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HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 27, 2014

To: Mike Constantino

From: Ed Parkhurst

Re: Project 14-040 NorthPointe FSEC
Requested Information

This memorandum is in response to your request to provide the construction cost of the original NorthPointe Immediate Care Center (ICC) portion of the existing NorthPointe facility.

By way of background, the original NorthPointe development was deemed to not require a CON even though it was to be, and is, operated as an additional Illinois-based satellite facility of the Beloit Health System. The ICC component is operated as a satellite of Beloit Memorial Hospitals' Emergency Department and, as such, follows the Department's respective policies, procedures, and staffing requirements as noted in the Permit Application and as was testified to at the October 22, 2014 Public Hearing.

As it pertains to the original NorthPointe development, Beloit executed an Agreement with the then State Board regarding the project (see attached Agreement and acknowledgement of Board acceptance). In this Agreement Letter, Beloit confirmed a 3-year time frame regarding aggregating costs for any reviewable facilities. The 3-year time frame commenced when the Assisted Living facility was occupied. This date was January 1, 2007.

In response to your request, Beloit researched their historical files and provided me an allocation amount for the original ICC construction cost. This amount is $1,337,911 or $198.68 per sq. ft.

Please let me know if this answers your inquiry. We will overnight a copy of this memorandum for your files.

Attachments: Agreement Letter (12/21/2005)
Board Acknowledgment (2/24/2006)

HALL,
RENDER, KILLIAN,
HEATH & LYMAN

Attorneys at Law
Professional Corporation

411 East Wisconsin Avenue, Suite 900
Milwaukee, WI 53202

Paul W. Seidenstricker
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December 21, 2005

Mr. Jeffrey Mark
Executive Director
Illinois Department of Public Health
Illinois Health Facilities Planning Board
James R. Thompson Center
Suite 6-600
100 West Randolph Street
Chicago, IL 60601-3292

Mark J. Silberman, Esq.
Deputy Chief Counsel
Illinois Department of Public Health
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James R. Thompson Center
Suite 6-600
100 West Randolph Street
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Re: Beloit Memorial Hospital

Dear Jeff and Mark:

This letter summarizes the agreements and understandings between Beloit Memorial Hospital ("BMH") and the Illinois Health Facilities Planning Board ("IHFPB") with regard to BMH's planned health care facility which will be located in Roscoe, Illinois. This letter is a follow up to our October 13, 2005 memorandum to you. As you are aware, BMH originally contacted Jeff Mark to ask for technical advice as to whether or not its planned project was subject to the Illinois Certificate of Need law. During the course of those early discussions, Jeff determined that it was appropriate to involve Mark in providing that guidance to BMH.

Ultimately, Jeff and Mark determined that the BMH project is not reviewable by the IHFPB. However, this conclusion was a concern for the IHFBP because it is possible that if this project were undertaken by an "in-state facility" a determination might have been made that the substance of the project is reviewable. In addition, there was a concern that, after the initial project is completed, and with relatively minor capital expenditures, BMH could add, or convert, to an otherwise reviewable facility in the near term and avoid review.

In response to those concerns, the following understandings and agreements were reached.

1. BMH has, at this time, no plans for an ambulatory surgery treatment center, a hospital, a nursing home or other reviewable facility.

2. However, if a need for a health care service that is provided in one of those reviewable facilities were to develop or is shown to exist, BMH may consider providing that service and, thus, might want to build the necessary facility.

3. BMH committed to the IHFPB that, if it decides to build or convert any existing facility in Illinois to, a reviewable facility, within three years, it would aggregate the costs of that project with the costs of the current project. The result of this commitment is that, if within three years, BMH ends up converting to, or building, an otherwise reviewable facility it will have exceeded the dollar thresholds thus subjecting the new facility to review by the IHFPB.

4. BMH's commitment is for a three-year period of time beginning with commencement of substantial operations at the Roscoe location. For purposes of specifying that date, we recommend that the three years run from the day the assisted living facility is available for occupancy by residents.

5. Both of you have concluded that the IHFPB does not have jurisdiction over BMH in regard to the current project. In addition, you concluded that BMH's commitment protects the citizenry of Illinois and the responsibilities of IHFPB, in that BMH will not be able to piecemeal its construction projects and avoid review of an otherwise reviewable facility.

We ask that one or both of you sign this letter in the space provided below and return a copy to us indicating your agreement with this arrangement. However, if you wish, you may respond with your own letter indicating your agreement with the information contained in this letter.

Thank you for your assistance in this matter and we appreciate your working with us on our technical assistance request.

Very truly yours,

HALL, RENDER, KILLIAN, HEATH & LYMAN, P.C.

Paul W. Seidenstricker

Paul W. Seidenstricker

PWS:cab

STATE OF ILLINOIS
HEALTH FACILITIES PLANNING BOARD

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FEB 28 2006

February 24, 2006

Paul W. Seidenstricker
Hall, Render, Killian, Heath and Lyman, P.C.
411 East Wisconsin Ave, Suite 900
Milwaukee, WI 53202
VIA CERTIFIED MAIL

Dear Mr. Seidenstricker:

This is to inform you that your client's letter – Beloit Memorial Hospital (BMH) – dated December 21, 2005 has been transmitted to the Health Facilities Planning Board. The contents of the letter were read into the record and discussed by the State Board during its public meeting on January 18.

Thank you and BMH for your cooperation in this matter.

Sincerely,

Jeffrey S. Mark
Executive Secretary

Cc: Mark Silberman, Acting General Legal Counsel
File