538	5,405	2,133	39.5%
Prepaid Exp's & Other Rec., Net	6,609	5,773	836	14.5%
Total Current Assets	<u>92,448</u>	<u>73,372</u>	19,076	26.0%
Reserved for Capital Replacement	192,076	358,190	(166,114)	-46.4%
Trustee Held Assets & Other Investments	31,225	42,261	(11,036)	-26.1%
Total Investments	<u>223,301</u>	<u>400,452</u>	(177,151)	-44.2%
Plant, Property and Equipment	557,166	454,630	102,536	22.6%
Deferred Expenses & Other Assets	73,658	65,714	7,944	12.1%
Total Assets	<u>\$ 946,573</u>	<u>\$ 994,169</u>	(47,596)	-4.8%
Liabilities and Fund Balance				
Current Portion Long Term Debt	\$ 5,330	\$ 5,225	105	2.0%
Accounts Payable	36,739	43,770	(7,031)	-16.1%
Accrued Expenses	44,235	28,497	15,738	55.2%
Amounts Due Third Party Payers and Credit Balances	20,540	37,648	(17,108)	-45.4%
Total Current Liabilities	<u>106,844</u>	<u>115,140</u>	(8,296)	-7.2%
Bonds Payable	505,689	511,141	(5,452)	-1.1%
Other Long Term Liabilities	50,018	62,059	(12,041)	-19.4%
Total Liabilities	<u>662,551</u>	<u>688,340</u>	(25,789)	-3.7%
Net Assets	<u>284,022</u>	<u>305,829</u>	(21,807)	-7.1%
Total Liabilities and Net Assets	<u>\$ 946,573</u>	<u>\$ 994,169</u>	(47,596)	-4.8%

Unaudited interim statements – prior periods may have been restated for comparison purposes

ELMHURST MEMORIAL HEALTHCARE
System Income Statement

	3 Months Ended			
	Sep-11	Sep-10	\$ change	% change
(\$000's)	\$ 97,325	\$ 91,552	5,773	6.3%
Total Revenue				
Expenses				
Salaries and Benefits	46,974	43,193	3,781	8.8%
Pension Expense (non-cash)	1,779	1,682	97	5.8%
Supplies	17,686	17,077	609	3.6%
Purchased Services	23,432	21,412	2,020	9.4%
Provision for bad debts	4,641	4,134	507	12.3%
Depreciation	11,309	4,246	7,063	166.3%
Medicaid Tax	(343)	(343)	-	0.0%
Total Expenses	105,476	91,401	14,075	15.4%
Operating Income	(8,151)	151	(8,302)	-5498.0%
Nonoperating Income (Expense):				
Investment Income	2,895	3,298	(403)	-12.2%
Interest Expense	(3,280)	(1,422)	(1,858)	130.7%
Amortization	(46)	(33)	(13)	39.4%
Foundation Distribution & Other	1,000	416	584	n/a
Unrealized Gains/(Losses) on Swaps & Investments	(42,897)	17,676	(60,573)	-342.7%
Total Nonoperating Income	(42,327)	19,935	(62,262)	-312.3%
Excess of Revenue over Expenses	\$ (50,478)	\$ 20,087	(70,565)	-351.3%

Unaudited interim statements – prior periods may have been restated for comparison purposes

ELMHURST MEMORIAL HEALTHCARE
Statement of System Cash Flows

	<u>Sep-11</u>	<u>Sep-10</u>	<u>\$ change</u>	<u>% change</u>
Cash Flow from Operating Activities				
Operating Income/(Loss)	(8,151)	151	(8,302)	-5498.0%
Net Financing Income/(Loss)	(42,327)	19,935	(62,262)	-312.3%
Adjust for Non-Cash Items:				
Depreciation & Amortization	11,355	4,279	7,076	165.4%
Pension Expense	1,779	1,682	97	5.8%
Unrealized Gains/Losses	42,897	(17,676)	60,573	-342.7%
Net Change in:				
Accounts Receivable	(9,418)	1,778	(11,196)	-629.7%
Inventory & Other Assets	(19,061)	6,695	(25,756)	-384.7%
Accounts Payable & Other Liabilities	7,734	8,443	(709)	-8.4%
Net Cash Flow from Operations	<u>(15,192)</u>	<u>25,287</u>	<u>(40,479)</u>	<u>-160.1%</u>
Cash Flow from Investing Activities				
Acquisition of PP&E	9,639	19,874	(10,235)	-51.5%
(Increase)/Decrease in Other Trustee Held Assets	547	28,855	(28,308)	-98.1%
(Increase)/Decrease in Deferred Expenses	(65,800)	(57,372)	(8,428)	14.7%
(Additions to)/ Draws from Capital Reserve	62,652	(17,781)	80,433	-452.4%
Pension Contributions	-	-	-	#DIV/0!
Net Cash Flows from Investing Activities	<u>7,038</u>	<u>(26,424)</u>	<u>33,462</u>	<u>-126.6%</u>
Cash Flow from Financing Activities				
Proceeds from LT Debt	0	0	-	n/a
Payments on LT Debt	(1,173)	(911)	(262)	28.8%
Debt Issuance Costs	-	-	-	n/a
Net Cash Flows from Financing Activities	<u>(1,173)</u>	<u>(911)</u>	<u>(262)</u>	<u>28.8%</u>
Net Inc/(Dec) in Cash & Investments	<u>(9,327)</u>	<u>(2,048)</u>	<u>(7,279)</u>	<u>355.4%</u>
Cash & Investments Beginning (July 1)	19,601	10,669		
Cash & Investments Ending (Sep 30)	10,274	8,621		

Unaudited interim statements – prior periods may have been restated for comparison purposes

SAFETY NET STATEMENT

While Elmhurst Memorial Hospital and its parent Elmhurst Memorial Healthcare serve as safety net providers for the residents of eastern DuPage and western Cook Counties, the proposed discontinuation of services on the hospital's Berteau Campus will not have any material impact on the provision of essential safety net services. Elmhurst Memorial Hospital is not the sole area provider of either of the inpatient services to be discontinued, and as discussed in ATTACHMENT 10C, there are 50 other providers of acute mental illness services and 338 other providers of long-term care services located within 45 minutes of the hospital's Berteau Campus.

The emergency department currently in operation on the Berteau Campus is classified as a "stand-by" emergency department, receives very few patients, and is not a destination of area EMS transport systems. Alternatively, the hospital operates a "comprehensive" emergency department on its new campus, located 3.14 miles from the Berteau Campus.

Upon the discontinuation, the outpatient oncology, physical and occupational therapy, outpatient behavioral health, immediate care, imaging, and occupational health programs located on the Berteau Campus will be immediately reintroduced by Elmhurst Memorial Healthcare.

Last, it is not anticipated that the proposed discontinuation will have any impact on other safety net providers in the area, due to the excess capacity/low utilization rates identified by a variety of area providers in their IDPH *Profiles*.

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