

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

14-054

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

OCT 30 2014

This Section must be completed for all projects.

Facility/Project Identification

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility Name: Passavant Area Hospital		
Street Address: 1600 West Walnut Street		
City and Zip Code: Jacksonville, IL 62650		
County: Morgan	Health Service Area: AMI 3	Health Planning Area: AMI 3

Applicant /Co-Applicant Identification

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

Exact Legal Name: The Passavant Memorial Area Hospital Association	
Address: 1600 West Walnut Street	
Name of Registered Agent: Doug Rahn	
Name of Chief Executive Officer: Doug Rahn	
CEO Address: 1600 West Walnut Street Jacksonville, IL 62650	
Telephone Number: 217-245-9541	

Type of Ownership of Applicant/Co-Applicant

☒ Non-profit Corporation	☐ Partnership
☐ 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.	
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]

Name: Mitchell Johnson
Title: Senior Vice President and Chief Strategy Officer
Company Name: Memorial Health System
Address: 701 North First Street, Springfield, IL 62781
Telephone Number: 217-788-3529
E-mail Address: johnson.mitch@mhsil.com
Fax Number: 217-788-5520

Additional Contact

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

Name: Michael Copelin
Title: President
Company Name: Copelin Healthcare Consulting
Address: 42 Birch Lake Drive, Sherman, IL 62684
Telephone Number: 217-496-3712
E-mail Address: micball1@aol.com
Fax Number: 217-496-3097

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

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Street Address: 1600 West Walnut Street		
City and Zip Code: Jacksonville, IL 62650		
County: Morgan	Health Service Area: AMI 3	Health Planning Area: AMI 3

Applicant /Co-Applicant Identification

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

Exact Legal Name: Memorial Health System	
Address: 701 North First Street, Springfield, IL 62781	
Name of Registered Agent: Edgar Curtis	
Name of Chief Executive Officer: Edgar Curtis	
CEO Address: 701 North First Street Springfield, IL 62781	
Telephone Number: 217-788-3340	

Type of Ownership of Applicant/Co-Applicant

☒ Non-profit Corporation ☐ For-profit Corporation ☐ Limited Liability Company	☐ Partnership ☐ Governmental ☐ 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.	
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Address: 42 Birch Lake Drive, Sherman, IL 62684
Telephone Number: 217-496-3712
E-mail Address: micball1@aol.com
Fax Number: 217-496-3097

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

Name: Mitchell Johnson
Title: Senior Vice President and Chief Strategy Officers
Company Name: Memorial Health System
Address: 701 North First Street, Springfield, IL 62781
Telephone Number: 217-788-3529
E-mail Address: johnson.mitch@mhsil.com
Fax Number: 217-788-5520

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Memorial Health System
Address of Site Owner: 701 North First Street, Springfield, IL 62781
Street Address or Legal Description of Site: 1600 West Walnut Street, Jacksonville, IL 62650
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 <u>ATTACHMENT-2</u> , 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: The Passavant Memorial Area Hospital Association	
Address: 1600 West Walnut Street, Jacksonville, IL 62650	
☒ Non-profit Corporation ☐ For-profit Corporation ☐ Limited Liability Company	☐ Partnership ☐ Governmental ☐ 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 <u>ATTACHMENT-3</u> , 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

[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

[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:

- ☒ Substantive
☐ Non-substantive

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 proposed project will create a 10-bed Acute Mental Illness inpatient unit within existing space on the third floor inside of Passavant Area Hospital located at 1600 West Walnut Street, Jacksonville, Illinois, 62650. The space was originally a patient care unit, but was remodeled and has been used for administrative offices since 1986.

The space to be remodeled includes 11,290 gross square feet including 5,530 gross square feet of clinical space and 5,760 gross square feet of non-clinical space.

The total project cost is \$3,479,095.

The proposed project is classified as a Substantive project because it will establish a new category of service – Acute Mental Illness – within an existing healthcare facility.

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	\$1,224,066	\$1,274,976	\$2,499,042
Contingencies	\$121,715	\$126,778	\$248,493
Architectural/Engineering Fees	\$150,000	\$61,560	\$211,560
Consulting and Other Fees	\$120,000	\$0	\$120,000
Movable or Other Equipment (not in construction contracts)	\$400,000	\$0	\$400,000
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	\$2,015,781	\$1,463,314	\$3,479,095
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$2,015,781	\$1,463,314	\$3,479,095
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$2,015,781	\$1,463,314	\$3,479,095
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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 \$ 682,048.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

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): March 1, 2017

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-8, 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

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 <u>ATTACHMENT-9</u> , 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: Passavant Area Hospital		CITY: Jacksonville			
REPORTING PERIOD DATES: From: 10/1/2012 to: 9/30/2013					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	101	2,321	8,464	0	101
Obstetrics	11	319	1,003	0	11
Pediatrics	0	0	0	0	0
Intensive Care	9	395	897	0	9
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	0	0	0	+10	10
Neonatal Intensive Care	0	0	0	0	0
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify))	0	0	0	0	0
TOTALS:	121	3,035	10,364	+10	131

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 Passavant Memorial Area Hospital Association* 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.


SIGNATURE

Doug Rahn
PRINTED NAME

President and CEO, Passavant Area Hospital
PRINTED TITLE


SIGNATURE

Jan Terry
PRINTED NAME

Chairman, Passavant Area Hospital Board
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23 day of October

Notarization:
Subscribed and sworn to before me
this 23 day of October


Signature of Notary

Seal



*Insert EXACT legal name of the applicant


Signature of Notary

Seal



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- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Memorial Health System *
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.


SIGNATURE

Edgar J. Curtis
PRINTED NAME

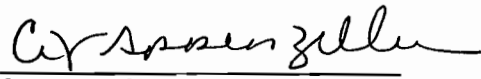
President and CEO
PRINTED TITLE


SIGNATURE

Mitchell L. Johnson
PRINTED NAME

Senior Vice President, Chief Strategy Officer
PRINTED TITLE

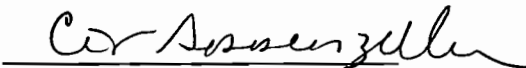
Notarization:
Subscribed and sworn to before me
this 14th day of October, 2014


Signature of Notary

Seal



Notarization:
Subscribed and sworn to before me
this 14th day of October, 2014


Signature of Notary

Seal



SECTION II. DISCONTINUATION – Not Applicable

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 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.

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

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 Board 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

- 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:

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:

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.

C. Criterion 1110.730 - Acute Mental Illness and Chronic Mental Illness

1. Applicants proposing to establish, expand and/or modernize Acute Mental Illness and Chronic Mental Illness category of service must submit the following information:
2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☒ Acute Mental Illness	0	10
☐ Chronic Mental Illness		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.730(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.730(b)(5) - Planning Area Need - Service Accessibility	X		
1110.730(c)(1) - Unnecessary Duplication of Services	X		
1110.730(c)(2) - Maldistribution	X		
1110.730(c)(3) - Impact of Project on Other Area Providers	X		
1110.730(d)(1) - Deteriorated Facilities			X
1110.730(d)(2) - Documentation			X
1110.730(d)(3) - Documentation Related to Cited Problems			X
1110.730(d)(4) - Occupancy			X
1110.730(e)(1) - Staffing Availability	X	X	
1110.730(f) - Performance Requirements	X	X	X
1110.730(g) - Assurances	X	X	X
APPEND DOCUMENTATION AS <u>ATTACHMENT-22</u>, 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

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)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	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;
	b)	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.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d)	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:
	1)	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;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	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.;
	4)	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;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
	e)	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;
	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g)	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-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability Not Applicable

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. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. 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
4. 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-37, 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 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements NOT APPLICABLE – A+/A1 Bond Rating

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	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									

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 -39, 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 40.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-40, 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.

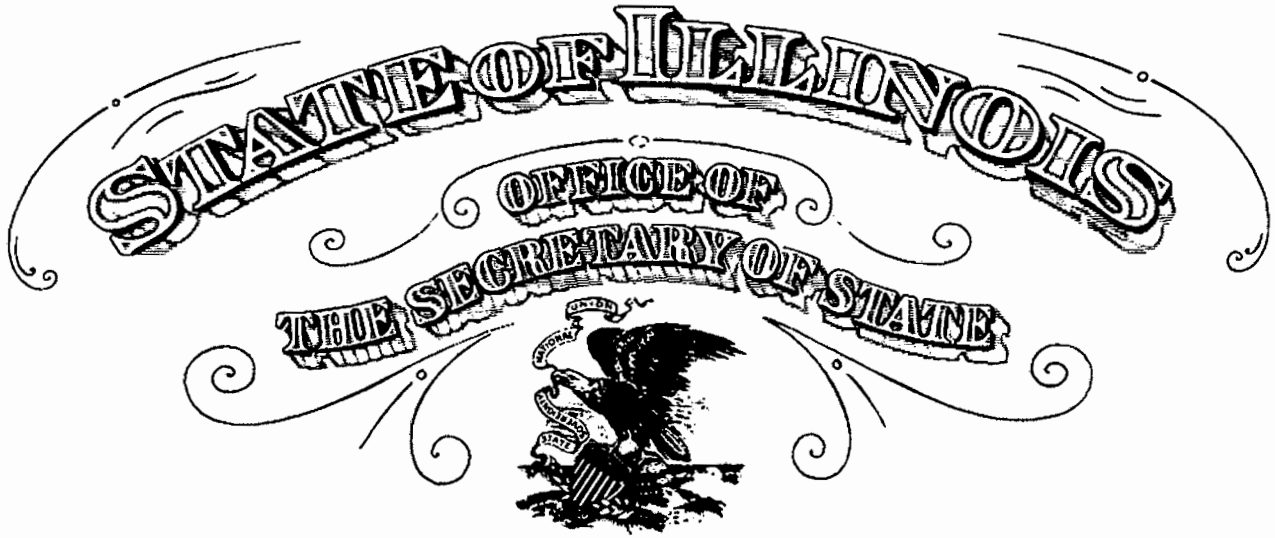
A table in the following format must be provided for all facilities as part of Attachment 41.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

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

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	23-24
2	Site Ownership	25
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	26-27
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	28
5	Flood Plain Requirements	29-30
6	Historic Preservation Act Requirements	31-32
7	Project and Sources of Funds Itemization	33-34
8	Obligation Document if required	35-36
9	Cost Space Requirements	37
10	Discontinuation	
11	Background of the Applicant	38-41
12	Purpose of the Project	42-57
13	Alternatives to the Project	58-59
14	Size of the Project	60
15	Project Service Utilization	61-64
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	65-87
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	Selected Organ Transplantation	
29	Kidney Transplantation	
30	Subacute Care Hospital Model	
31	Children's Community-Based Health Care Center	
32	Community-Based Residential Rehabilitation Center	
33	Long Term Acute Care Hospital	
34	Clinical Service Areas Other than Categories of Service	
35	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
36	Availability of Funds	88-96
37	Financial Waiver	88-96
38	Financial Viability	88-96
39	Economic Feasibility	97-98
40	Safety Net Impact Statement	99-101
41	Charity Care Information	102



To all to whom these Presents Shall Come, Greeting:

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

THE PASSAVANT MEMORIAL AREA HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1906, 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.



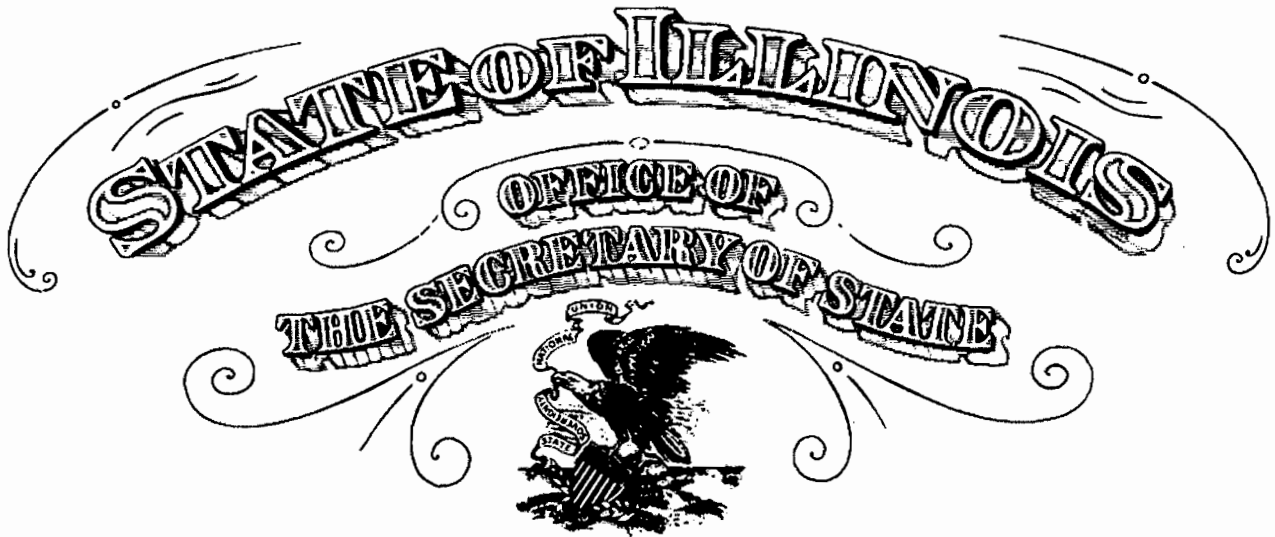
Authentication #: 1429600684

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 23RD day of OCTOBER A.D. 2014 .

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

MEMORIAL HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 1981, 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 #: 1429600666

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 23RD
day of OCTOBER A.D. 2014 .

Jesse White

SECRETARY OF STATE

October 14, 2014

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - Second Floor
Springfield, Illinois 62702

RE: Site Ownership of Passavant Area Hospital

Dear Ms. Avery:

This letter attests to Memorial Health System's site ownership and control of Passavant Area Hospital located at 1600 West Walnut Street, Jacksonville, IL 62650.

Memorial Health System's address is 701 N. 1st Street, Springfield, Illinois 62781.

Please contact me if at 217-788-3342 or curtis.ed@mhsil.com if you have any questions.

Sincerely,



Edgar J. Curtis
President and Chief Executive Officer
Memorial Health System



Cindy Appenzeller
10-14-14

ATTACHMENT - 2

Operating Identity/Licensee

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

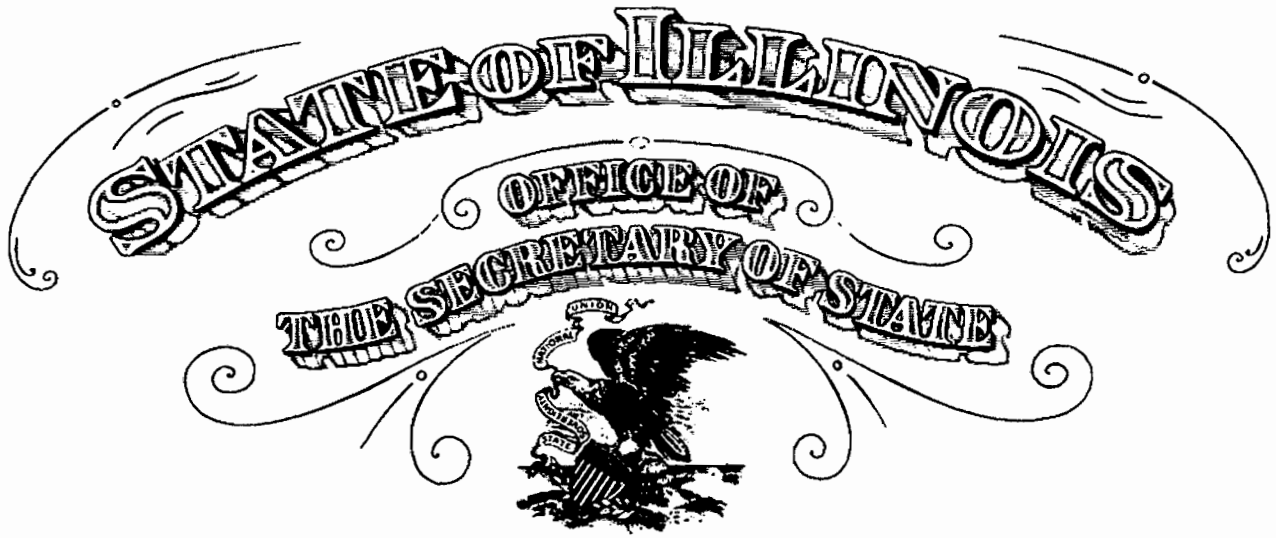
Exact Legal Name: The Passavant Memorial Area Hospital Association

Address: 1600 West Walnut Street, Jacksonville, IL 62650

- | | | |
|---|--|--------------------------------|
| ☒ Non-profit Corporation | ☐ Partnership | |
| ☐ 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.



To all to whom these Presents Shall Come, Greeting:

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

THE PASSAVANT MEMORIAL AREA HOSPITAL ASSOCIATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 27, 1906, 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 #: 1429600684

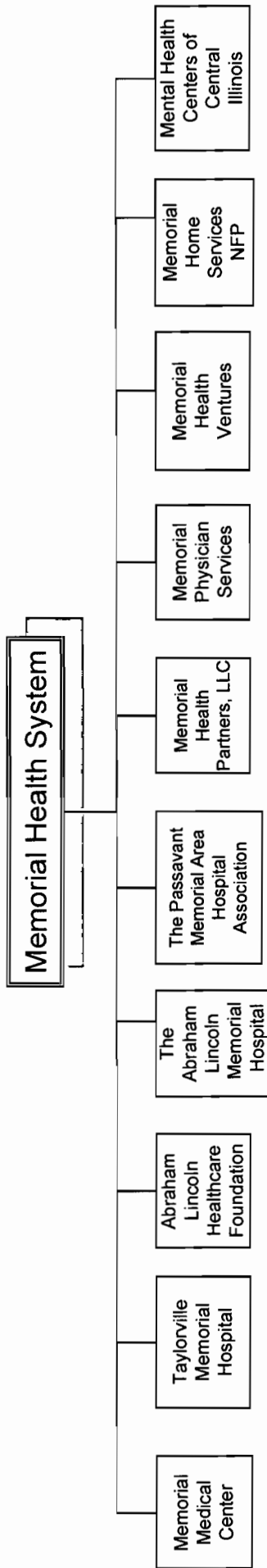
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 23RD day of OCTOBER A.D. 2014 .*

Jesse White

SECRETARY OF STATE

Organizational Relationships



Flood Plain Requirements

[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>).

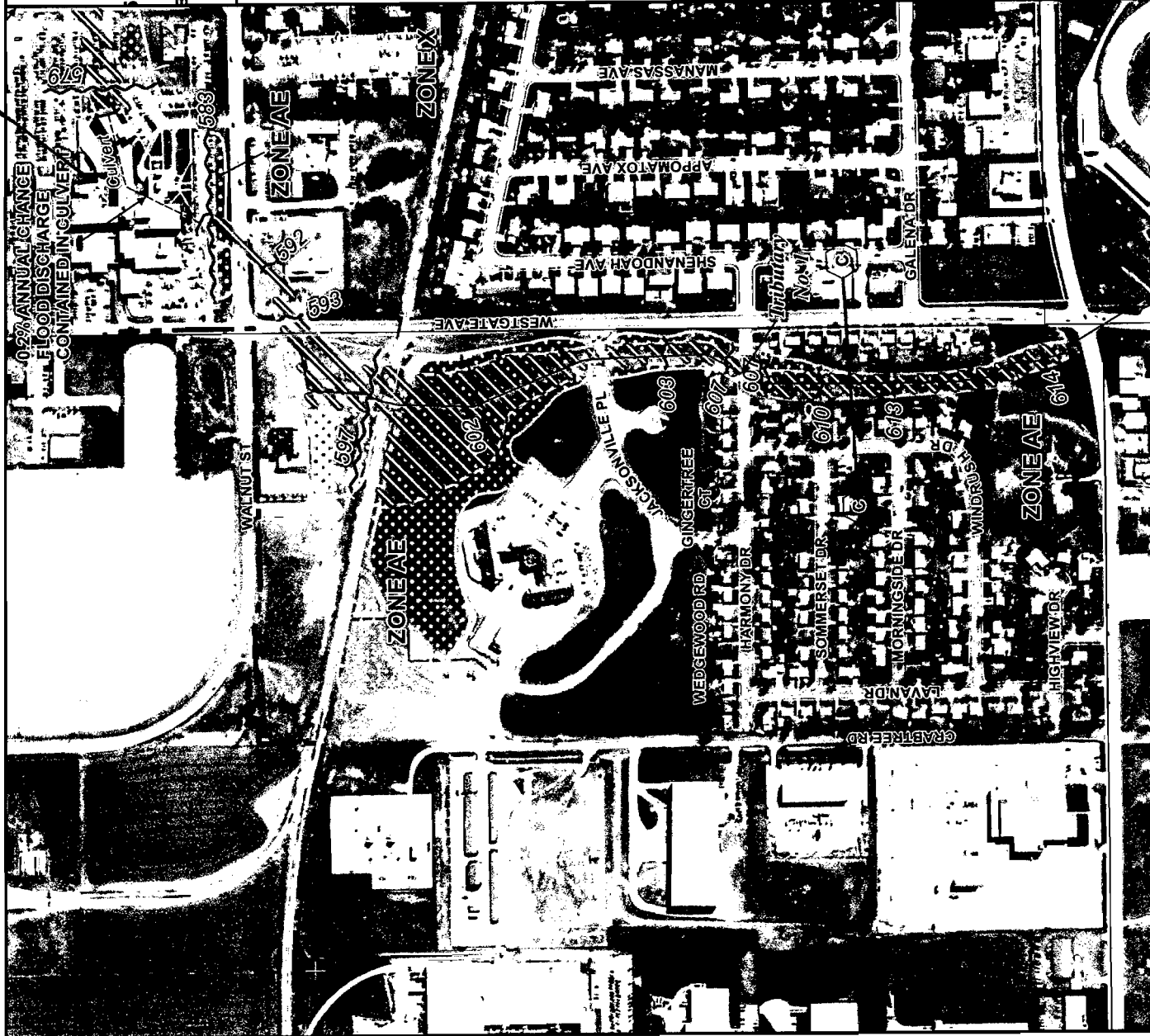
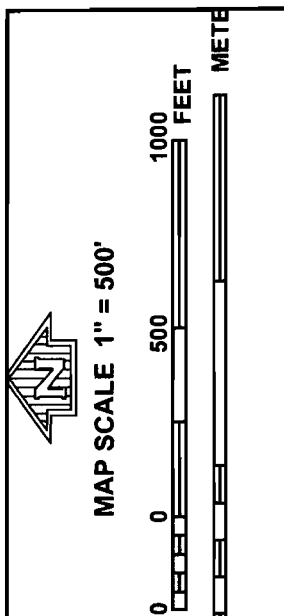
APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

This project will be located inside of Passavant Area Hospital located at 1600 West Walnut Street, Jacksonville, Illinois.

This project is not located in a flood hazard area and complies with the requirements of Illinois Executive Order #2005-5.

A map showing the proposed project location is attached.

Passavant Hospital
area



NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0157D

FIRM

FLOOD INSURANCE RATE MAP

MORGAN COUNTY,

ILLINOIS

AND INCORPORATED AREAS

PANEL 157 OF 350

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:	NUMBER	PANEL	SUFFIX
COMMUNITY	170510	0157	D
JACKSONVILLE, CITY OF	170903	0157	D
MORGAN COUNTY			

Notes to Users: The Map Number shown below should be used when ordering maps. The map number should be used on all correspondence and should be used on insurance applications for the subject community.

MAP NUMBER

17137C0157D

EFFECTIVE DATE

AUGUST 18, 2009

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Historic Resources Preservation Act Requirements

[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.

A letter from the Illinois Historic Preservation Agency documenting compliance of the Historic Resources Preservation act is appended to this attachment.



Illinois Historic Preservation Agency

1 Old State Capitol Plaza, Springfield, IL 62701-1512

FAX (217) 524-7525

www.illinoishistory.gov

Morgan County

Jacksonville

CON - Renovation for New Psychiatric Unit, Passavant Area Hospital

1600 W. Walnut St.

IHPA Log #026082114

September 11, 2014

Michael Copelin

Copelin Healthcare Consulting

42 Birch Lake Dr.

Sherman, IL 62684

Dear Mr. Copelin:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Deputy State Historic

Preservation Officer

ATTACHMENT-6

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	\$1,224,066	\$1,274,976	\$2,499,042
Contingencies	\$121,715	\$126,778	\$248,493
Architectural/Engineering Fees	\$150,000	\$61,560	\$211,560
Consulting and Other Fees	\$120,000	\$0	\$120,000
Movable or Other Equipment (not in construction contracts)	\$400,000	\$0	\$400,000
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	\$2,015,781	\$1,463,314	\$3,479,095
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$2,015,781	\$1,463,314	\$3,479,095
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$2,015,781	\$1,463,314	\$3,479,095
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs and Sources of Funds – Itemization of Costs

Consulting and Other Fees

Legal/Permitting Fees	\$25,000
A/E Reimbursable Expenses	\$75,000
CON Preparation and Fees	\$20,000
Total	\$120,000

Moveable Equipment **\$400,000**

This line item consists of furniture and equipment for patient rooms, common areas and offices to be constructed as a part of this project. The cost is an estimate of what beds, tables, chairs and desks will cost. A detailed list of equipment has not been completed at this point. No single piece of equipment will exceed the capital threshold.

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 Purchase Price: \$ _____ Fair Market Value: \$ _____	☐ Yes ☒ No
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 <u>\$682,048.</u>	

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.	
Indicate the stage of the project's architectural drawings:	
☐ None or not applicable ☒ Schematics	☐ Preliminary ☐ Final Working
Anticipated project completion date (refer to Part 1130.140): <u>March 1, 2017</u>	
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 <u>ATTACHMENT-8</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Schematic drawings are appended at the end of this attachment.

Cost Space Requirements

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							
Adult Psychiatry	\$2,015,781	5,530	0	0	5,530	0	0
Total Clinical	\$2,015,781	5,530	0	0	5,530	0	0
NON REVIEWABLE							
Non-Clinical Adult Psych Unit support space	\$1,463,314	5,760	0	0	5,760	0	0
Total Non-clinical	\$1,463,314	5,760	0	0	5,760	0	0
TOTAL	3,479,095	11,290	0	0	11,290	0	0

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

Criterion 1110.230

BACKGROUND OF APPLICANT – ATTACHMENT 11

1. Memorial Health System (MHS) is the sole corporate member of Passavant Area Hospital, an Illinois not-for-profit corporation.

MHS is also the sole corporate members of the following Illinois health care facilities, as defined under the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

The identification numbers of each of these health care facilities is shown below, along with their names and locations.

<u>Name and Location of Facility</u>	<u>Identification Numbers</u>
Passavant Area Hospital Jacksonville, Illinois	Illinois License ID # 1792 Joint Commission ID # 7362
Memorial Medical Center Springfield, Illinois	Illinois License ID # 1487 Joint Commission ID # 7431
Abraham Lincoln Medical Center Lincoln, Illinois	Illinois License ID # 5728 Joint Commission ID # 7373
Taylorville Memorial Hospital Taylorville, Illinois	Illinois License ID # 5447 Joint Commission ID # 4745
Orthopaedic Surgery Center of Illinois Springfield, IL	Illinois License ID # 7002306 Accred. Assn. for Amb. Healthcare ID # 20882

Proof of the current licensure and accreditation for the health care facility co-applicant , Passavant Area Hospital will be found at the end of this Attachment.

2. A letter from Memorial Health System certifying that Passavant Area Hospital and the hospitals and Ambulatory Surgery Treatment Center that are affiliated with MHS have not had any adverse action taken against them during the past three years and authorizing the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health to access any documents necessary to verify the information submitted in response to this subsection will be found on the final page of this Attachment.

October 14, 2014

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson - Second Floor
Springfield, Illinois 62761

Dear Ms. Avery:

Memorial Health System and The Passavant Area Hospital Association are co-applicants to establish a new Category of Service within an existing facility.

Pursuant to our application for a Certificate of Need to establish the Acute Mental Illness Category of Service at Passavant Area Hospital in Jacksonville, Illinois, Memorial Health System and Passavant Area Hospital hereby affirm and certify the following.

- That no material adverse action has been taken against Memorial Health System or Passavant Area Hospital by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by Memorial Health System, directly or indirectly, within three years preceding the filing of this application.
- Projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of Section 1130.655.
- The Health Facilities and Services Review Board and the Department of Public Health are authorized to access any documents necessary to verify the information submitted, including but not limited to: official records of the Department of Public Health or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.

Thank you for your consideration.

Sincerely,



Edgar J. Curtis
President and CEO
Memorial Health System



Cy Appenzeller
10-14-14

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

HF104546



**Illinois Department of
PUBLIC HEALTH**

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

LaMar Hasbrouck, MD, MPH

Acting Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	LIC. NUMBER
12/31/2014	General Hospital	0001792
Effective: 01/01/14		

Passavant Area Hospital

1600 West Walnut

Jacksonville, IL 62650

Exp. Date 12/31/2014

Lic Number 0001792

Date Printed 11/25/2013

Passavant Area Hospital

1600 West Walnut

Jacksonville, IL 62650

FEE RECEIPT NO.

Passavant
Memorial Area Hospital Association
Jacksonville, IL

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

July 12, 2013

Accreditation is customarily valid for up to 36 months.

Rebecca J. Patchin MD

Rebecca J. Patchin, M.D.
Chair, Board of Commissioners

Organization ID #7362
Print/Reprint Date: 11/4/13

Mark R. Chassin

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



ATTACHMENT - 11

Criterion 1110.230 – Purpose of the Project ATTACHMENT-12

1. The proposed project to establish the Acute Mental Illness Category of Service at Passavant Area Hospital in Jacksonville, Illinois will improve the health care and well-being of the market area population to be served by improving access to necessary inpatient acute mental health services without having to leave the service area. .
2. The primary service area for this project is 6 counties in central Illinois – Morgan, Scott, Cass, Greene, Brown and Macoupin. All 6 of these counties are located in Health Service Area 3 (HSA 3), the planning area for the Acute Mental Illness category of service as defined in the Illinois Health Facilities Planning Board Inventory, Illinois Department of Public Health Inventory of Health Care Facility and Services and Need Determinations. HSA 3 encompasses the following 17 counties in central and west-central Illinois: Morgan, Sangamon, Logan, Christian, Montgomery, Macoupin, Greene, Jersey, Adams, Hancock, Pike, Scott, Brown, Menard, Mason, Schuyler and Cass.

A map showing the primary service area is appended to this attachment as Attachment 12a and the 2010 population figures for the area are shown on Attachment 12b.

3. This project addresses the problem of insufficient access to inpatient acute mental illness beds for adult patients in the primary service area and Health Service Area 3. There are currently 4 hospitals providing some form of AMI services in HSA 3, but all 4 are concentrated at the far eastern and western borders of HSA 3. (3 in Springfield and 1 in Quincy)

The IHFSRB/IDPH bed need formula calculates a need for 144 total Acute Mental Health beds in HSA 3. There are currently 213 total AMI beds located at the three hospitals in Springfield (Memorial Medical Center, St. John's Hospital and Lincoln Prairie Behavioral Center) and Quincy (Blessing Hospital). Based on this formula, the **calculated bed excess is 69 beds (213 – 144 = 69).**

However, **eighty-eight (88) of these 213 AMI beds** are located at Lincoln Prairie Behavioral Center and are **restricted exclusively to adolescents and children** requiring inpatient psychiatric treatment.

Furthermore, forty-one (41) of the remaining one-hundred twenty-five (125) beds are located at Blessing Hospital in Quincy. **Sixteen (16) of these forty-one (41) beds will also be restricted in a distinct, locked bed unit to the treatment of children and adolescents** requiring inpatient psychiatric care.

On May 12, 2014, **St. John's Hospital in Springfield** announced plans to restrict its inpatient psychiatric beds to geriatric psychiatry patients. A State Journal Register article quoted St. John's Hospital Chief Executive Officer Chuck Lucore, M.D. describing plans **to restrict admission to the hospital's AMI beds to psychiatric patients age 60 years**

and older. This restriction further exacerbates the shortage of psychiatric beds available to adult patients regardless of age or payer source in HSA 3.

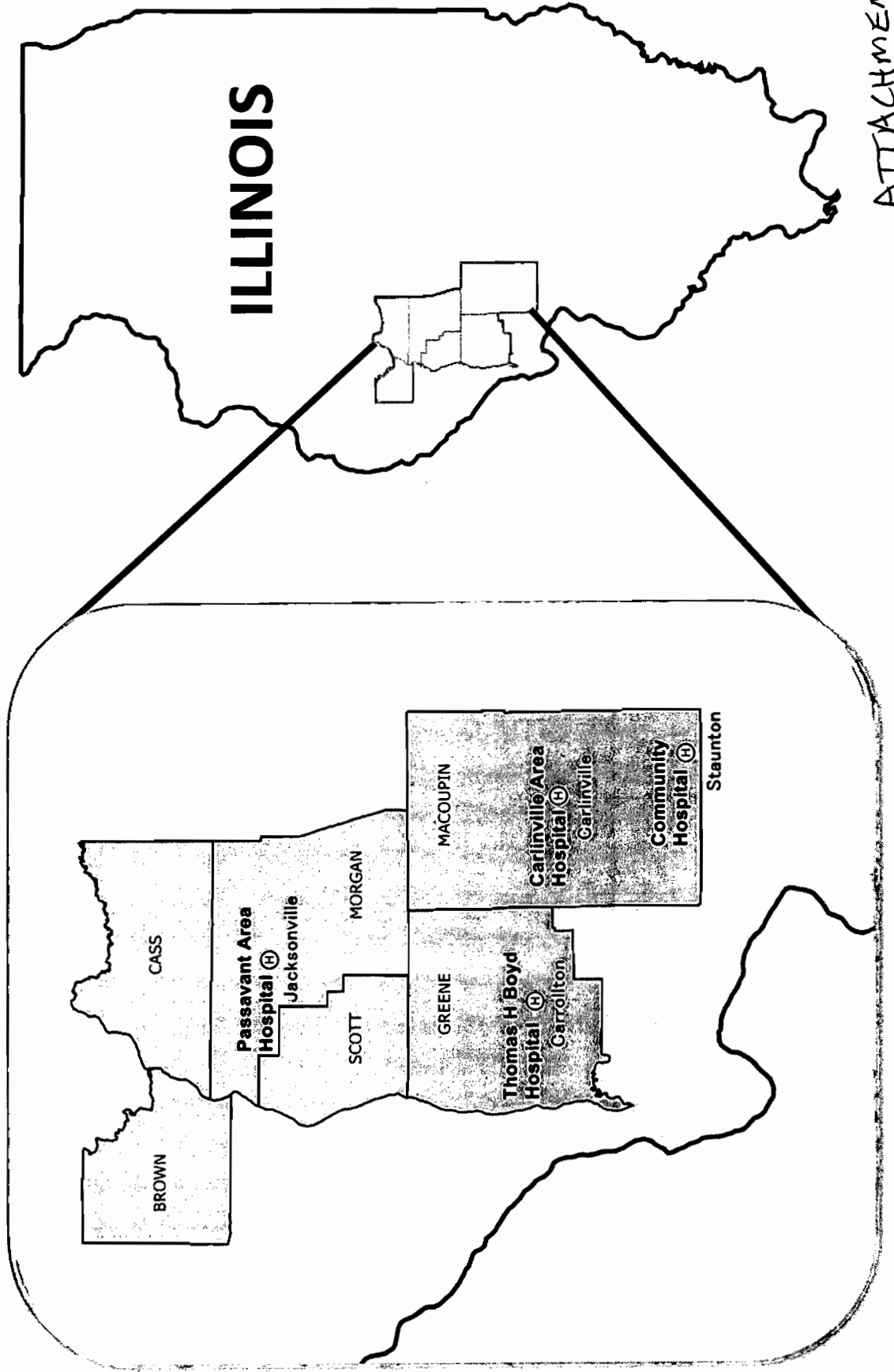
Further evidence of the lack of access to adult AMI beds in HSA 3, is provided by the utilization statistics from the Mental Health Centers of Central Illinois Psychiatric Response Team (PRT) which provides psychiatric crisis response services to the emergency departments of four (4) of the fifteen (15) hospitals located within HSA 3. **During Fiscal Year 2013, there were 4,284 total adult screenings** by the PRT at Passavant Area Hospital (Jacksonville), Memorial Medical Center and St. John's Hospital (Springfield) and Abraham Lincoln Memorial Hospital (Lincoln). This number **is grew by 12.5% to 4,821 in Fiscal Year 2014.** With the increased number of screenings, these hospitals have experienced shortages in resources, forcing patients to be transferred to another facility, held in emergency departments for the entirety of their stay or deflected back to their home or into other community.

During Fiscal Year 2013, hospitalizations for Acute Mental Illness for patients originating in just 4 of the 15 hospitals located in HSA 3 resulted in 358 or 9.3% of hospitalized patients being transferred to a different facility due to a lack of bed capacity and an additional 340 or 8.9% of these patients being held in the emergency department due to a lack of bed capacity or requirement for additional screening. This resulted in a total of 698 or 18% of hospitalized patients with AMI witnessing a sub-standard quality of care during their episode of care with their respective healthcare organization. Another 453 or 11.8% of the AMI patients screened by the PRT were transferred to another hospital for specialized care or other reasons. **In total 1,151 or 30% of the AMI patients screened by the PRT in Fiscal Year 2013 at just 4 of the 15 hospitals located in HSA 3 were transferred to another facility** due the lack of access to an AMI bed.

The AMI access problem is further magnified by the growth in psychiatric patients presenting in the area's hospital emergency departments. Fiscal Year 2014 volumes for the Mental Health Centers of Central Illinois Psychiatric Response Team AMI transfers to a different facility due to a lack of bed capacity to grow by 12.0% or +43 transfers (from 358 to 401 patients) and AMI patients required to be held in the emergency department due to a lack of bed capacity or the need for additional screening grew by 35.9% or 122 patients (from 340 to 462 patients held). Finally, the number of AMI patients screened by the PRT and transferred to another hospital for specialized care or other reasons grew by 6.0% or 27 patients (from 453 to 480 patients transferred). **In total, the number of AMI patients screened by the PRT and ultimately transferred or held grew 16.7% from 1,151 to 1,343 (+192 patients) from Fiscal Year 2013 to Fiscal Year 2014.** (Also refer to Attachment 15) This constitutes an immediate and growing lack of access to AMI care in HSA 3. This lack of access is increasing travel time, delaying care, further stressing impacted families and increasing the costs associated with the care of these individuals.

4. The sources for the supply and demand information provided in #3 above include:

Hospitals in Passavant's 6-County Service Area



ATTACHMENT-12a

2010 Adult Demographics by Age & Zip Code



Passavant Area Hospital
1600 W Walnut Street, Jacksonville, IL 62650

8/29/2014

Zip Codes	2010 Total Adult Population	Total Adult Population by Age Groups		
		Ages 18-44	Ages 45-64	Ages 65+
62009	1,374	575	485	314
62014	3,159	1,271	1,230	658
62016	2,930	1,137	1,082	711
62023	63	25	32	6
62027	428	143	176	109
62033	3,747	1,484	1,425	838
62044	1,522	626	559	337
62050	368	138	149	81
62054	666	292	270	104
62063	911	392	330	189
62063	911	392	330	189
62069	2,596	1,033	1,030	533
62078	89	50	28	11
62079	205	75	78	52
62081	241	97	88	56
62082	2,413	1,065	872	476
62085	165	69	63	33
62088	5,392	2,276	1,941	1,175
62092	2,289	902	823	564
62093	329	158	109	62
62098	61	30	23	8
62353	4,785	2,824	1,351	610
62375	287	113	113	61
62378	720	253	289	178
62572	494	194	201	99
62601	361	124	179	58
62610	140	67	43	30
62611	828	319	334	175
62612	1,480	568	589	323
62618	5,824	2,812	1,891	1,121
62621	883	374	334	175
62622	33	16	12	5
62626	6,596	2,854	2,277	1,465
62627	768	284	279	205
62628	692	275	279	138
62630	406	167	171	68
62631	207	88	70	49
62638	1,014	403	434	177
62640	2,973	1,079	1,187	707
62649	379	167	129	83
62650	21,388	9,410	7,401	4,577
62663	231	88	92	51
62665	1,238	496	483	259
62667	365	126	143	96
62668	1,192	423	513	256
62672	187	82	64	41
62673	409	165	160	84
62674	1,134	416	433	285
62685	1,607	612	633	362
62690	3,093	1,337	1,088	668
62691	1,911	712	758	441
62692	1,570	620	573	377
62694	2,442	918	905	619
62695	219	96	83	40
95,715		40,712	34,614	20,389

Source: http://factfinder2.census.gov/faces/nav/jsf/pages/community_facts.xhtml

ATTACHMENT - 12 b

Passavant Area Hospital Discharges **CY13**

All Patients\All Patient Origins

Zip Code – Patient	Patient Count	% of Subtotal
62650 - Jacksonville, IL	1731	57.07%
62618 - Beardstown, IL	198	6.53%
62694 - Winchester, IL	134	4.42%
62092 - White Hall, IL	103	3.40%
62082 - Roodhouse, IL	92	3.03%
62668 - Murrayville, IL	74	2.44%
62665 - Meredosia, IL	68	2.24%
62691 - Virginia, IL	59	1.95%
62044 - Greenfield, IL	36	1.19%
62621 - Bluffs, IL	35	1.15%
62638 - Franklin, IL	34	1.12%
62611 - Arenzville, IL	33	1.09%
62692 - Waverly, IL	33	1.09%
62628 - Chapin, IL	29	0.96%
62016 - Carrollton, IL	22	0.73%
62681 - Rushville, IL	22	0.73%
62651 - Jacksonville, IL	21	0.69%
62378 - Versailles, IL	19	0.63%
62612 - Ashland, IL	19	0.63%
62695 - Woodson, IL	19	0.63%
62340 - Griggsville, IL	18	0.59%
62627 - Chandlerlerville, IL	17	0.56%
62353 - Mount Sterling, IL	15	0.49%
62323 - Chambersburg, IL	13	0.43%
62363 - Pittsfield, IL	13	0.43%
62610 - Alsey, IL	12	0.40%
62674 - Palmyra, IL	12	0.40%
62050 - Hillview, IL	10	0.33%
62601 - Alexander, IL	10	0.33%
62631 - Concord, IL	10	0.33%
62663 - Manchester, IL	7	0.23%
62081 - Rockbridge, IL	6	0.20%
62703 - Springfield, IL	6	0.20%
61501 - Astoria, IL	5	0.16%
62047 - Hardin, IL	5	0.16%
62667 - Modesto, IL	5	0.16%
62617 - Bath, IL	4	0.13%
62626 - Carlinville, IL	4	0.13%
62670 - New Berlin, IL	4	0.13%
62702 - Springfield, IL	4	0.13%
61484 - Vermont, IL	3	0.10%
62682 - San Jose, IL	3	0.10%
62027 - Eldred, IL	2	0.07%
62035 - Godfrey, IL	2	0.07%
62052 - Jerseyville, IL	2	0.07%
62352 - Milton, IL	2	0.07%
62355 - Nebo, IL	2	0.07%
62366 - Pleasant Hill, IL	2	0.07%
62367 - Plymouth, IL	2	0.07%
62622 - Bluff Springs, IL	2	0.07%

Zip Code – Patient	Patient Count	% of Subtotal
62624 - Browning, IL	2	0.07%
06265 - South Willington, CT	1	0.03%
11956 - New Suffolk, NY	1	0.03%
16510 - Erie, PA	1	0.03%
34133 - Bonita Springs, FL	1	0.03%
34142 - Immokalee, FL	1	0.03%
46222 - Indianapolis, IN	1	0.03%
48092 - Warren, MI	1	0.03%
48219 - Detroit, MI	1	0.03%
50311 - Des Moines, IA	1	0.03%
52625 - Donnellson, IA	1	0.03%
60302 - Oak Park, IL	1	0.03%
60563 - Naperville, IL	1	0.03%
61108 - Rockford, IL	1	0.03%
61422 - Bushnell, IL	1	0.03%
61452 - Littleton, IL	1	0.03%
61462 - Monmouth, IL	1	0.03%
61604 - Peoria, IL	1	0.03%
61801 - Urbana, IL	1	0.03%
62053 - Kampsville, IL	1	0.03%
62054 - Kane, IL	1	0.03%
62062 - Maryville, IL	1	0.03%
62078 - Patterson, IL	1	0.03%
62098 - Wrights, IL	1	0.03%
62269 - O Fallon, IL	1	0.03%
62301 - Quincy, IL	1	0.03%
62356 - New Canton, IL	1	0.03%
62361 - Pearl, IL	1	0.03%
62362 - Perry, IL	1	0.03%
62568 - Taylorville, IL	1	0.03%
62630 - Chesterfield, IL	1	0.03%
62644 - Havana, IL	1	0.03%
62649 - Hettick, IL	1	0.03%
62655 - Kilbourne, IL	1	0.03%
62660 - Litterberry, IL	1	0.03%
62662 - Lowder, IL	1	0.03%
62666 - Middletown, IL	1	0.03%
62675 - Petersburg, IL	1	0.03%
62704 - Springfield, IL	1	0.03%
62711 - Springfield, IL	1	0.03%
62712 - Springfield, IL	1	0.03%
62902 - Carbondale, IL	1	0.03%
63353 - Louisiana, MO	1	0.03%
64081 - Lees Summit, MO	1	0.03%
75604 - Longview, TX	1	0.03%
75980 - Zavalla, TX	1	0.03%
78155 - Seguin, TX	1	0.03%
78839 - Crystal City, TX	1	0.03%
79072 - Plainview, TX	1	0.03%
Total Discharges	3033	

Source: COMPdata

10/17/2014



The Wells Center

1300 Lincoln Avenue • Jacksonville, Illinois 62650 • (217) 243-1871

October 8, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am the Executive Director of the Wells Center, a nonprofit agency accredited by CARF for Adult and Adolescent Outpatient Treatment Programs, Intensive Outpatient Treatment, Residential Treatment, and Detoxification. The mission at Wells Center is to improve the health and welfare of individuals and families affected by the abuse of alcohol and other substances and by mental health issues. We have fully-staffed facilities in Jacksonville, outpatient services in Havana, and prevention services in Jerseyville. We focus on serving the residents, employers, and health providers of Morgan, Scott, Greene, Calhoun, Jersey, and Mason counties who seek behavioral health care.

It is not an exaggeration to characterize the lack of access to mental health services and inpatient beds in this region as a current and growing crisis. The hospital emergency departments in the communities we serve are often overwhelmed with patients in psychiatric crisis. Because of the lack of suitable psychiatric beds in the area and region, patients are often held for extended periods of time in hospital emergency rooms or in jail cells in these communities. Many are homeless and have nowhere else to turn.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the patients with mental illness issues that we serve.

Sincerely,

Bruce Carter, MPA, CRADC
Executive Director

October 9, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am the President of the Mental Health Centers of Central Illinois a private, not-for-profit organization providing comprehensive behavioral health and rehabilitation services. An affiliate of Memorial Health System, Mental Health Centers of Central Illinois is one of the largest providers of behavioral health services in central Illinois, serving more than 9,000 individuals each year in Morgan, Scott, Logan, Mason, Menard and Sangamon counties. Our behavioral services include crisis intervention, psychiatric and medical services, screening and assessment, outpatient therapy, case management, group education and support, employment services, as well as residential care. We also have a psychiatric response team (PRT) in four area hospital emergency departments, including Passavant Area Hospital.

It is not an exaggeration to characterize the lack of access to mental health services and inpatient beds in this region as a current and growing crisis. The hospital emergency departments in the communities we serve are frequently overwhelmed with patients in psychiatric crisis. Because of the lack of suitable psychiatric beds in the area and region, patients are often held for extended periods of time in hospital emergency rooms or in jail cells in these communities. Many are homeless and have nowhere else to turn. Unfortunately, the psychiatric patient hold times at Passavant Area Hospital in Jacksonville are growing and now represent the longest hold times of the four hospitals that contract with the Mental Health Centers of Central Illinois Psychiatric Response Team (PRT) for emergency department support services, according to PRT statistics. In Fiscal Year 2014 our PRT screened over 430 psychiatric patients in the Passavant Emergency Department. Of these, 135 were ultimately transferred long distances to be admitted to a hospital that would accept these patients for admission. Another 62 patients were held for extended periods of time in the Passavant emergency department and rescreened or released because no beds were available in the region.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the patients with mental illness issues that we serve.

Sincerely,



Janice Gambach
President
Mental Health Centers of Central Illinois
710 N. Eighth Street
Springfield, Illinois 62702-6395



MORGAN COUNTY SHERIFF'S OFFICE
RANDY DUVENDACK, SHERIFF

P. O. Box 129, 300 West Court Street, Jacksonville, Illinois 62651
Office: 217-245-4143 • Jail: 217-243-6123
FAX: 217-243-6998

October 8, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am the sheriff of Morgan County. Among other duties and services, my office oversees the Morgan County Jail that includes 65 beds for inmates. My officers frequently encounter situations involving individuals suffering from serious mental health issues. Unfortunately, on any given day many of our county jail beds are filled with inmates whose psychiatric issues have been manifested in illegal behaviors. Like most communities in our region, our law enforcement officers and jails are not well-equipped to deal with individuals in severe psychiatric crises. Retaining inmates in psychiatric crises presents safety issues for both the inmates and staff. I am also aware that similar challenges facing our local hospital and social service providers who encounter individuals in psychiatric crisis.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would be a great benefit to our inmates, their families and my officers by significantly improving access to intense psychiatric treatment services and a safe environment in our county for individuals who require these services.

Sincerely,

A handwritten signature in black ink that reads "Randy Duvendack".
Randy Duvendack
Morgan County Sheriff

ATTACHMENT-12

Carlinville Area
HOSPITAL
20733 North Broad Street, Carlinville, IL 62626
Ph: 217.854.3141 Fx: 217.854.7027
www.cahcare.com

FILE COPY

October 9, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

There is a severe shortage of resources to meet the needs of psychiatric patients in our community and region, including inpatient acute mental illness beds. As a result, patients with psychiatric disorders frequently present in our emergency department to be evaluated, stabilized and held until a suitable psychiatric bed is available. We frequently experience delays in finding a hospital to accept these patients before transferring to a distant facility.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the psychiatric patients we serve.

Sincerely,


Kenneth G. Reid, FACHE
President and Chief Executive Officer
Carlinville Area Hospital
20733 North Broad Street
Carlinville, Illinois 62626-1499

ATTACHMENT - 12

**COMMUNITY MEMORIAL HOSPITAL**

400 CALDWELL ST.

STAUNTON ILLINOIS 62088-1499

PHONE (618) 635-2200

FILE COPY

October 8, 2014

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

RE: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

There is a severe shortage of resources to meet the needs of psychiatric patients in our community and region, including inpatient acute mental illness beds. As a result, patient with psychiatric disorders frequently present in our emergency department to be evaluated, stabilized and held until a suitable psychiatric bed is available. We frequently experience delays in finding a hospital to accept these patients, and we hold them for days at a time before transferring to a distant facility. This delay not only drives up the cost of providing healthcare to the patient, but it also prevents the patient from getting the proper psychiatric treatment that they need.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the psychiatric patients we serve.

Sincerely,

Sue Campbell, CEO
Community Memorial Hospital
400 North Caldwell Street
Staunton, IL 62088
618-635-4241
scampbell@stauntonhospital.org

The knowledge to save lives, the location to save time"
www.stauntonhospital.org

ATTACHMENT - 12



BOYD HEALTHCARE SERVICES

800 School Street, Carrollton, IL 62016

October 9, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

There is a severe shortage of resources to meet the needs of psychiatric patients in our community and region, including inpatient acute mental illness beds. As a result, patients with psychiatric disorders frequently present in our emergency department to be evaluated, stabilized and held until a suitable psychiatric bed is available. We frequently experience delays in finding a hospital to accept these patients before transferring to a distant facility.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the psychiatric patients we serve.

Sincerely,

Deborah Campbell
Administrator
Thomas H. Boyd Memorial Hospital
800 School Street
Carrollton, Illinois 62016-1436

Healthcare From The Heart



THOMAS H. BOYD MEMORIAL

Hospital	Administration	Ambulance Service
(217) 942-6946	(217) 942-9410	(217) 942-5554

CERTIFIED RURAL HEALTH CLINICS

Carrollton	Greenfield	Roodhouse	White Hall
(217) 942-3600	(217) 368-3051	(217) 589-4629	(217) 374-2188

53

ATTACHMENT - 12



**Office Of The Mayor
ANDY EZARD**

October 9, 2014

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

RE: Establishment of 10-Bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

As Mayor of Jacksonville, and a life-long resident of Jacksonville, I am aware of the challenges facing residents of our community who struggle with mental health issues and the challenges facing our local hospital, law enforcement agencies and social service providers who encounter individuals in psychiatric crisis.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would be a great benefit to Jacksonville and the surrounding region by significantly improving access to needed care close to home, reducing delays and reducing travel for patients now forced to be transferred to distant hospitals for treatment.

Sincerely,

Andy Ezard
Mayor
City of Jacksonville



Copy



1600 West Walnut / Jacksonville, Illinois 62650 / 217.245.9541 / www.passavanthospital.com

October 8, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am the Board Certified Psychiatrist who practices full time in Jacksonville, Illinois. I joined the Passavant Area Hospital in June, 2014. Currently, the hospital does not have an inpatient psychiatric unit to which I can admit my adult patients requiring acute mental illness services. If inpatient acute mental illness beds were available at Passavant Area Hospital, I would admit all my adult patients requiring the inpatient psychiatric care provided there to this new unit. Once my practice is established, I would anticipate referring 7 to 10 patients a month to the Passavant Area Hospital adult acute mental health unit.

At this time, there is a severe shortage of inpatient mental health needs of adult patients in our community. As a result, patients with psychiatric disorders are frequently referred or go on their own to Passavant Area Hospital emergency department for help. Our hospital staff is frequently overwhelmed by the volume of these patients who need to be evaluated, stabilized and held until a suitable psychiatric bed is available. Our patients frequently experience long delays and holds in our local hospital emergency department before the staff can locate a hospital to accept these patients and transfer them to a distant facility.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the patients with mental illness issues that we serve.

Sincerely,

A handwritten signature in black ink, appearing to read 'Praveesh Basnet'.

Praveesh Basnet, MD
Center for Psychiatric Health

VHA

ATTACHMENT-12

October 8, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am the medical director for Memorial Physician Services in Jacksonville, the largest group of primary care physicians in Morgan County. Our group includes five family physicians and two internal medicine physicians who serve as the primary care physicians for adult patients in the county. Between all our physicians, we estimate that between 5 and 10 of our patients per month experience mental health issues requiring referral to a higher level of care.

Unfortunately, there is a severe shortage of resources to meet the mental health needs of patients in our community and region, including inpatient acute mental illness beds. As a result, patients with psychiatric disorders are frequently referred or go on their own to Passavant Area Hospital emergency department for help. Our hospital staff is frequently overwhelmed by the volume of these patients who need to be evaluated, stabilized and held until a suitable psychiatric bed is available. Our patients frequently experience long delays and holds in our local hospital emergency department before the staff can locate a hospital to accept these patients and transfer them to a distant facility.

Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the patients with mental illness issues that we serve.

Sincerely,



Marshall Hale, MD
Medical Director
Memorial Physician Services, Jacksonville



copy



1600 West Walnut / Jacksonville, Illinois 62650 / 217.245.9541 / www.passavanthospital.com

October 8, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing this letter in support of Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older.

I am a board-certified emergency physician with Mid-America Emergency Physicians. Our group provides 24 hour, 7 day a week, emergency department physician staffing for four hospitals in central Illinois including Passavant Area Hospital where I serve as the emergency department medical director. All four hospital emergency departments covered by my group are being overwhelmed by the volume of psychiatric patients presenting in various stages of psychiatric crises. These patients with psychiatric disorders need to be evaluated, stabilized and held until a suitable psychiatric bed is available. Our patients frequently experience long delays and holds in our hospital emergency departments before the staff can locate a hospital psychiatric unit able and willing to accept these patients.

Unfortunately, the psychiatric patient hold times at Passavant Area Hospital in Jacksonville are growing and now represent the longest hold times of the four hospitals that contract with the Mental Health Centers of Central Illinois Psychiatric Response Team (PRT) for emergency department support services, according to PRT statistics.

My group's experience is that there is a severe shortage of resources to meet the mental health needs of patients in our community and region, including inpatient acute mental illness beds. Having access to inpatient adult psychiatric beds at Passavant Area Hospital would significantly improve access, reduce delays and travel times for the patients with mental illness issues that are presenting in the hospital emergency departments that we serve.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Boston', with a long horizontal line extending to the right.

Scott Boston, MD
Emergency Department Medical Director

VHA

Criterion 1100.230 ALTERNATIVES ATTACHMENT - 13

Alternatives considered were as follows:

1) Do nothing.

This alternative has no costs but was disregarded because doing nothing would not be in the best interest of our patients and ignoring the real access problems related to adult Acute Mental Illness beds in the Primary Service Area and in Health Service Area 3 would do nothing to improve the current situation and address the problems identified in the project purpose Attachment – 12. There are inpatient adult psychiatry units in Springfield and Quincy, but both are 45 to 90 minutes travel time from Jacksonville and the distance to travel can make it difficult for patients and families. Additionally, the psychiatric units in Springfield are often full and overflow patients are frequently transferred to Quincy, which imposes commuting hardship for the families. There are outpatient psychiatric centers in Jacksonville, but some patients require more the intensive treatment and care of an inpatient setting.

Once the decision was made to offer inpatient adult psychiatric services to our community, we evaluated a number of facility alternatives.

2) Build free-standing psychiatric hospital in Jacksonville.

The applicant explored the alternative of building a free-standing psychiatric hospital in Jacksonville at an approximate cost of \$10,000,000. This alternative was rejected because of the high cost associated with duplicating hospital infrastructure such as HVAC, clinical and non-clinical support services and public spaces to constructing such a small (10-bed) facility. The cost of building a stand-alone facility would be much greater than utilizing existing space. Also, due to current buildings and traffic patterns around the hospital, building a freestanding facility would require additional construction of new parking lots, driveways and could require an overall change in traffic flow. Finally, a stand-alone facility would not be attached to the hospital and would not have immediate access to the Emergency Department or other services that may be needed, such as the ancillary departments. The proposed unit of 10 beds is not large enough to justify a freestanding facility.

3) Renovate an existing building to establish a new psychiatric hospital in Jacksonville.

The applicant explored the alternative of purchasing and renovating an existing building in Jacksonville to create a new free-standing psychiatric hospital at an approximate cost of \$7,500,000. This alternative was rejected because of the high cost associated with having to upgrade a commercial building to meet hospital licensing standards and of duplicating hospital infrastructure such as HVAC, clinical and non-clinical support services and public spaces to serve such a small (10-bed) facility. Also, a renovated building located off of the hospital's campus would not have immediate access to the Emergency Department or other services that may be needed, such as the ancillary departments.

4) Partner with Memorial Medical Center (MMC) in Springfield to establish a referral relationship to an expanded MMC psychiatric unit.

On April 1, 2014, Passavant Area Hospital became the fourth hospital affiliate of Memorial Health System which is the parent of Memorial Medical Center in Springfield. (COE Exemption No. E-001-14) MMC operates a 44-bed Acute Mental Illness unit in Springfield. The applicant evaluated the alternative of partnering with MMC to expand the existing MMC AMI unit by 10 beds (from 44 to 54) and entering into an exclusive referral relationship for the admission of adult psychiatric patients requiring inpatient care. Although there would be no cost to Passavant Area Hospital associated with this alternative, the cost to MMC would have been approximately \$5,200,000 due to the high cost associated with the required "domino effect" to relocate unrelated clinical services in order to accommodate the demolition and renovation of space adjacent to the existing AMI beds. This alternative was rejected due to the high cost, travel times required to transfer patients to Springfield, and the fact that this alternative would continue to concentrate beds in Springfield and Quincy, with no available options in the 6 primary service area counties located in south-central Health Service Area 3.

5) Renovate existing space within the hospital.

Our preferred option is presented in this CON application. It converts the third floor of Passavant Area Hospital that was originally a patient care unit that was remodeled in 1986 to serve as administrative office space back into a patient care unit for psychiatry. The proposed space is the least disruptive and least expensive option at \$3,479,094. Logistically, administrative offices can be vacated and relocated relatively easily, compared to other functional areas. The proposed location also provides good proximity to other inpatient units and ancillary services. The alternative of using the proposed space currently occupied by administrative offices for the adult psych unit can be accomplished without tearing down walls or requiring demolition and was determined to be the most cost effective, reasonable and therefore, the best option.

SIZE OF PROJECT

The proposed project will utilize space on the west wing of the third floor, currently occupied by administrative and support staff offices. This space was originally a nursing care unit and was remodeled in 1986 to function as administrative offices. The space was determined to be the best option after a thorough review by hospital and health system engineering staff and leadership based on the ability to move the current occupants to other available space on the hospital campus.

The proposed space will be converted to 10 private beds/rooms, with private lavatories; the general support space for the 10 beds/rooms, to include a nurses station, office space, clean and soiled utilities, conference room, quiet and noisy activity rooms, a kitchen, lounge, and all other areas required by licensure and accreditation agencies.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Adult Psych Unit	1,129 DGSF/Bed	440-560 DGSF per bed	689-569 DGSF/bed	No
Adult Psych Clinical Space	553 DGSF/bed	440-560 DGSF per bed	-7 DGSF/bed	Yes
Adult Psych Non-Clinical Space	576 DGSF/bed	NA	NA	NA

The proposed 11,290 DGSF for clinical plus non-clinical space is higher than the state standard due to utilizing space with existing infrastructure and the small bed size of the unit (10 beds). The size of the current rooms and corridors will not be altered during construction. No walls will need to be moved and demolition is not required. Although the unit has a small number of beds, it still requires its own dedicated clinical and non-clinical support space. While the total square footage of this space seems large, we are using the existing footprint and floor layout which will hold down the remodeling cost associated with the project. Because the unit will be a closed psychiatric unit, it makes sense to use the entire self-contained floor rather than trying to squeeze in other services which would not easily co-exist with the psychiatric unit. Approximately 51% (5,760 DGSF) of the proposed space is for non-clinical uses. 4,010 DGSF, of the proposed space is allocated to corridors, public and service elevators, elevator lobbies, waiting room and stairwells. The other 1,750 DGSF will be used for non-clinical support space including nursing, therapist, nurse manager and physician offices, staff conference room, dining room, kitchenette, family/visitor room, housekeeping and utility closets. That leaves 5,530 DGSF of clinical space for patient rooms, nurse's station, treatment space, group and individual therapy rooms which amounts to 553 DGSF per bed and is within the State Norm of 440-560 GSF per bed.

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

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

PROJECT SERVICES UTILIZATION:

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	AMI	NA	86.4%	85%	Yes
YEAR 2	AMI	NA	89.8%	85%	Yes

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

PROJECT SERVICES UTILIZATION

In the second year of operation, the annual utilization of the proposed 10 bed Acute Mental Illness unit at Passavant Area Hospital in Jacksonville shall meet or exceed the 85% utilization standard specified in 1110.Appendix B.

Since the hospital does not currently operate an AMI service no records are kept for referrals to the AMI service.

The hospital is located in a rural area of central Illinois which has limited access to any AMI services. All six counties included in the primary service area are designated Health Professional Shortage Areas for both Mental Health and Primary Medical Care services by the U.S. Department of Health and Human Services Health Resources and Services Administration.

There are four hospitals that provide AMI services of some kind in HSA 3, but all are concentrated on either the far eastern or western borders of the Health Service Area. The closest hospital that provides AMI services is Lincoln Prairie Behavioral Center (LPBC) located 43 minutes away in Springfield, but LPBC restricts its AMI admissions to children and adolescents. The proposed adult AMI unit at Passavant will not treat children or adolescents. St. John's Hospital and Memorial Medical Center located 48 minutes and 50 minutes away respectively, are both experiencing their own access problems.

Both Springfield hospital emergency departments have been so overwhelmed with psychiatric patients seeking AMI care that Memorial Medical Center and St. John's Hospitals have

contracted with Mental Health Centers of Central Illinois to provide a Psychiatric Response Team to support their ED staffs in the triaging of psychiatric patients presenting in their emergency departments. Two other area hospitals (Passavant Area Hospital and Abraham Lincoln) have also experienced the need to contract for Psychiatric Response Team services. Attachment 22 provides documentation of 811 AMI patients being transferred from just these four other HSA 3 hospital emergency rooms to other hospitals due to lack of psychiatric bed capacity, lack of specialized care required or other reasons in Fiscal Year 2013. Furthermore, the local Psychiatric Response Team activity experienced 12.5% growth (+537) in the number of AMI patients seen in these same four HSA 3 hospital emergency departments from FY13 to FY14 (from 4,284 to 4,821 ED psych patients in crisis) and 8.6% growth (+70) in the number of these ED psych patients in crisis transferred to other facilities (from 811 to 881 patient transferred**).

St. John's announced in May that it would restrict its AMI beds to geriatric patients 60 years of age and over going forward.* Effective September 15, 2014 St. John's shut down its 10 south psychiatric unit and now operate only 15 beds (restricted to geriatric psychiatry) out of its total 40 authorized AMI beds.

The next closest hospital providing AMI services in HSA 3 is Blessing Hospital located an hour and 21 minutes away in Quincy. Sixteen (16) of Blessing Hospital's forty-one (41) authorized beds are restricted to children and adolescents.

There are no AMI providers located in any of the 6 primary service area counties. Three of the six counties have no hospital (Brown, Cass and Scott). Greene and Macoupin have Critical Access Hospitals and the applicant serves as the largest hospital in the service area and is the sole community provider for Morgan County. All the hospitals in the 6-county primary service area are safety net hospitals and, as noted above, all 6 counties are designated Health Professional Shortage Areas for both Mental Health and Primary Medical Care. All three critical access hospitals located in the 6 primary service area counties have written letters of support for this project which are appended to Attachment 12.

Using the 2010 census bureau figures***, it is estimated that the population of adults, age 18 years and above totaled 95,715 in 2010. In aggregate, that age group is projected to grow by 1.1% from 2010 to 2017. While the 18-44 and 45-64 age segments are projected to shrink, the segment 65 years of age is expected to grow by 14.4%. Based upon this projection, the adult population in 2017 will be 96,754 when this project is completed.

2010 census figures and 2017 projections for this population follow:

	<u>2010</u>	<u>2017</u>
Patients ages 18-44	40,712	39,919
Patients ages 45-64	34,614	33,518
Patients ages 65+	20,389	23,317
Total adult patients	95,715	96,754

National case projection coefficients**** for adult AMI (schizophrenia, mood disorders, delusional disorders, nonorganic psychoses) cases per month per person are .000402 for ages 18-44, .000396 for ages 45-64 and .00537 for ages 65+. Applying these coefficients to the respective age segments in the 6 primary service area counties, yields a projected case volume per month of patients who would require care at the proposed facility of:

	<u>2010</u>	<u>2017</u>
Patients ages 18-44 =	16.37 per month	16.03 per month
Patients ages 45-64 =	13.71 per month	13.27 per month
<u>Patients ages 65+ =</u>	<u>10.95 per month</u>	<u>12.52 per month</u>
Total adult patients =	41.03 per month	41.82 per month

Based on average lengths of stay**** for each age segment of 7.1 days for ages 18-44, 8.1 days for ages 45-64 and 13.5 days for ages 65+, the number of AMI days and Average Daily Census (ADC) for these patients would total as follows.

	<u>2010 Days/ADC</u>	<u>2017 Days/ADC</u>
Patients ages 18-44	1,395/3.82	1,366 / 3.74
Patients ages 45-64	1,333/3.65	1,290/ 3.53
<u>Patients ages 65+</u>	<u>1,774/4.86</u>	<u>2,028/ 5.56</u>
Total adult patients	4,502/12.33	4,684/12.83

At the State's 85% occupancy standard, this indicates a need for 14.50 beds in 2010 ($12.33 / .85 = 14.50$) and 15.1 beds ($12.83 / .85 = 15.1$) in 2017 two years after the project is completed and the target occupancy level is achieved. The applicant chose a more conservative number of beds and chose to develop a 10 bed unit.

At 10 beds, the projected utilization for the first two years of operation is shown below assuming that the applicant captures 70% market share in the 6 county primary service area.

Year 1 calculation: $4,502 \text{ days} \times 70\% \text{ market share} = 3,152 \text{ days} / (365 \times 10) = 86.4\% \text{ occupancy}$
 Year 2 calculation: $4,684 \text{ days} \times 70\% \text{ market share} = 3,279 \text{ days} / (365 \times 10) = 89.8\% \text{ occupancy}$

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	AMI	0	3,152 PD (86.4% occ.)	85%	Yes
YEAR 2	AMI	0	3,279 PD (89.8% occ.)	85%	Yes

* Source: *State Journal Register* article, May 12, 2014 quoted St. John's Hospital Chief Executive Officer Chuck Lucore, M.D. announcing the plan going forward, to restrict admission to the hospital's 40 AMI beds to psychiatric patients age 60 years of age and older.

**Sources: Mental Health Centers of Central Illinois (2013) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY13* and Mental Health Centers of Central Illinois (2014) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY14.*)

***Source: *U.S. Census Bureau, 2010; CompData-Claritas*, 2017 population projections based on projections for Morgan, Scott, Cass, Greene, Brown and Macoupin counties.

****Sources: 2011 *National Association of Psychiatric Health Systems* Annual Survey, pg.24, Exhibit 30. *U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics*, National Health Statistics Number 26, 2007 NATIONAL Hospital Discharge Survey, pp 8-10, October 26, 2010. Table 97, Discharge rate in nonfederal short-stay hospitals, by sex, age and selected first listed diagnosis; United States, selected years 1990 through 2009-2010, pages 320-322. Table 98. Average Length of Stay in nonfederal short-stay hospitals, by sex, age and selected first listed diagnosis; United States, selected years 1990 through 2009-2010, pages 323-325.
<http://www.cdc.gov/nchs/hsr/contnts2013.htm097>.
<http://www.cdc.gov/nchs/hsr/contnts2013.htm098>.

SERVICE SPECIFIC REVIEW CRITERIA – ATTACHMENT 22

Criterion 1110.730 – Acute Mental Health Category of Service Applicable Review Criteria: Establishment of Services or Facility

This application proposes to establish the Acute Mental Health Category of Service by modernizing existing space within Passavant Area Hospital located in Jacksonville, Illinois.

The project will include 1 modernized floor. The location is floor 3 of Passavant Area Hospital in space currently occupied by administrative offices and prior to 1986 by a patient care unit.

Passavant currently has zero (0) Acute Mental Illness beds and proposes establishing ten (10) Acute Mental Illness beds as a result of this project.

Documentation of how this project addresses the applicable review criteria follows.

1110.730(b)(1) - Planning Area Need

The 10 beds to be established are necessary to serve the planning area's population.

A) The number of AMI beds is in conformance with the projected bed deficit as reflected in the latest updates to the Inventory.

The proposed project to establish the Acute Mental Illness Category of Service at Passavant Area Hospital in Jacksonville, Illinois is necessary to serve the population of six rural counties (Morgan, Macoupin, Greene, Scott, Cass, Brown counties) located in Health Service Area 3 (HSA 3). The project will improve the health care and well-being of the market area population to be served by improving access to necessary inpatient acute mental health services without having to travel long distances or leave the service area.

The planning area for this project is Health Service Area 3 (HSA 3) as defined in the Illinois Health Facilities Planning Board Inventory, Illinois Department of Public Health Inventory of Health Care Facility and Services and Need Determinations (8/14/2013). HSA 3 encompasses the following 17 counties in central and west-central Illinois: Morgan, Sangamon, Logan, Christian, Montgomery, Macoupin, Greene, Jersey, Adams, Hancock, Pike, Scott, Brown, Menard, Mason, Schuyler and Cass. The primary service area for the proposed AMI unit includes six rural counties in Health Service Area 3: Morgan, Macoupin, Greene, Scott, Brown and Cass Counties.

This project addresses the problem of insufficient access to inpatient acute mental illness beds for adult patients in these six counties. The IHFSRB/IDPH bed need formula calculates a need for 144 total Acute Mental Health beds in HSA 3. However, this State's AMI bed need formula lumps all AMI beds into a single generic AMI category. There are currently 213 total AMI beds located at three hospitals in Springfield (Memorial Medical Center, St. John's Hospital and

Lincoln Prairie Behavioral Center) and one hospital in Quincy (Blessing Hospital). Based on this formula, the **calculated bed excess is 69 beds (213 – 144 = 69).**

However, **one-hundred and four (104) of these 213 AMI beds are restricted to the care of children and adolescents** requiring Acute Mental Illness treatment. These restricted beds are located at **Lincoln Prairie Behavioral Center, Springfield (all 88 authorized AMI beds are restricted exclusively to child and adolescent beds)** and **Blessing Hospital - Quincy (16 of 41 authorized AMI beds and are restricted exclusively to adolescents and children as documented in CON Project 11-018).**

If these 104 AMI beds restricted exclusively to the treatment of children and adolescents are subtracted from the overall two-hundred thirteen (213) bed inventory, the adjusted number of beds available to adult patients requiring inpatient psychiatric treatment is 109 beds (213 – 104 = 109).

Furthermore, **St. John's Hospital in Springfield** announced plans to restrict its inpatient psychiatric beds to geriatric psychiatry patients in a May 12, 2014 State Journal Register article quoting St. John's Hospital Chief Executive Officer, Chuck Lucore, M.D. On September 15, 2014 St. John's implemented the plans to reduce AMI beds from 40 authorized beds to 15 staffed beds **restricted to psychiatric patients age 60 years and older.** This restriction further exacerbates the shortage of psychiatric beds available to adult patients regardless of age or payer source in HSA 3. The reduction or restriction of 40 AMI beds at St. John's Hospital to the treatment of geriatric psychiatric patients age 60 and older reduces the number of AMI beds in HSA 3 available to adult psychiatric patients under age 60 to sixty nine (69 beds), $109 - 40 = 69$ **unrestricted AMI beds in HSA 3.** None of these unrestricted AMI beds are located in the 6 primary service area counties for the proposed project.

B) The number of beds proposed does not exceed the number of the projected deficit, to meet the health care needs of the population served, in compliance with the State's 85% occupancy standard for AMI beds. .

The project proposes to establish 10 new AMI beds at Passavant Area Hospital in Jacksonville, Illinois to serve the adult residents of Morgan, Macoupin, Green, Scott, Brown and Cass counties in HSA 3. As indicated above, there are no AMI beds, restricted or unrestricted located in any of these counties or within 30 minutes of the applicant. As described in Attachment 15, this project is required to meet the AMI needs of the adult population of these 6 counties.

A letter from the President and CEO of Passavant Area Hospital attesting to the applicant's understanding that, by the second year of operation after project completion, the applicant will achieve and maintain the occupancy standards for the Acute Mental Illness category of service is appended at the end of this attachment.

1110.730(b)(2) - Planning Area Need - Service to Planning Area Residents

The primary purpose of the project will be to provide necessary Acute Mental Illness treatment to the adult residents of Morgan, Macoupin, Greene, Scott, Brown and Cass counties in Health Service Area 3. There are no providers of AMI services located in any of these six counties or any AMI beds located within 30 minutes of the applicant.

Passavant Area Hospital is located in Jacksonville in Morgan County which is located in Health Service Area 3 at the intersections of U.S. Interstate 72, Illinois highways IL. 67, IL. 78 and IL. 104 that provides convenient access for residents of the six primary service area counties. All of the projected patient volume will be from adult residents of these Health Service Area 3 counties.

1110.730(b)(3) - Planning Area Need - Service Demand – Establishment of Category of Service

Service Demand – Establishment of AMI

The number of beds proposed to establish this new AMI service is necessary to accommodate the service demand evidenced by projected referrals from Morgan, Macoupin, Greene, Scott, Brown and Cass counties as documented in Attachment 15. The applicant's primary purpose is to serve the adult residents of a large geographic area within HSA 3 that do not currently have access to AMI beds within the six county primary service area.

Projected Referrals

Since the hospital does not currently operate an AMI service no records are kept for referrals to an adult AMI service.

The hospital is located in a rural area of HSA 3 which has very limited access to Acute Mental Illness services of any kind. All six counties included in the primary service area are designated Health Professional Shortage Areas for both Mental Health and Primary Medical Care services by the U.S. Department of Health and Human Services Health Resources and Services Administration.

There are four hospitals that provide AMI services of some kind in HSA 3, but all are concentrated on either the far eastern or western borders of the Health Service Area. None of the other AMI providers in HSA 3 is within 30 minutes of the applicant. The closest hospital that provides AMI services is Lincoln Prairie Behavioral Center (LPBC) located 43 minutes away in Springfield, but LPBC restricts its AMI admissions to children and adolescents. St. John's Hospital and Memorial Medical Center located 48 minutes and 50 minutes away respectively, are both experiencing their own access problems.

St. John's has recently announced that it will restrict all of its AMI beds to geriatric patients over 60 years of age going forward*.

Both Springfield hospital emergency departments have been so overwhelmed with psychiatric patients seeking AMI care that Memorial Medical Center and St. John's Hospitals have contracted with Mental Health Centers of Central Illinois to provide a Psychiatric Response Team to support their ED staffs in the triaging of psychiatric patients presenting in their emergency departments.

The applicant, Passavant Area Hospital, as well as, Abraham Lincoln Memorial Hospital located in HSA 3 have also experienced the need to contract for Psychiatric Response Team services. The Mental Health Centers of Central Illinois Psychiatric Response Team records document 811 AMI patients being transferred from just these four other HSA 3 hospital emergency rooms to other hospitals due to lack of psychiatric bed capacity, lack of specialized care required or other reasons in Fiscal Year 2013.

Furthermore, the local Psychiatric Response Team emergency department screenings of AMI patients grew 12.5% (+537 patients) in these same four HSA 3 hospital emergency departments from FY13 to FY14 (from 4,284 to 4,821 ED psych patients in crisis) and the number of these ED psych patients in crisis transferred to other facilities grew by 8.6% or +70 patients (from 811 to 881 patient transferred**).

The next closest hospital providing AMI services in HSA 3 is Blessing Hospital located 1 hour and 21 minutes away in Quincy. Sixteen (16) of Blessing Hospital's forty-one (41) authorized beds are restricted to children and adolescents.

There are no AMI providers located in any of the 6 primary service area counties. Three of the six counties have no hospital (Brown, Cass and Scott). Greene and Macoupin have Critical Access Hospitals and the applicant serves as the largest hospital in the service area and is the sole community provider for Morgan County. All the hospitals in the 6-county primary service area are safety net hospitals and, as noted above, all 6 counties are designated Health Professional Shortage Areas for both Mental Health and Primary Medical Care. A map showing the locations of these hospitals within the six county service area is located at the end of this attachment.

All three critical access hospitals in the primary service area have written letters of support for this application which appear at the end of Attachment 12.

Using the 2010 census bureau figures***, it is estimated that the population of adults, age 18 years and above totaled 95,715 in 2010. In aggregate, that age group is projected to grow by 1.1% from 2010 to 2017. While the 18-44 and 45-64 age segments are projected to shrink, the segment 65 years of age is expected to grow by 14.4%. Based upon this projection, the adult population in 2017 will be 96,754 when this project is completed.

2010 census figures and 2017 projections for this population follow:

	<u>2010</u>	<u>2017</u>
Patients ages 18-44	40,712	39,919
Patients ages 45-64	34,614	33,518
<u>Patients ages 65+</u>	<u>20,389</u>	<u>23,317</u>
Total adult patients	95,715	96,754

National case projection coefficients**** for adult AMI (schizophrenia, mood disorders, delusional disorders, nonorganic psychoses) cases per month per person are .000402 for ages 18-44, .000396 for ages 45-64 and .00537 for ages 65+. Applying these coefficients to the respective age segments in the 6 primary service area counties, yields a projected case volume per month of patients who would require care at the proposed facility of:

	<u>2010</u>	<u>2017</u>
Patients ages 18-44 =	16.37 per month	16.03 per month
Patients ages 45-64 =	13.71 per month	13.27 per month
<u>Patients ages 65+ =</u>	<u>10.95 per month</u>	<u>12.52 per month</u>
Total adult patients =	41.03 per month	41.82 per month

Based on average lengths of stay**** for each age segment of 7.1 days for ages 18-44, 8.1 days for ages 45-64 and 13.5 days for ages 65+, the number of AMI days and Average Daily Census (ADC) for these patients would total as follows.

	<u>2010 Days/ADC</u>	<u>2017 Days/ADC</u>
Patients ages 18-44	1,395/3.82	1,366 / 3.74
Patients ages 45-64	1,333/3.65	1,290/ 3.53
<u>Patients ages 65+</u>	<u>1,774/4.86</u>	<u>2,028/ 5.56</u>
Total adult patients	4,502/12.33	4,684/12.83

At the State's 85% occupancy standard, this indicates a need for 14.50 beds in 2010 ($12.33 / .85 = 14.50$) and 15.1 beds ($12.83 / .85 = 15.1$) in 2017 two years after the project is completed and the target occupancy level is achieved. The applicant chose a more conservative number of beds and chose to develop a 10 bed unit.

At 10 beds, the projected utilization for the first two years of operation is shown below assuming that the applicant captures 70% market share in the 6 county primary service area.

Year 1 calculation: $4,502 \text{ days} \times 70\% \text{ market share} = 3,152 \text{ days} / (365 \times 10) = 86.4\% \text{ occupancy}$

Year 2 calculation: $4,684 \text{ days} \times 70\% \text{ market share} = 3,279 \text{ days} / (365 \times 10) = 89.8\% \text{ occupancy}$

* *State Journal Register* article, May 12, 2014 quoted St. John's Hospital Chief Executive Officer Chuck Lucore, M.D. announcing the plan going forward, to restrict admission to the hospital's 40 AMI beds to psychiatric patients age 60 years of age and older.

**Sources: Mental Health Centers of Central Illinois (2013) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY13* and Mental Health Centers of Central Illinois (2014) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY14.*)

***Source: *U.S. Census Bureau, 2010; CompData-Claritas*, 2017 population projections based on projections for Morgan, Scott, Cass, Greene, Brown and Macoupin counties.

****Sources: 2011 *National Association of Psychiatric Health Systems Annual Survey*, pg.24, Exhibit 30. *U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics*, National Health Statistics Number 26, 2007 NATIONAL Hospital Discharge Survey, pp 8-10, October 26, 2010. Table 97, Discharge rate in nonfederal short-stay hospitals, by sex, age and selected first listed diagnosis; United States, selected years 1990 through 2009-2010, pages 320-322. Table 98. Average Length of Stay in nonfederal short-stay hospitals, by sex, age and selected first listed diagnosis; United States, selected years 1990 through 2009-2010, pages 323-325.

<http://www.cdc.gov/nchs/hus/contnts2013.htm097>.

<http://www.cdc.gov/nchs/hus/contnts2013.htm098>.

Patient Type

The proposed AMI unit at Passavant Area Hospital will treat all adult patients with Acute Mental Illness conditions. Clinical conditions anticipated include: depression, anxiety disorder, borderline personality disorder, dementia, oppositional defiant disorder, psychosis, schizophrenia, bi-polar disorder, paranoia, dysthymic disorder, panic disorder, episodic mood disorder and tension headache.

1110.730(b)(5) - Planning Area Need - Service Accessibility

Service Accessibility

The 10 adult AMI beds being established are necessary to improve access for planning area residents. The proposed service does not exist within a 45 minute travel time from the proposed facility. There are four hospitals that provide AMI services of some kind in HSA 3, but all are concentrated on either the far eastern or western borders of the Health Service Area. None are located within 30 minutes of the applicant. The closest hospital that provides AMI services is Lincoln Prairie Behavioral Center (LPBC) located 43 minutes away in Springfield, but LPBC restricts its AMI admissions to children and adolescents. St. John's Hospital and Memorial Medical Center located 48 minutes and 50 minutes away respectively, are both experiencing their own access problems. St. John's announced in May* and implemented September 15, 2014 the reduction and restriction of its AMI beds from 40 authorized beds to 15 staffed beds (restricted to geriatric patients 60 years of age and older) going forward. The next closest hospital providing AMI services in HSA 3 is Blessing Hospital located 1 hour and 21 minutes away in Quincy. Sixteen (16) of Blessing Hospital's forty-one (41) authorized beds are restricted to children and adolescents.

There are no AMI providers located in any of the 6 primary service area counties. The access to adult AMI services for the residents of these counties will be improved by the establishment of this service at the applicant hospital.

Service Restrictions

The following service restrictions exist within AMI Health Service Area 3.

- 1) One hundred and four (104) of the two-hundred thirteen (213) authorized AMI beds are restricted exclusively to children and adolescents. These restricted beds include all eighty-eight (88) authorized beds operated by Lincoln Prairie Behavioral Center in Springfield and sixteen (16) of the forty-one (41) AMI beds operated by Blessing Hospital in Quincy (as documented in CON Project 11-018).

In other words, nearly half ($104 / 213 = 48.8\%$) of all the authorized beds in HSA 3 are restricted to child or adolescent patients.

- 2) St. John's Hospital in Springfield has restricted all its 40 authorized inpatient AMI beds to geriatric patients 60 years of age and older and reduced its number of staffed AMI beds to 15 beds effective September 15, 2014. This effectively restricts adult patients who are younger than 60 years of age with Medicaid or no insurance coverage from being admitted to the St. John's Hospital unit going forward. This restriction further exacerbates the shortage of psychiatric beds available to adult patients in HSA 3 under age 60 and especially those with Medicaid or no insurance coverage. The actual AMI

beds available for the treatment of adult patients between 18 and 60 years of age is therefore only 69 AMI beds (213 minus 104 restricted to the treatment of children and adolescents minus 40 restricted to the treatment of geriatric patients 60 years or older.)

- 3) In summary, one-hundred forty-four (144) of the two-hundred thirteen (213) or 67.6% of all the authorized AMI beds in HSA 3 are restricted and not available to adult patients between 18 and 60 years of age.

All of the 10 proposed AMI beds to be established at Passavant Area Hospital would be available to serve all patients 18 years and older, without restriction due to age, payer source or other factors.

Indicators of area population and existing care system medical care problems

Several of the counties located in HSA 3 including all six of the primary service area counties for the proposed project include areas designated by the Secretary of Health and Human Services, as Medically Underserved Areas and Mental Health Manpower Shortage Areas. These include the following areas;

Mental Health Shortage Areas in Health Service Area 3 Medically Underserved Areas and Health Manpower Professional Shortage Areas As Designated by U.S. Department of Health and Human Services, HRSA (7/1/2014)

County Primary Service Area:	Medically Underserved Areas	Mental Health Manpower Shortage Areas
Morgan	Waverly precinct	Catchment Area 3-02-02
Macoupin	South Palmyra township Area 60.70 Hillyard township 60.90 Gillespie Service Area (2 census tracts) 60.60	County, Macoupin County Health Department
Greene	County 57.50	County, Thomas H. Boyd Rural Health Clinic
Brown	County 36.10	County, Quincy Medical Group – Mount Sterling Rural Health, Western Illinois Correctional Center
Cass	County 57.40	County
Scott	County 56.70	County, Quincy Medical Group – Winchester Family Practice

County Other counties in HSA 3:	Medically Underserved Areas	Mental Health Manpower Shortage Areas
Logan	Eminence Service Area (Eminence Township) 52.60	County, Lincoln Correctional Center, Logan Correctional Center
Mason	Forest City, Quiver townships 59.20	County
Christian	Pana/Ricks Service Area (9 townships) 60.60	County
Montgomery	Audubon, Irving, Nokomis, Witt townships 57.60	County, Graham Correctional Center
Sangamon	8 census tracts in Springfield 53.20	Low Income Sangamon County
Adams	Clayton, Northeast townships 51.40 5 census tracts in Quincy 61.40	County
Calhoun	County 57.80	County
Hancock	LaHarpe township 60.10 Augusta township 57.00	County
Jersey	English, Richwood townships 59.80	County
Schuyler	County 56.80	County, IDHS Treatment and Detention Center
Pike	County 57.00	County
Menard		County

Evidence of the critical lack of access to adult AMI beds in HSA 3, is provided by the **utilization statistics from the Mental Health Centers of Central Illinois Psychiatric Response Team** which provides psychiatric crisis response services to the emergency departments of four (4) of the fifteen (15) hospitals located within HSA 3, including the applicant, Passavant Area Hospital. In Fiscal Year 2014, the Psychiatric Response Team at Passavant Area Hospital (Jacksonville) screened 479 emergency department and inpatients for psychiatric disorders. This included 372 adults and 107 children. Out of the 372 adults, **145**

Passavant patients were transferred and admitted to other hospital psychiatric units located more than 45 minutes away from the applicant's facility.

Further evidence of the critical lack of access to adult AMI beds in HSA 3, is provided by the utilization statistics from the Mental Health Centers of Central Illinois Psychiatric Response Team which provides psychiatric crisis response services to the emergency departments of four (4) of the fifteen (15) hospitals located within HSA 3. **During Fiscal Year 2013, there were 4,284 total adult screenings** by the Psychiatric Response Team at Passavant Area Hospital (Jacksonville), Memorial Medical Center and St. John's Hospital (Springfield) and Abraham Lincoln Memorial Hospital (Lincoln). This number **grew by 12.5% (+537) to 4,821 by the end of Fiscal Year 2014**. With the increased number of screenings, these hospitals have experienced shortages in resources, forcing patients to be transferred to another facility, held in emergency departments for the entirety of their stay or deflected back to their home or into the community .

During Fiscal Year 2013, hospitalizations for Acute Mental Illness for patients originating in just 4 of the 15 hospitals located in HSA 3 resulted in 358 or 9.3% of hospitalized patients being transferred to a different facility due to a lack of bed capacity and an additional 340 or 8.9% of these patients being held in the emergency department do to a lack of bed capacity or requirement for additional screening. This resulted in a total of 698 or 18% of hospitalized patients with AMI witnessing a sub-standard quality of care during their episode of care with their respective healthcare organization. Another 453 or 11.8% of the AMI patients screened by the PRT were transferred to another hospital for specialized care or other reasons. **In total 1,151 or 30% of the AMI patients screened by the Psychiatric Response Team in Fiscal Year 2013 at just 4 of the 15 hospitals located in HSA 3 were transferred to another facility.**

The AMI access problem is further magnified by the **growth in psychiatric patients presenting in area hospital emergency departments**. Based on Fiscal Year 2014 volumes, the Mental Health Centers of Central Illinois Psychiatric Response Team AMI transfers to a different facility due to a lack of bed capacity grew by 12.0% or 43 transfers (from 358 to 401 patients) and AMI patients required to be held in the emergency department due to a lack of bed capacity or the need for additional screening grew by 35.9% or 122 patients (from 340 to 462 patients held). Finally, the number of AMI screened by the PRT and transferred to another hospital for specialized care or other reasons grew by 6.0% or 27 patients (from 453 to 480 patients transferred).

In total, the number of AMI patients screened by the PRT and ultimately transferred or held is projected to grow 16.7% from 1,151 to 1,343 (+192 patients) from Fiscal Year 2013 to Fiscal Year 2014.

This constitutes an immediate and growing crisis regarding the lack of access to AMI care in HSA 3, including the 6 counties comprising the primary service area for this project. The lack of access is increasing travel time, delaying care, further stressing impacted families and increasing the costs associated with the care of these individuals.

(Sources: Mental Health Centers of Central Illinois (2013) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY13* and Mental Health Centers of Central Illinois (2014) *Psychiatric Response Team Service, Quarterly Report: Crisis Screenings FY14.*)

According to the latest IHFSRB/IDPH Inventory of Health Care Facilities and Services and Need Determinations (8/14/2013), 2010 utilization data for the hospitals that provide Acute Mental Health Services in Health Service Area 3 follows.

<u>Hospital</u>	<u>Authorized Beds*</u>	<u>Admissions</u>	<u>Patient Days</u>	<u>Occupancy %</u>
Blessing Hospital	41	1,645	9,520	63.6%
Lincoln Prairie Behavioral Center	88	1,296	16,659	51.9%
Memorial Medical Center	44	1,143	10,458	65.1%
St. John's Hospital	40	888	7,928	54.3%

*16 of Blessing's 41 beds and all 88 of Lincoln Prairie Behavioral Center beds are restricted to the treatment of children and adolescents. All 40 of St. John's Hospital beds have been restricted to patients 60 years and older, and only 15 of these 40 beds are staffed effective September 15, 2014.

1110.730(c)(1) - Unnecessary Duplication of Services

This project will not result in an unnecessary duplication of services.

A listing of the zip code areas and populations located within the six counties comprising the applicant's primary service area for the proposed project appear at the end of this attachment (based upon the most recent population numbers available for the State of Illinois population).

There are four hospitals that provide Acute Mental Illness services in Health Service Area 3, but none are located within 30 minutes normal travel time from the applicant. Only one is located within 45 minutes normal travel time of the applicant and that facility restricts its beds to child and adolescent AMI patients. The AMI providers and travel times from Passavant Area Hospital listed below and a map depicting their locations appear at the end of this attachment:

Lincoln Prairie Behavioral Center (Springfield) – 43 minutes* (Restricted to child & adolescent)
St. John's Hospital (Springfield) – 48 minutes* (Restricted to geriatric patients 60 years of age)
Memorial Medical Center (Springfield) – 50 minutes*
Blessing Hospital (Quincy) – 1 hour and 22 minutes*

*Source: MapQuest, September, 2014

1110.730(c)(2) - Maldistribution

This project will not result in maldistribution of services.

As indicated above, the only AMI facility located within 45 minutes from the applicant (Lincoln Prairie Behavioral Center) restricts all its 88 beds to the treatment of children and adolescents.

There are also **no facilities that offer adult AMI services located within 45 minutes normal travel time** of the proposed site for the project – Passavant Area Hospital in Jacksonville.

The ratio of AMI beds to population in HSA 3, even before adjusting for restricted beds that are not available to the entire population, is less than one and one-half times* the State average, noted below.**

<u>Area</u>	<u>Population*</u>	<u>Authorized AMI beds**</u>	<u>AMI beds/population</u>
Illinois	12,830,820	3,855	1 bed / 3,328 people
HSA 3	581,900	213	1 bed/ 2,732 people***

*Source: U.S. Census Bureau, 2010 projection

**Source: IDPH/IHFSRB Inventory of Health Care Facilities and Services and Need Determinations, 8/14/2013.

*** $3,328 / 2,732 = 122\%$

111110.730(c)(3) - Impact of Project on Other Area Providers

The applicant attests that this project will not lower the utilization of other area AMI providers or hospitals in HSA 3 within 24 months of project completion.

There are only 4 providers of inpatient AMI services in HSA 3 and the only one that is located within 45 minutes travel time of Passavant Area Hospital restricts its AMI admissions to children and adolescents. A letter from the AMI provider located within 45 minutes of the applicant (Lincoln Prairie Behavioral Center) is appended to the end of this Attachment 22.

In total, three out of the four other providers have restricted some or all of their authorized AMI beds to subsets of the overall population for various reasons cited elsewhere in this application.

The demand for inpatient AMI beds for adult patients continues to grow and overwhelm the hospital emergency departments located in HSA 3 with psychiatric patients presenting in their EDs because they are unable to access care at closed State psychiatric hospitals and other under-funded or non-existent community mental health agencies.

The proposed project will provide some relief to the critical lack of access to AMI beds in the region, but will not meet all the demand for these services now or in the future.

1110.730(e(1)) - Staffing Availability

Passavant Area Hospital and Memorial Health System have considered relevant clinical and professional staffing needs for the proposed project. Licensure and Joint Commission staffing requirements will be met.

Memorial Health System has significant experience in staffing and operating inpatient Acute Mental Illness units at Memorial Medical Center in Springfield. The Memorial Health System Human Resources and Organizational Development teams along with clinical leaders will work closely with Passavant Area Hospital staff to develop the necessary staffing model, job descriptions, compensation and benefit packages, recruiting and retention plans required to successfully staff the unit. Due to the length of the planning and construction of this project, the applicant will be able to work with its employees at Passavant Area Hospital and within Memorial Health System to determine who is interested and provide them with educational opportunities and training to be qualified for Adult Psych care. The applicant already has staff members that have experience working with adult psych patients. Furthermore, as a part of Memorial Health System, the applicant has access to highly qualified staff trained in adult psych services, as well as training programs to assist with start-up of a new program. The applicant will have the opportunity to hire psych staff currently in the health system, including a manager and nursing staff.

Passavant Area Hospital already employs one M.D. psychiatrist and a second MD psychiatrist will start practice full-time in Jacksonville in the summer of 2015. At the time of project completion, the applicant will have two employed psychiatrists, both fellowship trained in adult psychiatry. Both these psychiatrists will admit to the proposed AMI unit at Passavant. Memorial Physician Services likewise employs psychiatrists, advance practice mental health nurses and other clinical support staff who will assist with the identification and recruitment of key staff as well as provide clinical consultation.

Passavant Area Hospital is a Magnet Hospital for nursing excellence, which facilitates easier recruiting of strong nursing candidates. Passavant has partnerships with several local nursing programs, including MacMurray College, University of Illinois-Springfield (UIS), and Lincoln Land Community College. Through our partnerships Passavant has developed strong relationships with these programs and regularly receives applications from outstanding nursing candidates. MacMurray College in Jacksonville and University of Illinois in Springfield both have Bachelor's degrees in Social Work and Psychology, and Passavant receives applications from those programs as well.

The Mental Health Centers of Central Illinois (MHCCI), an outpatient mental health network serving multiple counties in the Health Service Area 3 and an Affiliate of Memorial Health System will also assist in the identification and recruitment of key staff. The applicant will access MHCCI's expertise and training to assist them to recruit and hire staff for the Adult Psych Unit. MHCCI already provides Psychiatric Response Team services to the Passavant emergency department and will also provide ongoing support and training for the adult inpatient psychiatric program.

Passavant also has a partnership with the Wells Center in Jacksonville. The Wells Center specializes in treatment of individuals and families with mental health issues and substance abuse. Through this partnership, Passavant will be able to partner with the Wells Center for recruiting assistance, initial and ongoing staff training. In addition, the Well Center has specialty-trained social workers that may be interested in working for our inpatient psych unit.

In summary, the applicant will be able to recruit and train staff necessary to meet licensure and accreditation standards, and to provide quality care for adult psychiatric patients and the community.

1110.730(f) Performance Requirements – AMI Bed Capacity Minimum – outside an MSA

The proposed project is located in Jacksonville, Illinois which located outside the nearest Metropolitan Statistical Area (Springfield). The proposed 10 bed Acute Mental Illness unit at Passavant Area Hospital meets the State standard of 10 bed minimum unit size for Acute Mental Illness Units located outside a Metropolitan Statistical Area.

1110.730(g) Assurances

The applicant attests to understanding that, by the second year of operation after project completion, the Passavant Area Hospital will achieve and maintain the 85% AMI occupancy standard specified in 77 Illinois Administrative Code 1100.



1600 West Walnut / Jacksonville, Illinois 62650 / 217.245.9541 / www.passavanthospital.com

December 1, 2014

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RE: Certificate of Need Application for Passavant Memorial Area Hospital d/b/a Passavant Area Hospital

To Whom It May Concern:

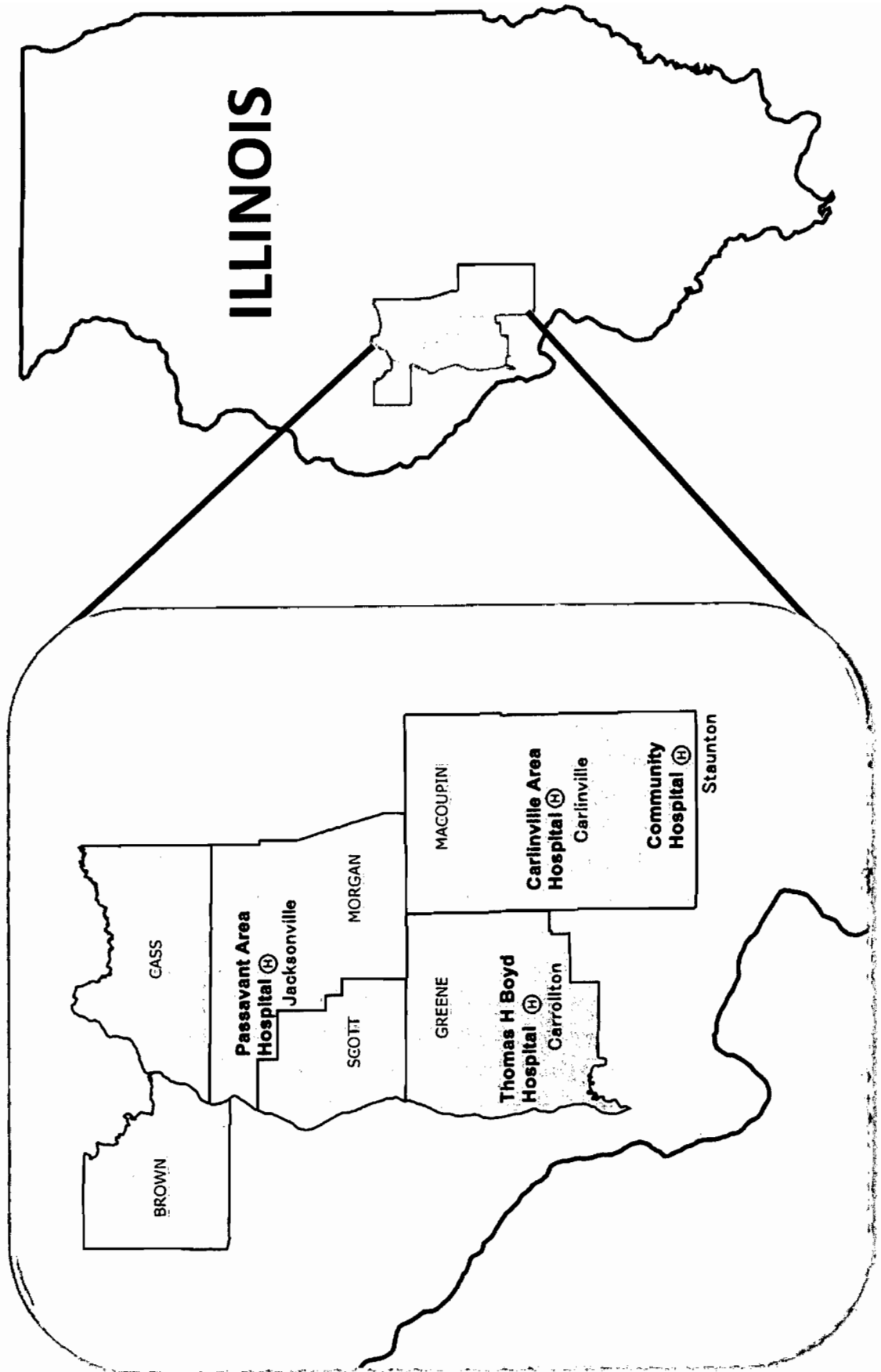
I am writing to express my assurance that the Adult Psychiatric Unit for which we seek application will achieve 85% occupancy and maintain it in the second year of operation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas L. Rahn'.

Douglas L. Rahn, DBA
President and Chief Executive Officer

Hospitals in Passavant's 6-County Service Area



2010 Adult Demographics by Age & Zip Code



Passavant Area Hospital
1600 W Walnut Street, Jacksonville, IL 62650

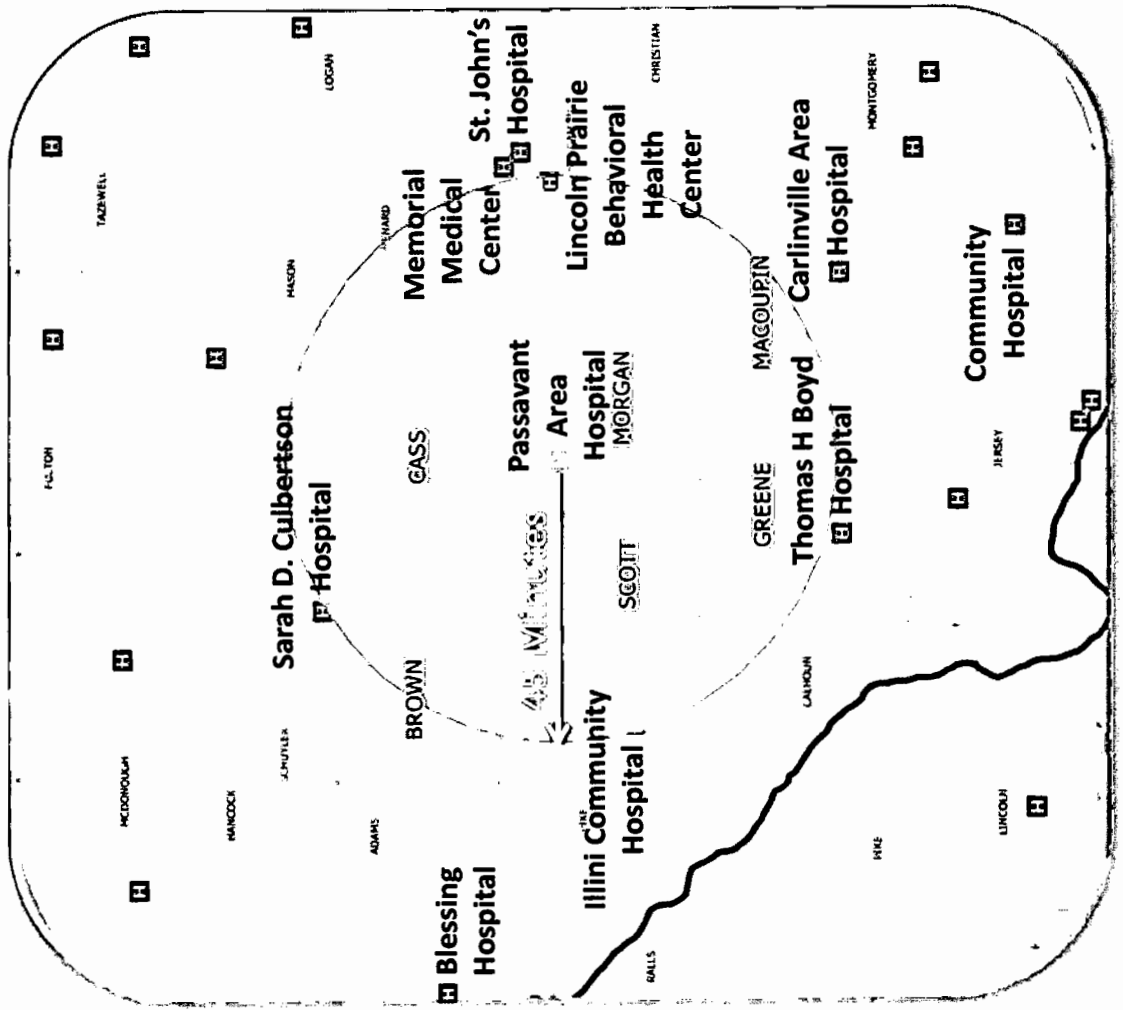
8/29/2014

Zip Codes	2010 Total Adult Population	Total Adult Population by Age Groups		
		Ages 18-44	Ages 45-64	Ages 65+
62009	1,374	575	485	314
62014	3,159	1,271	1,230	658
62016	2,930	1,137	1,082	711
62023	63	25	32	6
62027	428	143	176	109
62033	3,747	1,484	1,425	838
62044	1,522	626	559	337
62050	368	138	149	81
62054	666	292	270	104
62063	911	392	330	189
62063	911	392	330	189
62069	2,596	1,033	1,030	533
62078	89	50	28	11
62079	205	75	78	52
62081	241	97	88	56
62082	2,413	1,065	872	476
62085	165	69	63	33
62088	5,392	2,276	1,941	1,175
62092	2,289	902	823	564
62093	329	158	109	62
62098	61	30	23	8
62353	4,785	2,824	1,351	610
62375	287	113	113	61
62378	720	253	289	178
62572	494	194	201	99
62601	361	124	179	58
62610	140	67	43	30
62611	828	319	334	175
62612	1,480	568	589	323
62618	5,824	2,812	1,891	1,121
62621	883	374	334	175
62622	33	16	12	5
62626	6,596	2,854	2,277	1,465
62627	768	284	279	205
62628	692	275	279	138
62630	406	167	171	68
62631	207	88	70	49
62638	1,014	403	434	177
62640	2,973	1,079	1,187	707
62649	379	167	129	83
62650	21,388	9,410	7,401	4,577
62663	231	88	92	51
62665	1,238	496	483	259
62667	365	126	143	96
62668	1,192	423	513	256
62672	187	82	64	41
62673	409	165	160	84
62674	1,134	416	433	285
62685	1,607	612	633	362
62690	3,093	1,337	1,088	668
62691	1,911	712	758	441
62692	1,570	620	573	377
62694	2,442	918	905	619
62695	219	96	83	40
	95,715	40,712	34,614	20,389

Source: http://factfinder2.census.gov/faces/nav/jsf/pages/community_facts.xhtml

ATTACHMENT-22

45 Minutes Driving Time from Passavant Area Hospital



**LINCOLN
PRAIRIE**
BEHAVIORAL HEALTH CENTER

October 10, 2014

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

Re: Establishment of 10 bed Adult Acute Mental Illness Unit at Passavant Area Hospital

Dear Ms. Avery:

I am writing to confirm that Passavant Area Hospital's proposed project to establish a 10-bed adult Acute Mental Illness (AMI) unit for care of psychiatric patients 18 years and older will not have a negative impact on the utilization of Lincoln Prairie Behavioral Center since our facility serves a different population (children and adolescents).

Sincerely,



Mark Littrell
Chief Executive Officer
Lincoln Prairie Behavioral Health Center
5230 S. Sixth Street Road
Springfield, IL 62703

Lincoln Prairie Behavioral Center – 5230 South Sixth Street 62703

mapquest

Clear Map

A 1600 W Walnut St, Jacksonville, IL 62650

B Lincoln Prairie Behavioral Center, 5230 S

+ Add Stop | Round Trip | Reverse | Options

GET DIRECTIONS

Suggested Routes Presented by **100% ELECTRIC NISSAN LEAF**

1-72 E 38.39 miles Est. Fuel Cost: \$5.87
43 mins / 43 mins based on current traffic

County Hwy-36 37.47 miles Est. Fuel Cost: \$5.31
53 mins / 54 mins based on current traffic

100% ELECTRIC NISSAN LEAF drivers can save up to \$4.62 Est. \$1.25 details

Driving Directions

A 1600 W Walnut St
Jacksonville, IL 62650-1136

Add a Note Search Nearby Zoom

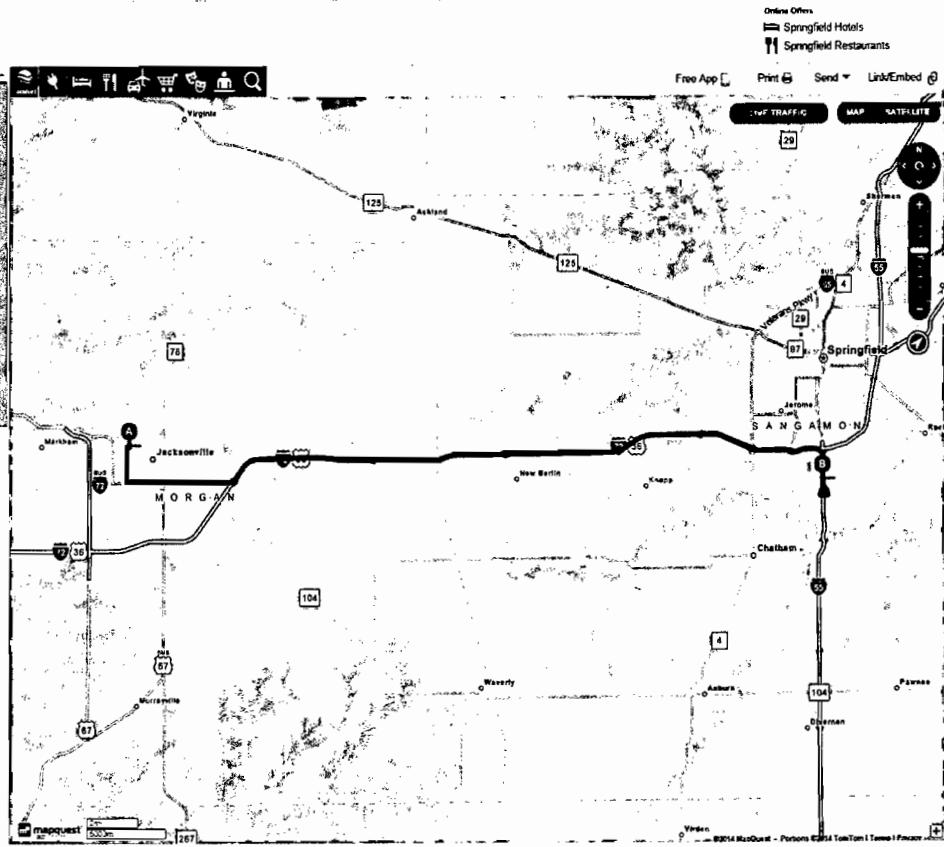
Online Offers:

Best Jacksonville Hotels

Jacksonville Restaurants

I know the area, hide the first few steps

1. Start out going west on W Walnut St/L 0.10 mi
78 toward N Westgate Ave.
2. Take the 1st left onto N Westgate Ave. 1.5 mi
if you miss Hwy 54 you're gone about 0.1 miles west
3. Turn left onto W Morton Ave./72 Bus 5.2 mi
EUS-67 Bus S4L-104. Continue to follow W Morton Ave.
4. Merge onto I-72 EUS-38 E via the ramp 28.2 mi
on the left toward Springfield.



Memorial Medical Center – 701 N. First

mapquest

Clear Map

A 1600 W Walnut St, Jacksonville, IL 62650

B Memorial Medical Foundation, 701 N 1st St

+ Add Stop | Round Trip | Reverse | Options

GET DIRECTIONS

Suggested Routes Presented by 100% ELECTRIC WESCAM LEAF

1-72 E to I-4 40.58 miles 50 mins / 51 mins based on current traffic	Est. Fuel Cost: \$6.30
1-72 E to I-56 Bus N 40.71 miles 49 mins / 49 mins based on current traffic	Est. Fuel Cost: \$6.62
County Hwy-8 35.14 miles 51 mins / 52 mins based on current traffic	Est. Fuel Cost: \$5.28
100% ELECTRIC WESCAM LEAF drivers can save up to \$5.27	Est. \$1.42 details

Driving Directions

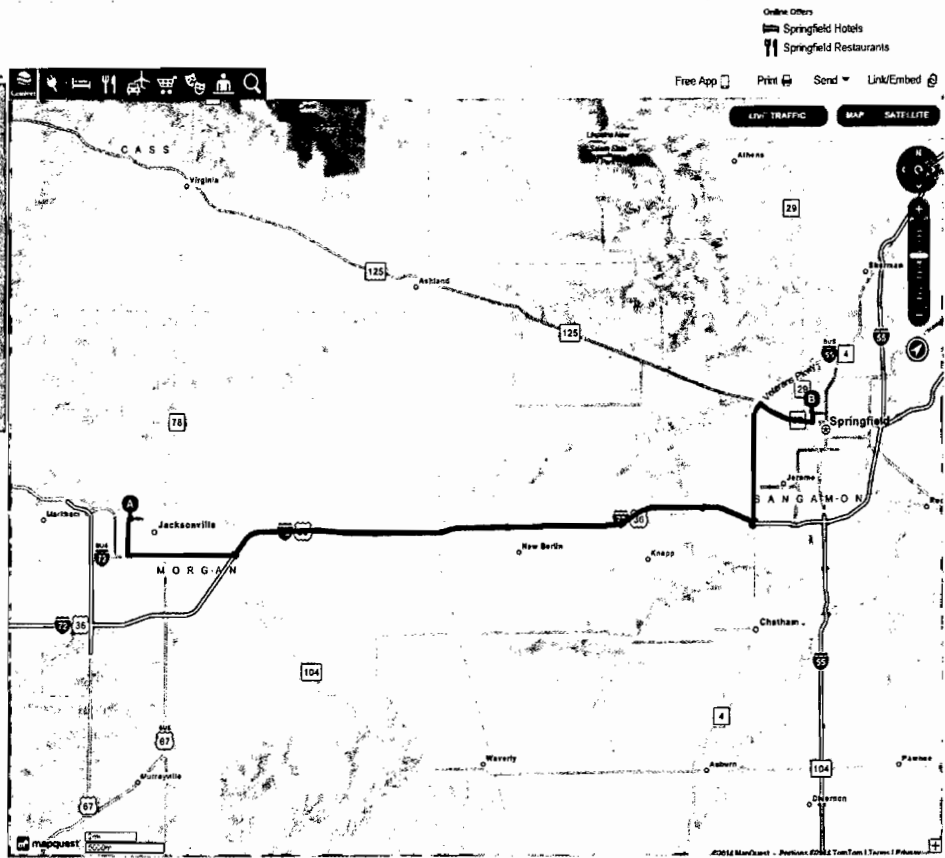
A 1600 W Walnut St
Jacksonville, IL 62650-1136
Add a Note Search Nearby Zoom

Online Offers:

Best Jacksonville Hotels

Springfield Restaurants

- I know the area, hide the first few steps
1. Start out going west on W Walnut SAIL-78 toward N Westgate Ave. 0.10 mi
 2. Take the 1st left onto N Westgate Ave. 1.5 mi
If you reach Park 32 you've gone about 0.1 miles too far
 3. Turn left onto W Morton Ave/I-72 Bus EBUS-67 Bus SAIL-104. Continue to follow W Morton Ave. 5.2 mi



St. John's Hospital – 800 E. Carpenter, 62769

mapquest

Online Offers
Springfield Hotels
Springfield Restaurants

Free App | Print | Send | Link/Embed

LIVE TRAFFIC | MAP | SATELLITE

A 1600 W Walnut St, Jacksonville, IL 62650
B St John's Hospital, 800 E Carpenter St, Springfield, IL 62769

+ Add Stop | Round Trip | Reverse | Options
GET DIRECTIONS

Suggested Routes Presented by **CON ELECTRIC INSURANCE**

1-72 E 40.41 miles
48 mins / 47 mins based on current traffic
Est. Fuel Cost: \$6.31

County Hwy-8 35.57 miles
52 mins / 52 mins based on current traffic
Est. Fuel Cost: \$5.24

CON ELECTRIC INSURANCE drivers can save up to \$4.97
Est. \$1.34 details

Driving Directions

A 1600 W Walnut St
Jacksonville, IL 62650-1136
Add a Note Search Nearby Zoom

Online Offers
Best Jacksonville Hotels
Jacksonville Restaurants

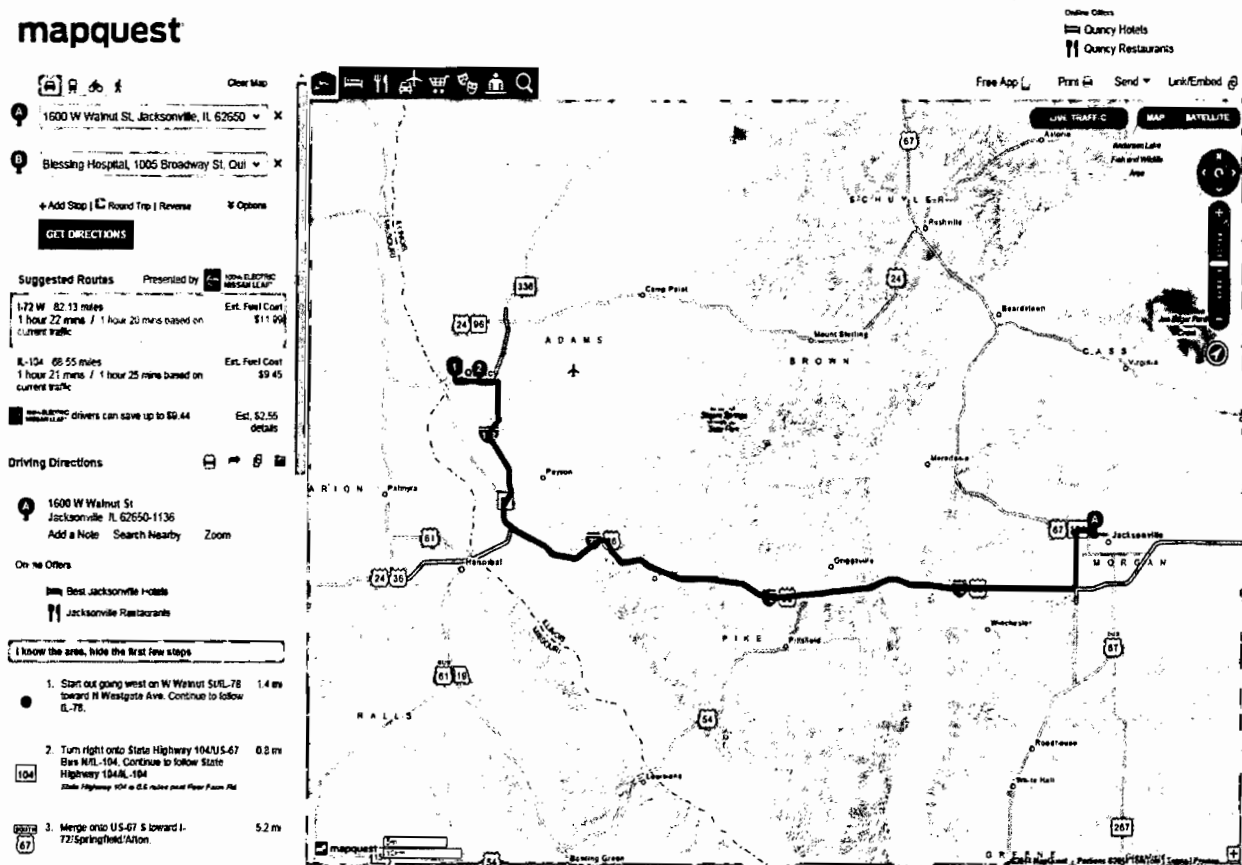
I know the area, hide the first few steps

1. Start out going west on W Walnut St/L-78 0.10 mi toward N Westgate Ave.
2. Take the 1st left onto N Westgate Ave. 1.5 mi
If you reach Kelly St you've gone about 0.1 mile; do not
3. Turn left onto W Morton Ave/L-72 Bus E/US-67 Bus S/L-104. Continue to follow W Morton Ave 5.2 mi
4. Merge onto I-72 E/US-36 E via the ramp on the left toward Springfield. 28.6 mi

mapquest

Quincy Blessing Hospital - 1005 Broadway St, 62305

mapquest



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)

Documentation of Memorial Health System's A+ bond rating from Standard & Poor's Ratings Service and A1 Bond Rating from Moody's Investors Service is appended on the pages immediately following this page.

MOODY'S

INVESTORS SERVICE

7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

January 2, 2014

Mr. Robert Kay
Chief Financial Officer
Memorial Health System
701 North First Street
Springfield, IL 62781

Dear Mr. Kay:

We wish to inform you that Moody's Investors Service has assigned an A1 rating to Memorial Health System's Series 2014A fixed rate revenue bonds to be issued by the Illinois Finance Authority. Concurrent with this action, we have affirmed the A1 rating on MHS's Series 2009 revenue bonds. The outlook has been revised to **negative from stable**.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time.

The rating as well as any other revisions or withdrawals thereof will be publicly disseminated by Moody's through the normal print and electronic media and in response to verbal requests to Moody's rating desk.

In order for us to maintain the currency of our rating, we request that you provide ongoing disclosure, including annual and quarterly financial and statistical information.

Should you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,



Mark Pascaris
Vice President/Senior Analyst
Phone: 312-706-9963
Fax: 212-298-6377
Email: mark.pascaris@moodys.com

MP:rl

cc: Mr. Nussy Shems, Piper Jaffray

RatingsDirect®

Illinois Finance Authority Memorial Health System; Hospital

Primary Credit Analyst:

Brian T Williamson, Chicago (1) 312-233-7009; brian.williamson@standardandpoors.com

Secondary Contact:

Avanti R Paul, Chicago (1) 312-233-7061; avanti.paul@standardandpoors.com

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Financial Profile

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Illinois Finance Authority

Memorial Health System; Hospital

Credit Profile

US\$60.0 mil hosp rev bnds (Memorial Hlth Sys) ser 2014A dtd 01/01/2014 due 07/01/2044

Long Term Rating

A+/Stable

New

Rationale

Standard & Poor's Ratings Services assigned its 'A+' long-term rating to the Illinois Finance Authority's \$60 million series 2014A hospital revenue bonds. At the same time, Standard & Poor's affirmed its 'A+' long-term rating on the authority's \$149.6 million series 2009 hospital revenue bonds. All bonds have been issued on behalf of Memorial Health System. The outlook is stable.

The rating reflects our view of Memorial's continued solid operations, stable management, and good unrestricted reserves. However, Memorial is issuing \$120 million of new debt in January 2014 that has made pro forma leverage and cash to pro forma debt thin for the rating. With the issuance, we anticipate that Memorial will perform at its budgeted level. The bond proceeds will be used to enhance Memorial's facility in Springfield, Ill.

The rating further reflects our view of Memorial's:

- Good pro forma maximum annual debt service (MADS) coverage of 4.2x for fiscal 2013;
- Good unrestricted reserves that allowed for 263 days' cash on hand for fiscal 2013; and
- Stable management team, which continues to implement and update its plan to help improve Memorial.

Partly offsetting the above strengths, in our view, are Memorial's pro forma leverage of 38% and cash to pro forma debt of 124% for fiscal 2013. Also, because Memorial is contemplating future acquisitions, any acquisition that is dilutive to the system could trigger a rating action.

The 'A+' rating is based on our view of Memorial's group credit profile and the obligated group's core status. Accordingly, we rate the bonds at the same level as the group credit profile. MMC will use the proceeds of the series 2014A and \$60 million series 2014B direct placement bonds to finance its facility plan at the main campus patient care and teaching facilities. Gross revenue of the obligated group secures the various bonds.

Memorial is located in Springfield, Ill. Its major components are:

- Memorial Medical Center (MMC), a teaching tertiary hospital with 500 licensed beds;
- Memorial Medical Center Foundation;
- Abraham Lincoln Memorial Hospital (ALMH), a critical access hospital located in Lincoln;
- Abraham Lincoln Healthcare Foundation; Taylorville Memorial Hospital (TMH), a critical access hospital located in Taylorville;
- Taylorville Memorial Hospital Foundation Inc.;
- Memorial Physician Services;

- Memorial Properties (formerly known as Healthcare Network Properties LLC);
- Memorial Home Services, which provides post-acute-care services to residents of central Illinois;
- Mental Health Centers of Central Illinois; and
- Memorial Health Ventures.

Only Memorial and MMC are members of the obligated group.

Outlook

The stable outlook reflects our anticipation that management will continue to operate the system at a level acceptable for the rating despite that Memorial's pro forma leverage and cash to pro forma debt are less than adequate. Per management's long-term projections, we do not anticipate operating margins of less than 3%, leverage of greater than 38%, or unrestricted reserves of less than 260 days.

However, if Memorial is unable to meet its budget for fiscal 2014 given the stress that the new debt has put on the balance sheet, we will most likely lower our rating. For the first two months of fiscal 2014, Memorial is ahead of budget,

We do not anticipate raising the rating during the 18-month outlook period.

Enterprise Profile

Market share and utilization

In the Springfield market, MMC competes with St. John's Hospital, which is a part of Hospital Sisters Health Services Inc. MMC continues to lead the market, with a 55% share for the first six months of calendar 2013. This market share remains a positive for Memorial. We note that the trauma designation switches annually between MMC and St. John's and was not with MMC in fiscal 2013. For fiscal 2013, Memorial's acute discharges were down 3.4%. The decline has resulted from the exclusion of trauma services from MMC in fiscal 2013 and the impact of high-deductible health plans. However, Memorial did see increases in inpatient and outpatient surgeries.

Management

Memorial's management team has remained stable. During fiscal 2013 Memorial became a member of the BJC Collaborative, whose other members are BJC HealthCare, CoxHealth, and St. Luke's Health System. The members combined have more than 5,600 beds and revenue of almost \$7 billion. The newly formed collaborative will allow the members to focus on lowering health care costs and deploying clinical programs and services to improve access to patients, among other pursuits.

Management is moving forward with plans to expand MMC. The plan would include new patient rooms, operating rooms and support areas, a new Memorial Center for Learning and Innovation building, a new main entrance and lobby renovation, and upgrades of infrastructure.

The MMC Expansion Project

Following are more specific details on the expansion project:

- Construction of a new patient tower consisting of three levels totaling 115,000 gross square feet and 114 private beds. This expansion will take MMC to all medical/surgical private rooms without changing the total number of available beds. In addition, the main entrance and lobby will be renovated. The estimated cost is \$63.8 million.
- Expansion of MMC's main operating room facilities, with the construction of a two-story 34,400-gross-square-foot building attached to the new patient tower consisting of six new operating rooms (five incremental operating rooms). The estimated cost is \$31.4 million.
- Construction of the Memorial Center for Learning and Innovation (MCLI), a four-story, 50,000-gross-square-foot building at an estimated cost of \$36.1 million, which MMC and Southern Illinois University School of Medicine will use. MCLI will allow MMC to advance medicine and develop its workforce by enhancing education and training capabilities for staff and physicians, and will strengthen its relationship with Southern Illinois University. MMC will fund a portion of this facility.
- Renovation and equipping of MMC's existing energy plant and related infrastructure at an estimated cost of \$14.5 million. A total of 4,500 gross square feet will be added to accommodate the additional infrastructure needed for this campus expansion.

Financial Profile

In accordance with our methodology explained in our report "New Bad Debt Accounting Rules Will Alter Some U.S. Not-for-Profit Health Care Ratios But Won't Affect Ratings," published Jan. 19, 2012 on RatingsDirect, we recorded Memorial's 2013 audit to include the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2011-07 in 2012 but not in prior periods. The new accounting treatment means that Memorial's fiscal 2012 and subsequent financial statistics are directly comparable neither with the results for 2011 and prior years, nor with the 2011 median ratios. For an explanation of how the change in accounting for bad debt affects each financial measure, including the direction and size of the change, please see the above report.

Operations

Memorial saw a second consecutive year of solid operations in fiscal 2013, posting an operating margin of 5.3% compared with 7.1% for fiscal 2012. Per management, fiscal 2013 was a better operating year than fiscal 2012. However, fiscal 2013 results suffered as a result of a rise in expenses related to Memorial's transition to a defined contribution pension plan from its defined benefit plan. This change had an approximately \$12 million negative impact, but should help to smooth funding for the pension plan. Also, Memorial suffered from the designation of trauma services at its competitor, lower second-year meaningful use funds and the one-time impact of a Medicare group appeal that was received in fiscal 2012. The aforementioned items had a negative impact of approximately \$13 million. Although Memorial faced the above challenges to operations coupled with softening of utilization, management was able to continue to improve its cost saving program, "Strengthen Our Future," which saved the system approximately \$24 million, or \$6 million more than in fiscal 2012.

For fiscal 2013, Memorial had 4.2x pro forma debt service coverage.

Balance sheet

The balance sheet for Memorial is good, in our view, with 263 days' cash at the end of fiscal 2013. As of Sept. 30, 2013, Memorial's pro forma leverage was less than adequate at 38%, and cash to pro forma debt declined to 124%.

Series 2012 debt

Memorial entered into a series 2012B direct note obligation to borrow \$60 million on Sept. 13, 2012, with a final maturity date of Oct. 1, 2033. The interest rate is fixed at 4.26% (or a monthly equivalent coupon yield of 4.22%) per annum. The proceeds from the 2012B direct note obligation were used to construct, equip, and pay for any related financing costs for two medical office buildings that will be leased to employed and nonemployed physicians. One of the buildings will be located on the campus of Passavant Area Hospital in Jacksonville, Ill., and the other will be at MMC.

In addition, Memorial closed on a \$90 million taxable, floating-rate line of credit that it had been using to pay for a portion of its construction projects. Upon delivery of the series 2014A bonds the obligated group plans to reduce the available amount to \$30 million. Under the terms of the agreement, any amount outstanding on the line of credit on Jan. 1, 2015 will be converted to a term loan that will be amortized over a 20-year period with a tender date of Jan. 1, 2020. By Dec. 31, 2013, Memorial will have drawn \$25 million on the line of credit, which it will repay in full with the proceeds of the series 2014A bonds.

Memorial Health System and Subsidiaries Financial Summary

	--Fiscal year ended Sept. 30--			
	2013*	2012*	2011	2010
Financial performance				
Net patient revenue (\$000s)	678,570	676,427	647,862	639,923
Total operating revenue (\$000s)	759,999	754,814	736,065	717,104
Total operating expenses (\$000s)	719,408	701,626	717,015	676,762
Operating income (\$000s)	40,591	53,188	19,050	40,342
Operating margin (%)	5.34	7.05	2.59	5.63
Net non-operating income (\$000s)	13,757	13,502	7,897	(510)
Excess income (\$000s)	54,348	66,690	26,947	39,832
Excess margin (%)	7.02	8.68	3.62	5.56
Operating EBIDA margin (%)	12.99	14.85	9.54	11.83
EBIDA margin (%)	14.53	16.35	10.50	11.77
Net available for debt service (\$000s)	111,944	125,621	78,102	84,406
Maximum annual debt service (MADS; \$000s)	29,202	29,202	29,202	29,202
MADS coverage (x)	3.83	4.30	2.67	2.89
Liquidity and financial flexibility				
Unrestricted cash and investments (\$000s)	484,703	389,595	323,356	354,305
Unrestricted days' cash on hand	263.3	217.6	174.7	202.4
Unrestricted cash/total long-term debt (%)	185.1	183.4	146.3	156.4
Average age of plant (years)	8.0	7.1	7.6	8.6
Capital expenditures/Depreciation and amortization (%)	209.2	106.7	199.5	214.5

Memorial Health System and Subsidiaries Financial Summary (cont.)**Debt and liabilities**

Total long-term debt (\$000s)	261,803	212,400	220,990	226,570
Long-term debt/capitalization (%)	29.0	30.4	33.2	35.8
Contingent liabilities (\$000s)	97,005	69,795	77,340	81,659
Contingent liabilities/total long-term debt (%)	37.1	32.9	35.0	36.0
Debt burden (%)	3.76	3.78	3.91	4.03
Defined benefit plan funded status (%)	N.A.	71.52	74.71	67.20

Pro forma ratios

Unrestricted days' cash on hand	263.28
Unrestricted cash/total long-term debt (%)	124.47
Long-term debt/capitalization (%)	37.74

*FASB 2011-07 adopted related to the treatment of bad debt. Standard & Poor's recorded bad debt expense as if FASB 2011-07 were adopted related to the treatment of bad debt beginning in fiscal 2012. N.A.--Not available.

Related Criteria And Research**Related Criteria**

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- General Criteria: Group Rating Methodology, Nov. 19, 2013

Related Research

- Glossary: Not-For-Profit Health Care Ratios, Oct. 26, 2011
- The Outlook For U.S. Not-For-Profit Health Care Providers Is Negative From Increasing Pressures, Dec. 10, 2013
- U.S. Not-For-Profit Health Care Stand-Alone Ratios: Operating Pressures Led To Mixed Results In 2012, Aug. 8, 2013
- Health Care Providers And Insurers Pursue Value Initiatives Despite Reform Uncertainties, May 9, 2013

Ratings Detail (As Of January 3, 2014)**Illinois Fin Auth, Illinois**

Memorial Hlth Sys, Illinois

Series 2009

Long Term Rating

A+/Stable

Affirmed

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X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements NOT APPLICABLE – A+/A1 Bond Rating

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 - NOT APPLICABLE – No 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: **SEE BELOW**

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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Adult Psych Unit	N/A	\$221	N/A	N/A	11,290	35.5%	N/A	\$2,499,000	\$2,499,000
Contingency	N/A	\$22	N/A	N/A	11,290	35.5%	N/A	\$248,534	\$248,534
TOTALS	N/A	\$243	N/A	N/A	11,290	35.5%	N/A	\$2,747,534	\$2,747,534

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.

Projected Passavant Area Hospital FY17 direct annual operating costs/equivalent patient day = \$1,987 and for the Adult Psychiatric unit only, the projected operating cost per equivalent patient day is \$428.

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.

The project will add \$2.67 bringing the total projected Passavant Area Hospital FY17 total annual capital costs/equivalent patient day to \$136.41.

SAFETY NET IMPACT STATEMENT – ATTACHMENT 40

1. This project will strengthen essential safety net services in the community. Passavant Area Hospital is the sole community hospital located in Jacksonville and Morgan County. The hospital serves as the only safety-net hospital for the residents of Morgan, Cass and Scott counties and is located in a rural area of central Illinois which has limited access to any AMI services.

The primary service area for the project includes six rural counties in west central Illinois – Morgan, Cass, Scott, Brown, Greene and Macoupin counties. All six counties are designated Medically Underserved areas and Health Professional Shortage Areas for both Mental Health and Primary Medical Care services by the U.S. Department of Health and Human Services Health Resources and Services Administration as shown below.

**Mental Health and Medical Shortage Areas in Primary Service Area
Medically Underserved Areas and Health Manpower Professional Shortage Areas
As Designated by U.S. Department of Health and Human Services, HRSA (7/1/2014)**

County Primary Service Area:	Medically Underserved Areas	Mental Health Manpower Shortage Areas
Morgan	Waverly precinct	Catchment Area 3-02-02
Cass	County 57.40	County
Macoupin	South Palmyra township Area 60.70 Hillyard township 60.90 Gillespie Service Area (2 census tracts) 60.60	County, Macoupin County Health Department
Greene	County 57.50	County, Thomas H. Boyd Rural Health Clinic
Brown	County 36.10	County, Quincy Medical Group – Mount Sterling Rural Health, Western Illinois Correctional Center
Scott	County 56.70	County, Quincy Medical Group – Winchester Family Practice

This project will enhance the applicant safety-net hospital's ability to serve this population of persons who required Acute Mental Illness services. Many of these individuals are now presenting at the Passavant Area Hospital emergency department in

psychiatric crisis and encountering long waits, holds and transfers to distant hospitals before receiving inpatient treatment. This project will assist the Passavant Area Hospital emergency department team, other agencies serving those with mental illness and families of mentally ill patients to get the help they need faster and closer to home.

The Acute Mental Illness unit at Passavant will be available to all of the residents in the primary service area requiring AMI services. Many of these patients are low-income and otherwise vulnerable, as documented by their residing in Medically Underserved Areas and/or Health Professional Shortage Areas.

2. This project will a positive impact on the ability of other providers and the regional health care system to cross-subsidize safety net services by providing a place to refer adult Medicaid, uninsured and underinsured patients requiring Acute Mental Illness services. Currently, many of these patients present to area hospital emergency departments and are held there until a hospital with an AMI unit will accept the patient. This creates both a clinical and financial burden on the local hospitals which are ill-equipped to care for these patients while they are also providing emergency medical treatment to their other patients. This project will have a positive impact on the other non-AMI safety net services provided by other providers and health systems by freeing critical access hospitals in the service area to focus their emergency staff and resources on their patients with other emergency medical and surgical needs.
3. The impact of discontinuation of a facility or service in not applicable since Passavant Area Hospital will not be discontinuing any services.

The amount of charity care provided by Passavant Area Hospital for the 3 fiscal years prior to submission of this CON application is provided below. These amounts were calculated in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act.

CHARITY CARE – Passavant Area Hospital			
Charity (# of patients)	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Inpatient	171	168	150
Outpatient	3,857	3,750	3,305
Total	4,028	3,918	3,455
Charity (cost In dollars)			
Inpatient	\$179,372	\$174,920	\$235,237
Outpatient	\$4,042,054	\$3,908,428	\$5,190,052
Total	\$4,221,426	\$4,083,348	\$5,425,289

The amount of care provided by Passavant Area Hospital to Medicaid patients for the 3 Fiscal years prior to submission of this CON application are provided below. These amounts were provided 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 Illinois Health Facilities and Services Review Board under Section 13 of the Illinois Health Facilities Act and published in the Annual Hospital Profile.

MEDICAID – Passavant Area Hospital			
Medicaid (# of patients)	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Inpatient	575	571	572
Outpatient	12,948	12,768	12,614
Total	13,523	13,339	13,186
Medicaid (revenue)			
Inpatient	\$11,583,760	\$12,245,154	\$11,880,559
Outpatient	\$21,992,357	\$23,983,111	\$25,835,501
Total	\$33,576,117	\$36,228,265	\$37,716,060

Other information relevant to safety net services.

The applicant is the sole community hospital provider in Morgan County and serves parts of 3 other contiguous counties that do not have hospitals including Cass, Scott and Brown counties. The applicant serves as the nearest safety net hospital to uninsured, underinsured and Medicaid patients in these counties. These counties are designated primary care Medically Underserved Areas and/or Mental Illness Health Manpower Shortage Areas. The specific designations are listed above in this Attachment 40. This project will enhance Passavant Area Hospital's ability to provide safety net services to these populations.

Charity Care Information – ATTACHMENT – 41

The amount of charity care provided by Passavant Area Hospital for the last three **audited** fiscal years, the cost of charity care and the ratio of charity care cost to net patient revenue are shown below. 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 – Passavant Area Hospital			
	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Net Patient Revenue	\$84,145,073	\$86,584,967	\$84,814,670
Amount of Charity Care (charges)	\$11,985,876	\$12,006,317	\$15,589,912
Cost of Charity Care	\$4,221,426	\$4,083,348	\$5,425,289
Ratio of Cost of Charity Care to Net Patient Service Revenue	5.0%	4.7%	6.4%