

ORIGINAL

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

JAN 23 2015

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATIONHEALTH FACILITIES &
SERVICES REVIEW BOARD**This Section must be completed for all projects.****Facility/Project Identification**

Facility Name: The Carle Foundation Hospital		
Street Address: 611 West Park Street		
City and Zip Code: Urbana, IL 61801		
County: Champaign	Health Service Area: HSA-4	Health Planning Area: D-1

Applicant /Co-Applicant Identification**[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name (Co-Applicant): The Carle Foundation
Address: 611 West Park Street, Urbana IL, 61801
Name of Registered Agent: James C. Leonard, MD
Name of Chief Executive Officer: James C. Leonard, MD
CEO Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3220

Exact Legal Name (Co-Applicant): The Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Name of Registered Agent: James C. Leonard, MD
Name of Chief Executive Officer: James C. Leonard, MD
CEO Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-3220

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: Collin Anderson
Title: Business Development & Regulatory Coordinator
Company Name: The Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-8364
E-mail Address: Collin.Anderson@Carle.com
Fax Number:

Additional Contact

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

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli P.C.
Address: 161 N. Clark Street, Suite 4200 Chicago, IL 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:

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: Collin Anderson
Title: Business Development & Regulatory Coordinator
Company Name: The Carle Foundation Hospital
Address: 611 West Park Street, Urbana IL, 61801
Telephone Number: 217-383-8364
E-mail Address: Collin.Anderson@Carle.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: The Board of Trustees of the University of Illinois, a body corporate and politic of the State of Illinois
Address of Site Owner: 238 Henry Administration Building 506 South Wright Street Urbana, IL 61801
Street Address or Legal Description of Site: Land bounded by S. First Street to the west, Gerty Drive to the north, S. Fourth Street to the east and W. Windsor Road to the south.
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: The Carle Foundation Hospital	
Address: 611 West Park Street, Urbana IL, 61801	
☒ 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. - o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

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

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

Flood Plain Requirements

[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 Carle Foundation ("Carle") proposes to construct a two story outpatient Orthopedic and Sports Medicine Facility in Champaign, Illinois upon land bounded by S. First Street to the west, Gerty Drive to the north, S. Fourth Street to the east and W. Windsor Road to the south (the "Project"). Carle will enter into a ground lease to develop the land associated with the Project from the site owner and will be the owner of the entire building and associated parking lot. The total project cost is expected to be \$23,100,000 and will be funded with cash and securities.

The Orthopedic and Sports Medicine Facility will include 32,806 square feet of clinical space for diagnostic and treatment rooms. Specifically, the medical office building is intended to house the following clinical components:

- Exam and procedure rooms for Orthopedic and Sports Medicine providers
- Physical therapy gym
- X-ray rooms
- Cast bays

The Project will also contain 19,194 square feet relating to non-clinical areas, including:

- Administrative space for leadership, case management and insurance experts
- Sports performance enhancement space
- Mechanical components and other building systems

This project does not propose to establish a new category of service or a new health care facility as defined by the Planning Act. The clinical services and programs that will be provided are already being provided by the Applicants at existing locations. The Project is non-substantive.

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	\$142,075	\$138,450	\$280,525
Site Survey and Soil Investigation	\$25,000	\$25,000	\$50,000
Site Preparation	\$272,987	\$256,988	\$529,975
Off Site Work	\$485,276	\$2,085,132	\$2,570,408
New Construction Contracts	\$6,100,000	\$5,000,000	\$11,100,000
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$610,000	\$500,000	\$1,110,000
Architectural/Engineering Fees	\$454,823	\$442,612	\$897,435
Consulting and Other Fees	\$485,000	\$630,000	\$1,115,000
Movable or Other Equipment (not in construction contracts)	\$2,420,000	\$1,400,000	\$3,820,000
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$423,352	\$1,203,305	\$1,626,657
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$11,418,513	\$11,681,487	\$23,100,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$11,418,513	\$11,681,487	\$23,100,000
Pledges	\$0	\$0	\$0
Gifts and Bequests	\$0	\$0	\$0
Bond Issues (project related)	\$0	\$0	\$0
Mortgages	\$0	\$0	\$0
Leases (fair market value)	\$0	\$0	\$0
Governmental Appropriations	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Other Funds and Sources	\$0	\$0	\$0
TOTAL SOURCES OF FUNDS	\$11,418,513	\$11,681,487	\$23,100,000
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 \$ _____.

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): January 31, 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: Carle Foundation Hospital		CITY: Urbana			
REPORTING PERIOD DATES: From: 1/1/2013 to: 12/31/2013					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	212	15,098	71,683	n/a	212
Obstetrics	35	2,724	8,230	n/a	35
Pediatrics	20	1,208	3,851	n/a	20
Intensive Care	38	1,998	6,869	n/a	38
Comprehensive Physical Rehabilitation	15	363	4,224	n/a	15
Acute/Chronic Mental Illness	0	0	0	n/a	0
Neonatal Intensive Care	25	437	4,724	n/a	25
General Long Term Care	0	0	0	n/a	0
Specialized Long Term Care	0	0	0	n/a	0
Long Term Acute Care	0	0	0	n/a	0
Other ((identify))	0	0	0	n/a	0
TOTALS:	345	21,828	99,581	n/a	345

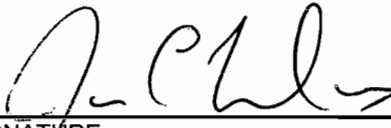
Note: Carle added 48 medical/surgical beds in 2014 bringing its total to 260 medical/surgical beds and 393 total beds.

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 The Carle Foundation *
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

James C. Leonard, MD
PRINTED NAME

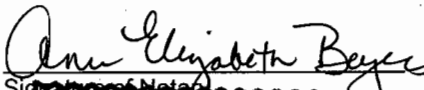
President and CEO
PRINTED TITLE


SIGNATURE

John M. Snyder
PRINTED NAME

Executive Vice President and COO
PRINTED TITLE

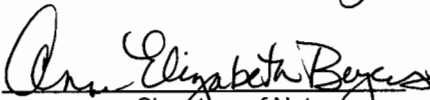
Notarization:
Subscribed and sworn to before me
this 19th day of January


Signature of Notary

"OFFICIAL SEAL"
Seal **ANN ELIZABETH BEYERS**
Notary Public, State of Illinois
My commission expires 02/22/15

*Insert EXACT legal name of the applicant

Notarization:
Subscribed and sworn to before me
this 19th day of January


Signature of Notary

"OFFICIAL SEAL"
Seal **ANN ELIZABETH BEYERS**
Notary Public, State of Illinois
My commission expires 02/22/15

CERTIFICATION

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SIGNATURE

James C. Leonard, MD
PRINTED NAME

President and CEO
PRINTED TITLE

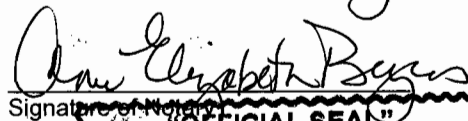

SIGNATURE

John M. Snyder
PRINTED NAME

Executive Vice President and COO
PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 19th day of January 2014


Signature of Notary

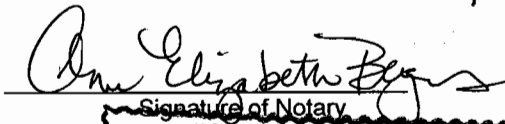
Seal

"OFFICIAL SEAL"
ANN ELIZABETH BEYERS
Notary Public, State of Illinois
My commission expires 02/22/15

*Insert EXACT legal name of the applicant

Notarization:

Subscribed and sworn to before me
this 19th day of January 2014


Signature of Notary

"OFFICIAL SEAL"
ANN ELIZABETH BEYERS
Notary Public, State of Illinois
My commission expires 02/22/15

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.

UNFINISHED OR SHELL SPACE: (Not Applicable)

Provide the following information:

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

APPEND DOCUMENTATION AS **ATTACHMENT-16**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: (Not Applicable)

Submit the following:

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

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

SECTION V. - MASTER DESIGN AND RELATED PROJECTS (Not Applicable)

This Section is applicable only to proposed master design and related projects.

Criterion 1110.235(a) - System Impact of Master Design

Read the criterion and provide documentation that addresses the following:

1. The availability of alternative health care facilities within the planning area and the impact that the proposed project and subsequent related projects will have on the utilization of such facilities;
2. How the services proposed in future projects will improve access to planning area residents;
3. What the potential impact upon planning area residents would be if the proposed services were not replaced or developed; and
4. The anticipated role of the facility in the delivery system including anticipated patterns of patient referral, any contractual or referral agreements between the applicant and other providers that will result in the transfer of patients to the applicant's facility.

Criterion 1110.235(b) - Master Plan or Related Future Projects

Read the criterion and provide documentation regarding the need for all beds and services to be developed, and also, document the improvement in access for each service proposed. Provide the following:

1. The anticipated completion date(s) for the future construction or modernization projects; and
2. Evidence that the proposed number of beds and services is consistent with the need assessment provisions of Part 1100; or documentation that the need for the proposed number of beds and services is justified due to such factors, but not limited to:
 - a. limitation on government funded or charity patients that are expected to continue;
 - b. restrictive admission policies of existing planning area health care facilities that are expected to continue;
 - c. the planning area population is projected to exhibit indicators of medical care problems such as average family income below poverty levels or projected high infant mortality.
3. Evidence that the proposed beds and services will meet or exceed the utilization targets established in Part 1100 within two years after completion of the future construction of modernization project(s), based upon:
 - a. historical service/beds utilization levels;
 - b. projected trends in utilization (include the rationale and projection assumptions used in such
 - c. projections);
 - d. anticipated market factors such as referral patterns or changes in population characteristics (age, density, wellness) that would support utilization projections; and anticipated changes in delivery of the service due to changes in technology, care delivery techniques or physician availability that would support the projected utilization levels.

Criterion 1110.235(c) - Relationship to Previously Approved Master Design Projects

READ THE CRITERION which requires that projects submitted pursuant to a master design permit are consistent with the approved master design project. Provide the following documentation:

1. Schematic architectural plans for all construction or modification approved in the master design permit;
2. The estimated project cost for the proposed projects and also for the total construction/modification projects approved in the master design permit;
3. An item by item comparison of the construction elements (i.e. site, number of buildings, number of floors, etc.) in the proposed project to the approved master design project; and
4. A comparison of proposed beds and services to those approved under the master design permit.

APPEND DOCUMENTATION AS ATTACHMENT-18, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP (Not Applicable)

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE COMPLETE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
 - a. the location (town and street address);
 - b. the number of beds;
 - c. a list of services; and
 - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

Sections A-N and P are not applicable.

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

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

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT-34</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

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

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

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									

1120.140 Economic Feasibility

C. Reasonableness of Project and Related Costs

The Applicants propose to construct a two story outpatient orthopedic and sports medicine medical office building.

The table below shows the cost and gross square foot allocation for all clinical departments impacted by the proposed project.

Cost and Gross Square Feet by Department of Service									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost / sf		Gross sf		Gross sf		Const \$ (A x C)	Mod \$ (B x E)	
	New	Mod	New	Circ	Mod	Circ			
Outpatient Ortho/Sports Med Facility	\$185.94		32,806				\$6,100,000		\$6,100,000
Contingency	\$18.59		32,806				\$610,000		\$610,000
TOTALS	\$204.54		32,806				\$6,710,000		\$6,710,000

The values in column C reflect the total gross square footage
Circulation is 23.1% of the gross square footage.

The following is documentation regarding whether the estimated project costs are reasonable and in compliance with the state standards, as defined in Section 1120.140 (C) of the Administrative Code,

1. Preplanning costs are 1.56% of the sum of new construction, modernization, contingency, and equipment costs, which is under the state standard of 1.8%. Therefore this item is compliant with the state standard.
2. Site survey, soil investigation, or site preparation costs are 4.4% of construction and contingency costs, which is under the state standard of 5.0%. Therefore this item is compliant with the state standard.
3. Off-site work costs total \$485,276. There is no state standard for off-site work.
4. New construction and contingency costs are \$204.54 per gsf, compared with the 3rd quartile of the RS Means standard of \$215.00/gsf. Therefore this item is compliant with the state standard.
5. There are no modernization contracts associated with this project. Therefore this item is not applicable.

1120.140 Economic Feasibility

C. Reasonableness of Project and Related Costs

6. The new construction contingency is 10.0% of new construction contracts, compared with the state standard of 10% for projects in the schematics stage. Therefore this item is compliant with the state standard.
7. Architectural and Engineering Fees for new construction are 6.78% of the sum of new construction contracts and the new construction contingency budget. This is within the state standard of a range of 5.27-7.91% for a new construction budget under \$7,000,000. Therefore this item is compliant with the state standard.
8. Consulting and Other Fees total \$485,000. There is no state standard for Consulting and Other Fees.
9. Movable or Other Equipment (Not in Construction Contracts) costs total \$2,420,000. There is no applicable state standard for Movable and Other Equipment for this project.
10. There is no Bond Issuance expense associated with the proposed project.
11. There is no Net Interest Expense during Construction associated with the proposed project.
12. There is no Fair Market Value of Leased Space or Equipment associated with the proposed project.
13. Other Costs to Be Capitalized are \$423,352. There is no state standard for Other Costs to Be Capitalized.
14. There is no Acquisition of Building or Other Property cost associated with the proposed project. Therefore this item is not applicable.

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 43.

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

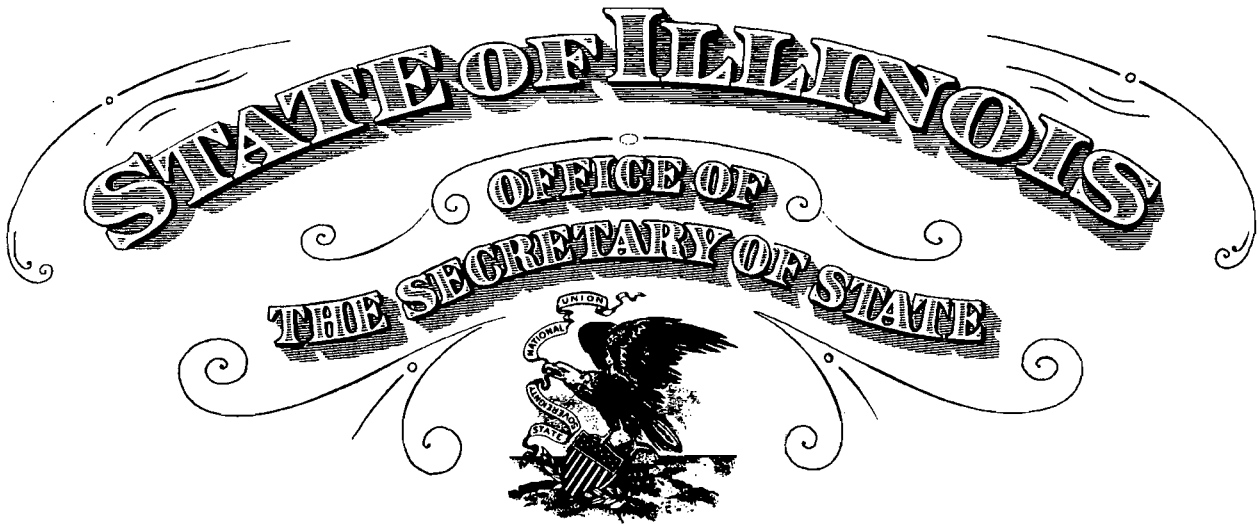
A table in the following format must be provided for all facilities as part of Attachment 44.

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			
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1	Applicant/Coapplicant Identification including Certificate of Good Standing		29-30
2	Site Ownership		31-33
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		34-35
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.		36
5	Flood Plain Requirements		37-38
6	Historic Preservation Act Requirements		39-40
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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 CARLE FOUNDATION HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 28, 1982, 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.



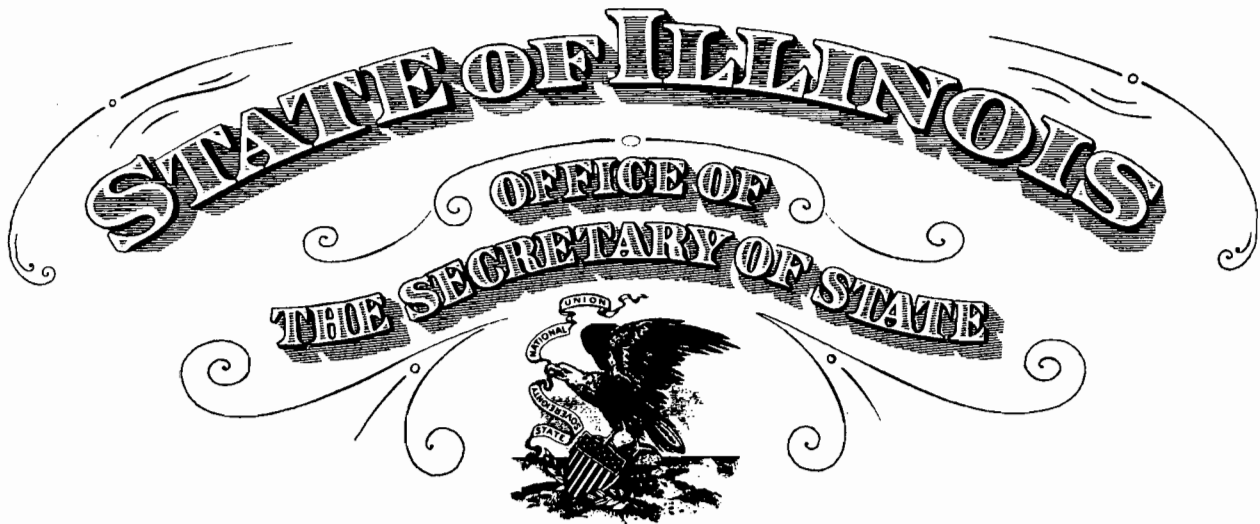
Authentication #: 1405701678

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 26TH day of FEBRUARY 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

THE CARLE FOUNDATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 06, 1946, 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 #: 1405701618

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 26TH day of FEBRUARY A.D. 2014 .

Jesse White

SECRETARY OF STATE

COPY



University of Illinois Research Park, LLC

January 21, 2015

Scott Harding
Vice President of Facilities and Support Services
Carle Foundation Hospital
611 West Park Street
Urbana, IL 61801

LETTER OF INTENT

Orthopedics/Sports Medicine & Research Building at the University of Illinois Research Park

Dear Scott,

This non-binding letter of intent ("Letter of Intent") on behalf of the University of Illinois Research Park, L.L.C. ("UIRP") is intended to serve as the basis for negotiating a final written ground lease agreement ("Ground Lease") with Carle Foundation Hospital ("Carle") for a tract of land ("Tract") to be located in the Phase IV development area of the University of Illinois Research Park ("Research Park") and upon which Carle will construct and operate the Carle Orthopedic & Sports Medicine Medical Office building ("Building").

The Ground Lease will be contingent upon and subject to the prior execution of a master ground lease for the Tract ("Master Lease") between the owner of the Tract, which is the Board of Trustees of the University of Illinois ("University"), and UIRP for a like term to the Ground Lease. The Ground Lease shall be subject to amended and restated Declaration of Covenants, Conditions, Restrictions and Easements recorded as document December 23, 2013 as document number 2013R29121 and in the Office of the Champaign County Recorder, and any subsequent amendments thereto (collectively the "Declaration") which shall regulate and control the use and development of the Tract. The Tract will also be subject to all applicable land development regulations of the City of Champaign, including but not limited to zoning and subdivision approvals. The Tract selection and Building design shall be subject to the UIRP Design Review Committee ("DRC") approval process as outlined in the Declaration.

Legal Name of Tract Owner:	The Board of Trustees of the University of Illinois ("University"), a body corporate and politic of the State of Illinois, is the owner of the Tract, located in the City of Champaign, Illinois. 238 Henry Administration Building 506 South Wright Street Urbana, IL 61801
Master Lease:	The University will enter into a master lease with the University of Illinois Research Park, L.L.C., an Illinois limited liability company, whose sole member is the University, concerning the Tract ("Master Lease"). It is contemplated that the University and UIRP will enter into the Master Lease, and UIRP and Carle will enter into the Ground Lease, upon recordation with the Champaign County Recorder's Office of a plat reflecting the Tract.
Ground Lease:	UIRP will enter into a Ground Lease with Carle Foundation Hospital for the Tract. Carle will possess a leasehold interest in the Tract and shall own the

506 South Wright Street, Urbana, IL 61801
217.265.5440



COPY

University of Illinois Research Park, LLC

	Building and/or other improvements constructed on the Tract until the expiration of the Ground lease, whereupon the Building and any improvements shall become the property of UIRP and/or the University.
Description of Tract:	A tract of land ("Tract") identified and agreed to by UIRP and Carle contained within the area bounded by South First street on the west, Gerty Drive to the north, South Fourth Street on the West and West Windsor Road on the South, in Champaign, Illinois.
Ground Lease Term:	Fifty (50) year term
Ground Lease Rent:	An appraisal of the Tract will be used to determine the fair market land rent rate and shall be completed after the Tract location is finalized and before the execution of the Master Lease. Rent shall be adjusted each five year period thereafter during the term to reflect increases to the Consumer Price Index.
Building Square Footage:	The minimum square footage of the Building shall be 30,000 square feet.
Parking:	By no later than the lease commencement date indicated in the Ground Lease, Carle shall construct parking facilities and access on the Tract which are sufficient to provide the Building with exclusive parking spaces.
Storm Water Detention:	Carle shall be responsible for the design, construction, cost and maintenance of any storm water detention required for the development of the Tract.
Utility Services:	UIRP may construct utilities infrastructure at its sole cost, and in such case Carle shall pay a utility infrastructure fee ("tapping fee") at the commencement of the Ground Lease. Carle shall pay for all utility services supplied to the Tract and Building.
Real Estate Taxes:	Carle shall pay, prior to delinquency, directly to the taxing authority any taxes assessed against the Tract and Building.
Permitted Uses:	Carle shall occupy at least 90% of the Building and have the right to use the Building for uses, operations and functions which shall be substantially research or technology oriented and desirably has a demonstrable and on-going relationship to the University ("Permitted Uses"). In addition, Carle shall have the right to use the Building for uses, operations or functions which will be beneficial to the objectives of the Research Park but are not Permitted Uses ("Office Uses"), provided that the Office Uses do not violate any federal, state or local laws, statutes, orders, ordinances, rules or regulations, and do not violate University policies and procedures. Office Uses shall require prior written approval by UIRP.
Statement of Confidentiality:	This transaction shall remain confidential until the Ground Lease is fully executed or this Letter of Intent expires. All media communication about the project will be coordinated with Carle. Notwithstanding anything herein to the contrary, nothing herein is intended to require, nor shall it be deemed or construed to require, Carle or UIRP to fail to comply, on a timely basis, with a subpoena, court or administrative order or other legal process or requirement.
Letter of Intent Term:	This Letter of Intent expires on June 30, 2015 unless extended by mutual written agreement.

This transaction will also be subject to Certificate of Need ("CON") approval for construction completed by Carle.

506 South Wright Street, Urbana, IL 61801

217.265.5440



COPY

University of Illinois Research Park, LLC

If Carle enters a consulting agreement on the project with The Developer of the Research Park or its Affiliates, a copy of such agreement shall be provided to UIRP to allow coordination of responsibilities and duties in the management of the development.

This Letter of Intent, though not binding, is intended to serve as the basis for negotiating a final written Ground Lease which will contain material terms not mentioned in this letter. This letter does not create an exclusive right to negotiate or an obligation to continue negotiations. Either party may terminate negotiations at any time in its sole discretion. Partial performance by either party of the terms of this Letter of Intent, or the efforts by either party to perform due diligence or carry out other acts in contemplation of consummating this transaction, shall not be deemed evidence of intent by either party to be bound by the terms of this letter. The parties will not be bound to an agreement unless and until each party reviews, approves and executes a final written agreement.

Sincerely,

Dr. Lawrence Schook

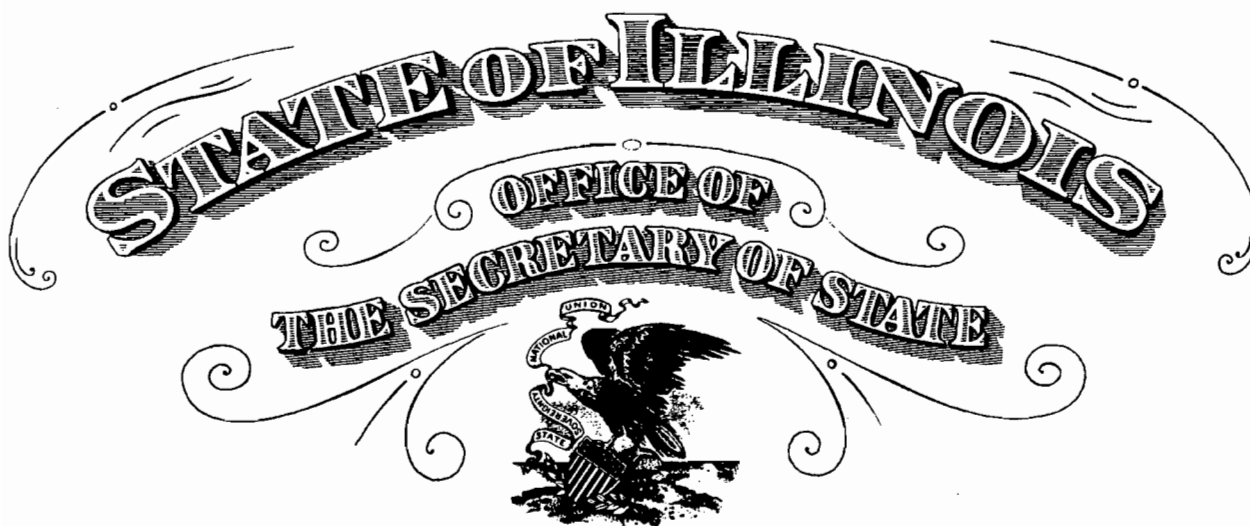
Executive Director, University of Illinois Research Park, L.L.C.
Vice President for Research, University of Illinois

Consented by Carle:

Scott Harding
Vice President of Facilities and Support Services

Date: January 22, 2015

506 South Wright Street, Urbana, IL 61801
217.265.5440



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 CARLE FOUNDATION HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 28, 1982, 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 #: 1405701678

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 26TH
day of FEBRUARY 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

THE CARLE FOUNDATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 06, 1946, 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.



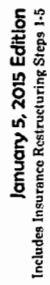
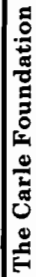
Authentication #: 1405701618

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 26TH
day of FEBRUARY A.D. 2014 .*

Jesse White

SECRETARY OF STATE



KEY

Borders		Fill	Text
Totable			Assumed Name <i>db/a</i>
Ttx Exempt			Limited Liability
Inactive			Partially Owned
Partially Owned			Percentage
			Common Business Name

Flood Plain Requirements

The site of the proposed project complies with the requirements of Illinois Executive Order #2005-5. Carle proposes to construct a two-story outpatient orthopedic and sports medicine medical office building in Champaign, Illinois upon land bounded by S. First Street to the west, Gerty Drive to the north S. Fourth Street to the east and W. Windsor Road to the south. Please see the attached FEMA flood insurance rate map documenting that the project site is not located in a Special Flood Hazard Area and note that Gerty Drive now extends west to S. Fourth Street.

Champaign County Map Panels

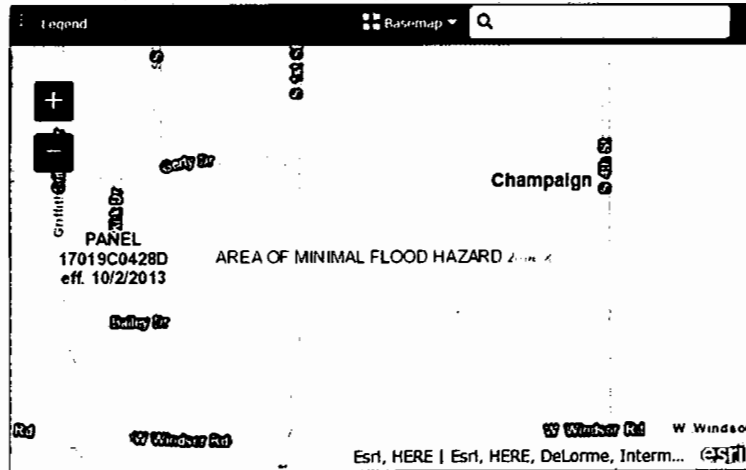
Effective Flood Insurance Rate Maps for County may be viewed and/or downloaded at the FEMA Map Service Center

... even more!

Below are links to resources pertaining to Champaign County

- Upper Sangamon River Watershed Discovery
- Unmapped Special Flood Hazard Areas (SFHA) (pdf)
- Destined for DFIRMs - stream studies becoming flood maps

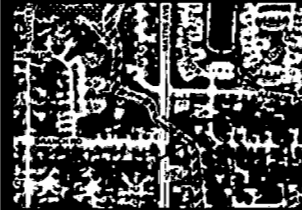
NFHL Viewer (more detailed flood data displays when zoomed in)



© 2013 - University of Illinois Board of Trustees; Email the Web Administrator with questions and comments.

What is a DFIRM?

The DFIRM database is a digital version of the FEMA flood insurance rate maps that is designed for use with digital mapping and analysis software.



The DFIRM is designed to provide the user with the ability to determine the flood zone, Base Flood Elevation, and the Flood Insurance Rate Map for a particular location. It also has the ability to view the flood zone, Base Flood Elevation, and the Flood Insurance Rate Map for a particular location. It also has the ability to view the flood zone, Base Flood Elevation, and the Flood Insurance Rate Map for a particular location.

Historic Resources Preservation Act Requirements

The applicants propose to construct a two-story outpatient orthopedic and sports medicine medical office building in Champaign, Illinois upon land bounded by S. First Street to the west, Gerty Drive to the north, S. Fourth Street to the east and W. Windsor Road to the south. A letter from the Illinois Historic Preservation Agency stating that the proposed project complies with the requirements of the Historic Resources Preservation Act is included as part of this attachment-6.



FAX 217/524-7525

Champaign County
Champaign
Bounded by S. 1st St., W. Windsor Rd., Gerty Drive and S. 4th Street
IHFSRB
New construction, medical clinic building

PLEASE REFER TO: IHPA LOG #016122914

January 8, 2015

Collin Anderson
Carle Foundation Hospital
611 W. Park St.
Urbana, IL 61801

Dear Mr. Anderson:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Rachel Leibowitz
Deputy State Historic
Preservation Officer

1 Old State Capitol Plaza
Springfield IL 62701

ILLINOISHISTORY.GOV

Project Costs			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Preliminary Design	\$74,050	\$70,475	\$144,525
Precon Budgets	\$68,025	\$67,975	\$136,000
Total	\$142,075	\$138,450	\$280,525
Site Survey and Soil Investigation	\$25,000	\$25,000	\$50,000
Site Preparation	\$272,987	\$256,988	\$529,975
Off Site Work	\$485,276	\$2,085,132	\$2,570,408
New Construction Contracts	\$6,100,000	\$5,000,000	\$11,100,000
Modernization Contracts	\$0	\$0	\$0
Contingencies	\$610,000	\$500,000	\$1,110,000
Architectural Fees			
Architectural Engineering	\$264,620	\$252,410	\$517,030
Mechanical Engineering	\$141,584	\$141,583	\$283,167
Structural Engineering	\$33,619	\$33,619	\$67,238
Code Review	\$15,000	\$15,000	\$30,000
Total	\$454,823	\$442,612	\$897,435
Consulting and Other Fees			
IDPH Permits	\$20,000	\$20,000	\$40,000
City Permits	\$180,000	\$180,000	\$360,000
Special Inspections	\$50,000	\$50,000	\$100,000
Commissioning	\$45,000	\$45,000	\$90,000
CON Fees/Expenses	\$50,000	\$50,000	\$100,000
Consultants	\$140,000	\$285,000	\$425,000
Total	\$485,000	\$630,000	\$1,115,000

Project Costs			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Movable or Other Equipment (not in construction contracts)			
Equipment General	\$1,500,000	\$500,000	\$2,000,000
Furniture	\$600,000	\$610,000	\$1,210,000
Security Access/Cameras	\$100,000	\$50,000	\$150,000
IT/Telecom	\$180,000	\$200,000	\$380,000
Signs/Wayfinding	\$40,000	\$40,000	\$80,000
Total	\$2,420,000	\$1,400,000	\$3,820,000
Bond Issuance Expense (project related)	\$0	\$0	\$0
Net Interest Expense During Construction (project related)	\$0	\$0	\$0
Fair Market Value of Leased Space or Equipment	\$0	\$0	\$0
Other Costs To Be Capitalized	\$423,352	\$1,203,305	\$1,626,657
Acquisition of Building or Other Property (excluding land)	\$0	\$0	\$0
TOTAL USES OF FUNDS	\$11,418,513	\$11,681,487	\$23,100,000

Active CON Permits

The Carle Foundation Hospital has two active CON permits:

CON 12-071: ED Expansion Project

- The CON permit for project 12-071 was approved on October 30, 2012.
- The October 16, 2013 Annual Progress Report served as verification that the project was obligated on March 23, 2013.
- Project completion occurred on December 30, 2014. Notice of project completion and final realized costs report will be submitted by the March 31, 2015 deadline.

CON 14-015: Med/Surg Expansion Project

- The CON permit for project 14-015 was approved on August 27, 2014.
- The project has not yet been obligated. It is anticipated that the project will be obligated by the January 31, 2016 obligation deadline.
- An annual progress report has not yet been filed. One will be filed by the September 27, 2015 deadline.
- The project completion date of record is January 31, 2016. It is anticipated that the project will be completed in advance of this date.

Cost Space Requirements

The Applicants propose to construct a two-story outpatient orthopedic and sports medicine medical office building.

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Physicians Offices	\$7,592,961		23,135	23,135			
Diagnostic Imaging	\$1,199,295		2,418	2,418			
Therapy & Gym	\$2,626,257		7,253	7,253			
Total Reviewable	\$11,418,513	0	32,806	32,806	0	0	0
Non-Reviewable							
Mechanical & Other Building Systems	\$1,401,241		2,392	2,392			
Administrative	\$4,461,311		8,756	8,756			
Other Non-Clinical	\$5,818,935		8,046	8,046			
Total Non-Reviewable	\$11,681,487	0	19,194	19,194	0	0	0

Section 1110.130 Discontinuation

The applicants do not propose the discontinuation of a health care facility or a category of service. Therefore this section is not applicable.



Carle Foundation Hospital

611 West Park Street, Urbana, IL 61801-2595 Phone: (217) 383-3311

Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

RE: Attachment 11 - Background of Applicant

Dear Chair Olson:

The following information addresses the four points of the subject criterion 1110.230:

1. The health care facilities owned or operated by the applicants include:

The Carle Foundation Hospital

License Identification Number: 003798

Accreditation Identification Number: 119139-2012-AHC-USA-NIAHO

Hoopeston Community Memorial Hospital, DBA Carle

Hoopeston Regional Health Center

License Identification Number: 004200

Accreditation Identification Number: 128702-2012-AHC-USA-NIAHO

Champaign Surgicenter, LLC

License Identification Number: 7002959

Carle Recovery Center – Champaign

License Identification Number: 4000015

Carle Surgicenter – Danville

License Identification Number: 7002439

Carle Recovery Center – Danville

License Identification Number: 4000019

Windsor Court – Savoy

License Identification Number: 5102337

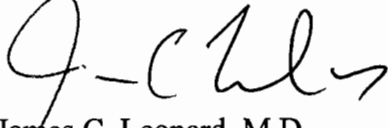
2. Proof of current licensure and accreditation is attached.

Attachment-11

3. There have been no adverse actions taken against the health care facilities owned or operated by the applicant during the three years prior to the filing of this application.

4. This letter serves as authorization permitting the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information which the State Board or Agency finds pertinent to this subsection.

Sincerely,

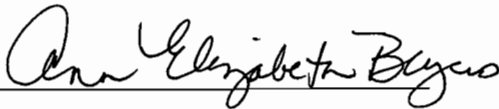


James C. Leonard, M.D.
President and CEO

Attachments

Notarization:

Subscribed and sworn to before
me this 19th day of January, 2015.



Signature of Notary





**Illinois Department of
PUBLIC HEALTH**

HF107132

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	ID NUMBER
12/31/2015	General Hospital	0003798
Effective: 01/01/2015		

**The Carle Foundation Hospital
611 West Park Street
Urbana, IL 61801**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012220 10M 3/12

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

Exp. Date 12/31/2015

Lic Number 0003798

Date Printed 11/25/2014

**The Carle Foundation Hospital
611 West Park Street
Urbana, IL 61801**

FEE RECEIPT NO.



Illinois Department of PUBLIC HEALTH

HF 106003

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	ID NUMBER
6/30/2015		0004200

Critical Access Hospital

Effective: 07/01/2014

Hoopeston Community Memorial Hospital
701 East Orange Street
Hoopeston, IL 60942

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320-10M-3/12

← **DISPLAY THIS PART IN A
CONSPICUOUS PLACE**

Attachment- 11

Exp. Date 6/30/2015

Lic Number 0004200

Date Printed 6/5/2014

Hoopeston Community Memorial Hosp

701 East Orange Street
Hoopeston, IL 60942

FEE RECEIPT NO.

DISPLAY THIS PART IN A
CONSPICUOUS PLACE



**Illinois Department of
PUBLIC HEALTH**

HF104643

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.

LaMacHasbrouck, MD, MPH
Acting Director

Issued under the authority of
the Illinois Department of
Public Health

EXPIRATION DATE	CATEGORY	LIC. NUMBER
01/31/2015		7002959

Ambulatory Surgery Treatment Center

Effective: 02/01/14

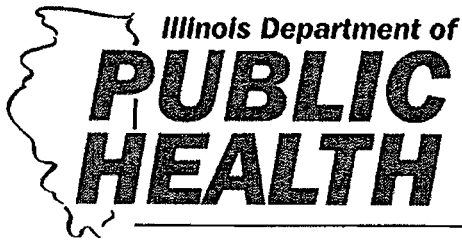
Champaign Surgicenter, LLC
dba Carle Surgicenter
1702 S. Mattis Avenue

Champaign, IL 61821

The face of this license has a colored background. Printed by Authority of the State of Illinois • PO #401232010W-372

Exp. Date 01/31/2015
Lic Number 7002959
Date Printed 12/10/2013
Champaign Surgicenter, LLC
dba Carle Surgicenter

FEE RECEIPT NO.



Pat Quinn, Governor

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

LICENSE, PERMIT CERTIFICATION, REGISTRATION

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

Alternative Health Care Delivery Act and the Postsurgical Recovery Care Center Demonstration Program Code (77Ill. Adm. Code 210)

Licensed number of Beds	Expiration Date	License Identification
6	08/01/2015	4000015

Carle Recovery Center-Champaign
1702 South Mattis Avenue
Champaign, IL 61821

Issued under the authority of The State of Illinois Department of Public Health



**Illinois Department of
PUBLIC HEALTH**

HF106271

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	I.D. NUMBER
07/31/2015		7002439
Ambulatory Surgery Treatment Center		
Effective: 08/01/2014		

Carle Surgicenter
2300 N. Vermillion
Danville, IL 61832

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #4012320 10M 3/12



Pat Quinn, Governor

525-535 West Jefferson Street • Springfield, Illinois 62761-0001 • www.idph.state.il.us

LICENSE, PERMIT CERTIFICATION, REGISTRATION

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

Alternative Health Care Delivery Act and the Postsurgical Recovery Care Center Demonstration Program Code (77Ill. Adm. Code 210)

Licensed number of Beds	Expiration Date	License Identification
2	08/01/2015	4000019

Carle Recovery Center-Danville
2300 North Vermillion
Danville, IL 61832

Issued under the authority of The State of Illinois Department of Public Health



State of Illinois 2164185
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.

LA RAY HASBROUCK, MD, MPH
DIRECTOR
Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
02/10/2015	A-7	5102337
ASSISTED LIVING LICENSE		
ISSUED: 02/10/14		
36 REGULAR UNITS		
36 TOTAL UNITS		

BUSINESS ADDRESS

STATUS: UNRESTRICTED
LICENSEE BUSINESS ADDRESS

WINDSOR COURT-SAVOY
401 BURNASH AVENUE
IL 61074
SAVOY

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/07 •

← DISPLAY THIS PART IN A
CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN
IDENTIFICATION

State of Illinois 2164185
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
02/10/2015	A-7	5102337

ASSISTED LIVING LICENSE

36 REGULAR UNITS
36 TOTAL UNITS

02/11/14

WINDSOR COURT-SAVOY
401 BURNASH AVENUE
IL 61074
SAVOY

FEE RECEIPT NO.

DNV HEALTHCARE INC

1400 Ravello Drive
Katy, Texas 77449
(281) 396-1000

400 Techne Center Drive,
Suite 100,
Milford, Ohio 45150
(513) 947-8343



July 9, 2012

James C. Leonard, M.D.
Chief Executive Officer
Carle Foundation Hospital
611 West Park Street
Urbana, IL 61822

Program: Hospital
CCN: 140091
Survey Type: Medicare Recertification/DNVHC First DNV
Certificate #: 119139-2012-AHC-USA-NIAHO
Survey Dates: June 5-8, 2012
Accreditation Decision: Full accreditation
Effective Date of Accreditation: 6/29/2012
Expiration Date of Accreditation: 6/29/2015
Term of Accreditation: Three (3) years

Dear Dr. Leonard:

Pursuant to the authority granted to Det Norske Veritas Healthcare, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Carle Foundation Hospital is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482) and awarded full accreditation for a three (3) year term effective on the date referenced above. Det Norske Veritas Healthcare, Inc. is recommending your organization for continued deemed status in the Medicare Program.

This accreditation is applicable to all facilities operating under the above-referenced CCN number at the following address(es):

Carle Foundation Hospital - 611 West Park Street - Urbana, IL 61822
Carle Sports Medicine at University of Illinois - 201 East Peabody - Champaign, IL 61820
Carle Therapy Services at Carle Spine Institute - 610 North Lincoln Ave - Urbana, IL 61801
Carle Therapy Services at North Annex - 810 W. Anthony Drive - Urbana, IL 61802
Carle Sleep Lab-Charleston - 5731 Park Drive - Charleston, IL 61920
Carle Therapy Services at Southwest Champaign - 2403 Village Green Place - Champaign, IL 61822
Carle Therapy and Low Vision Services at Mattis - 1802 S. Mattis - Champaign, IL 61821
Carle Pulmonary Rehabilitation - 810 W. University Avenue - Urbana, IL 61801
Carle Sports Medicine-Charleston - 5731 Park Drive - Charleston, IL 61920
Carle Sports Medicine-Urbana - 810 W. Anthony Drive - Urbana, IL 61801
Carle Sleep Lab-Danville - 2300 N. Vermilion - Danville, IL 61832
Carle Wound Healing Center-Danville - 2300 N. Vermilion Avenue - Danville, IL 61832
Carle Champaign Recovery Center - 1702 S. Mattis Avenue - Champaign, IL 61821
Carle Danville Surgery Center - 2300 N. Vermilion - Danville, IL 61832
Carle Therapy Services-Mahomet - 1001 Heather Drive - Mahomet, IL 61853
Carle Therapy Services-Danville - 2300 N. Vermilion - Danville, IL 61832
Carle Therapy Services-Rantoul - 1540 E. Grove Ave - Rantoul, IL 61866

This accreditation requires an annual survey and the organization's continual compliance with the DNVHC Accreditation Process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's accreditation status.

Congratulations on this significant achievement.

Sincerely,

ATTACHMENT-11

Patrick Horine
Executive Vice President, Accreditation
cc: CMS CO and CMS RO V (Chicago)

ATTACHMENT - 11

DNV HEALTHCARE INC

1400 Ravello Drive
Katy, Texas 77449
(281) 396-1000

400 Techne Center Drive,
Suite 100,
Milford, Ohio 45150
(513) 947-8343



July 10, 2012

James C. Leonard, M.D.
Chief Executive Officer
Carle Foundation Hospital
611 West Park Street
Urbana, IL 61822

Program: Primary Stroke Center Certification
Certificate #: 119139-2012-PSCC
Survey Dates: June 8, 2012
Certification Decision: Certified
Effective Date of Certification: 6/29/2012
Expiration Date of Certification: 6/29/2015
Term of Certification: Three (3) years

Dear Dr. Leonard:

Det Norske Veritas Healthcare, Inc. (DNVHC) is pleased to award certification to Carle Foundation Hospital as a Primary Stroke Center for a three (3) year term effective on the date referenced above.

The Primary Stroke Center Certification Program of DNV Healthcare Inc. integrates certain requirements of the DNV NIAHO® Hospital Accreditation Program, CMS Conditions of Participation for Hospitals, ISO 9001:2008 Quality Management System, Guidelines of the Brain Attack Coalition, and the Recommendations of the American Stroke Association®.

This certification requires an annual survey and the organization's continual compliance with the DNVHC Primary Stroke Center Certification process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's certification status.

Congratulations on this significant achievement.

Sincerely,

Patrick Horine
Executive Vice President, Accreditation

DNV HEALTHCARE INC

1400 Ravello Drive
Katy, Texas 77449
(281) 396-1000

400 Techne Center Drive,
Suite 100,
Milford, Ohio 45150
(513) 947-8343



December 28, 2012

Harry Brockus
Chief Executive Officer
Hoopeston Community Memorial Hospital
701 E Orange St
Hoopeston, IL 60942

Program: CAH
CCN: 141316
Survey Type: Medicare Recertification/DNVHC First DNV
Certificate #: 128702-2012-AHC-USA-NIAHO
Survey Dates: September 18-20, 2012
Accreditation Decision: Full accreditation
Effective Date of Accreditation: 12/19/2012
Expiration Date of Accreditation: 12/19/2015
Term of Accreditation: Three (3) years

Dear Mr. Brockus:

Pursuant to the authority granted to Det Norske Veritas Healthcare, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Hoopeston Community Memorial Hospital is deemed in compliance with the Medicare Conditions of Participation for Critical Access Hospitals (42 C.F.R. §485) and awarded full accreditation for a three (3) year term effective on the date referenced above. Det Norske Veritas Healthcare, Inc. is recommending your organization for continued deemed status in the Medicare Program.

This accreditation is applicable to all facilities operating under the above-referenced CCN number at the following address(es):

Hoopeston Community Memorial Hospital - 701 E Orange Street - Hoopeston, IL 60942

Category 1—Condition Level Nonconformity Finding:

AS.1 – Anesthesia Services (CoP Reference: 485.639)

A follow up survey was conducted on 12/19/2012 and verified that the corrective actions have been implemented regarding the Category 1 Condition Level Nonconformity and the hospital is now in compliance.

This accreditation requires an annual survey and the organization's continual compliance with the DNVHC Accreditation Process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's accreditation status.

Congratulations on this significant achievement.

Sincerely,

Patrick Horine
Executive Vice President, Accreditation
cc: CMS CO and CMS RO V (Chicago)

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements

Criterion 1110.230(b) – Background, Purpose of the Project, and Alternatives

Purpose of Project

Overview of Purpose

The Applicants propose to construct a two-story outpatient orthopedic and sports medicine medical office building. This building will include 32,806 square feet of clinical space for diagnostic and treatment rooms as well as 19,194 square feet relating to non-clinical areas.

The project would relocate professional orthopedic and certain related ancillary services currently located within two sites in Champaign and Urbana to a single location in Champaign. Carle currently houses its orthopedics and sports medicine functions in two separate buildings. Orthopedic subspecialty services for upper extremity, hip, knee and foot and ankle care are located at the Mattis Avenue location in Champaign, while sports medicine is located at the North Annex location on Anthony Drive in Urbana. Carle proposes to integrate the location of these services and accommodate demand for physician office and ancillary space. Upon moving orthopedics and sports medicine to the proposed location, Carle will continue to utilize the North Annex and Mattis Avenue locations and will backfill services into the available space.

The purpose of this project is to improve continuity and quality of care to patients in the broad geographic area served by Carle. Among other things, Carle Foundation Hospital is a 393 bed tertiary care hospital, a Level 1 trauma center, and a primary stroke center. It is the primary safety net hospital for the region, and is an IDPH designated Regional Hospital Coordinating Center, which is a hospital which serves as a centralized coordination center to address the challenges of emergency events such as catastrophic events related to weather, accidents or terrorism. The project will improve access in Planning Area D-01 to orthopedic specialty care, which is one of the key areas of demand for complex, specialized health care in the area. Access to orthopedic care is essential to the overall well-being of the communities Carle Foundation Hospital services, particularly in light of the aging population and the orthopedic co-morbidities associated with that shifting age cohort.

1. **Document that the Project will provide health care services that improve the health care or well-being of the market area population to be served.**

As shown in Table 1110.230(a) which is attached as Attachment 12A, two-thirds of the patients who receive outpatient sports medicine and orthopedic care from Carle Foundation Hospital at the Carle locations which currently provide these services reside within the D-01 planning area. The Applicants do not expect the Project to alter the catchment area for these services.

2. **Define the planning area or market area, or other, per the applicant's definition.**

A map of the Carle Foundation Hospital service area is attached as Attachment 12B. Carle Foundation Hospital serves a 28 county region extending from Kankakee County in the north to Richland County in southern Illinois and as far west as Decatur and east into western Indiana.

3. **Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the Project.**

A. Increasing Demand Has Brought About a Need For Additional Space

Orthopedic care and associated rehabilitation care in the United States has expanded substantially over the last two decades providing major improvements in functionality for an aging population. For example, musculoskeletal disease is the leading cause of disability in the United States, with over 40 percent of American adults aged 65 and older living with chronic joint pain. More than 750,000 total hip and knee replacement procedures are performed annually in the United States. Technology and innovation make these replacement surgeries beneficial for patients who suffer from arthritis or other painful hip and knee conditions. These procedures can alleviate pain and improve function for those individuals who suffer from arthritis, fractures, osteoarthritis, congenital deformity and other diseases. Orthopedic and sports medicine services at Carle Physician Group have been no exception to the national growth trend in orthopedic care. As shown in Table 1110.230(a)(1) below, demand for these services at Carle has increased substantially over the past four years.

Table 1110.230(a) (1) Historical Utilization- Sports Medicine at North Annex & Orthopedics at Mattis Ave.		
Year	Total Exams*	Annual Growth
2011	28,861	n/a
2012	31,247	8.3%
2013	34,708	11.1%
2014**	38,142	9.9%

*CPTs 99201-99205, 99211-99215 and 99241-99245

**Annualized based on YTD through 12/8/14

This growth shows no signs of stopping. According to the Health Care Advisory Board, four drivers will contribute to growth in orthopedics volumes over the coming years. First of all, baby boomers are now approaching the optimal age for joint replacement. Secondly, high obesity rates have resulted in an increased prevalence of osteoarthritis. Third, recent robust growth among orthopedic services will inevitably result in future demand for revision surgeries. An aggregation of worldwide registry data demonstrated that for both hip and knee replacements, revision rates were approximately six percent at five years, and 12 percent after 10 years. Finally, many of the patients who underwent arthroscopic repair as part of the recent increase in arthroscopic procedures will eventually require a joint replacement. One study reported that in Medicare patients, those treated with arthroscopy for osteoarthritis required a total joint replacement in 10 percent of cases one year after surgery and in 33 percent of cases nine years after surgery.

In addition to external growth drivers, Carle's projected growth in utilization is attributable to several internal factors, which the Applicants anticipate will continue for the foreseeable future. These factors include Carle Foundation Hospital's position as a tertiary care facility

and Level 1 Trauma Center as well as its affiliations, strategic partnerships and outreach initiatives designed to ensure the medical needs of residents in east central Illinois are met close to home. Furthermore, demographic and regulatory trends have increased demand for outpatient orthopedic and sports medicine services.

As a result of the aforementioned growth, Carle is recruiting to increase from 17 to 24 orthopedics and sports medicine physicians over the next five years (2015-2020). This figure includes two fellows to be added as part of Carle's sports medicine fellowship, which will be housed in the proposed location.

B. Limitations of Current Spaces

The waiting rooms and support space at the current Mattis Avenue and North Annex locations are not large enough and the physical plan lay-out is not ideal for current and projected orthopedic and sports medicine patient volumes. Unfortunately, these shortcomings result in inefficient throughput and impact the patient experience.

Additionally, it is ineffective to have sports medicine and orthopedics located at two separate locations, as doing so requires duplication of resources and creates inefficiencies for patients. For example, it is not uncommon for a patient to have hip pain that is caused by foot issues. With orthopedic specialization as it has matured today, this individual would be treated by two different orthopedic subspecialists. If sports medicine and orthopedics were to be co-located physicians could more easily discuss and collaborate on these cases and patients could minimize travel.

C. Ability to Backfill North Annex and Mattis Avenue Locations

After sports medicine and orthopedics are moved to the proposed location, Carle will continue to utilize the North Annex and Mattis Avenue locations. This opportunity to backfill services is a vital component of the project, as Carle has experienced significant growth in a number of outpatient services in addition to sports medicine and orthopedics. Carle is in the process of developing a backfill plan to optimize the use of these resources.

4. Cite the sources of the information provided as documentation.

Carle performs ongoing internal utilization studies. The source of this information includes internal reports as well as information reported to IDPH.

Illinois Health Facilities and Services Review Board, Individual Hospital Profiles 2008-2013 *available at* http://hfsrb.illinois.gov/HospProf_ABR.htm (last visited Dec. 29, 2014).

Information on service line growth taken from the Advisory Board Company's Orthopedics Service Line Strategic Outlook *available at* <http://www.advisory.com/research/marketing-and-planning-leadership-council/studies/2011/orthopedics-service-line-strategic-outlook/growth-and-marketing/four-growth-drivers> (last visited Jan. 14, 2015)

5. Detail how the Project will address or improve the previously referenced issues as well as the population's health status and well-being.

As discussed in greater detail above, orthopedics and sports medicine utilization has increased at a compound annual growth rate of 9.7% over the last four years with the most

significant growth occurring within the past two years. Utilization has now increased to a point where Carle will not be able to meet all of the medical needs of patients residing in east central Illinois without addressing its space concerns. As shown, in Table 1110.230(a)(3) below, assuming historical growth rates remain unchanged, demand is projected to exceed 50,000 exams by 2017. Accordingly, the proposed building is needed to maintain access to high quality health services for patients residing in Carle Foundation Hospital's service area.

Table 1110.230(a)(3) Projected Utilization- Sports Medicine & Orthopedics at Proposed Location		
Year	Total Exams*	Annual Growth
Projected 2015	41,857	9.7%
Projected 2016	45,934	9.7%
Projected 2017	50,408	9.7%

*CPTs 99201-99205, 99211-99215 and 99241-99245

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

Carle's prevailing objectives are to enhance access to orthopedics and sports medicine outpatient care for patients and to improve the quality of these services. Specifically, the goals of the Project are:

- To meet the increased demand for orthopedics and sports medicine services.
- To mitigate the projected incremental shortage of exam rooms over the next five years.
- To streamline the delivery of medical care to orthopedics and sports medicine patients in the outpatient setting.

These goals can be achieved within the timeframe for Project completion.

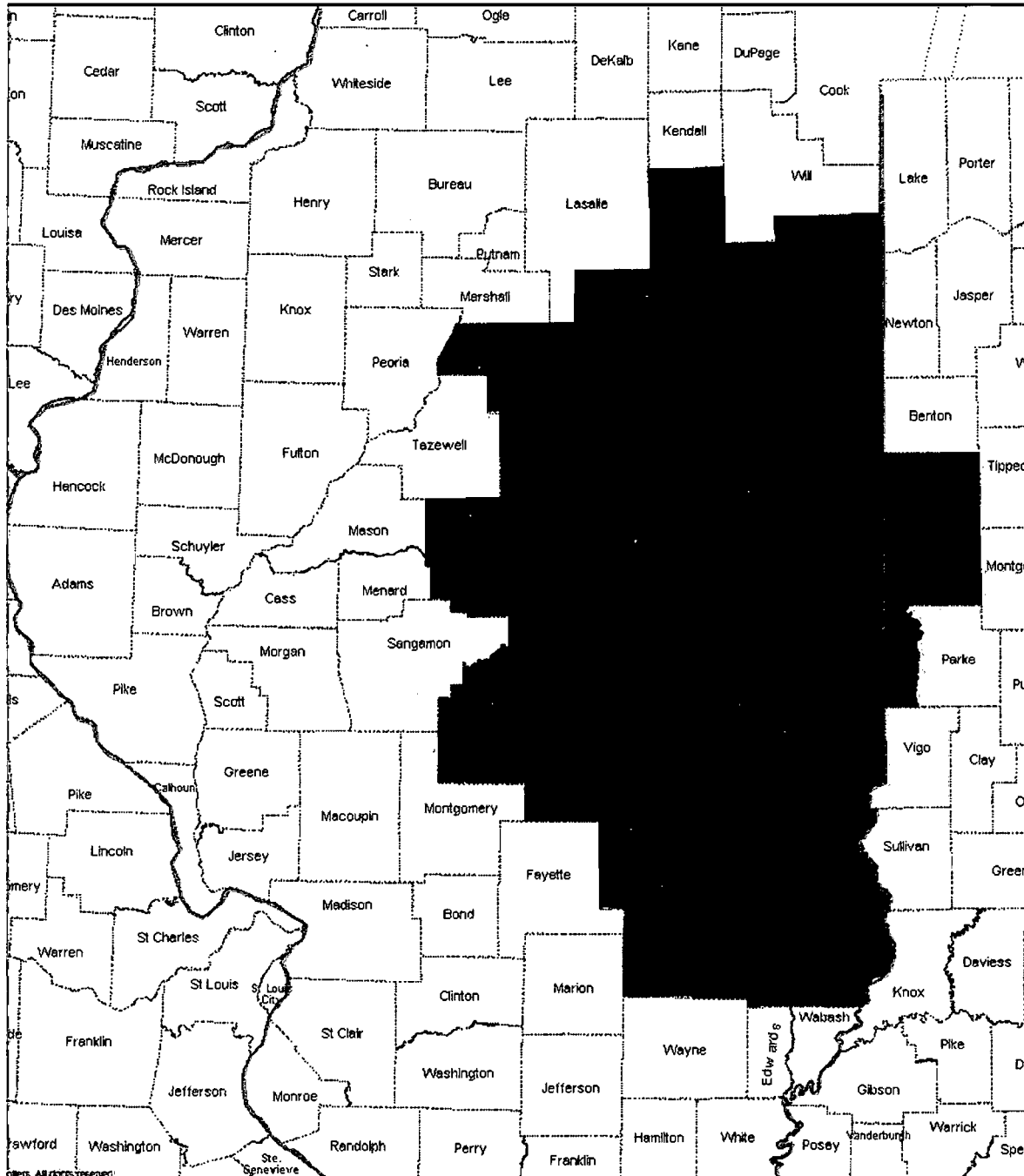
ATTACHMENT 12-A

Table 1110.230(a) Orthopedics/Sports Medicine Utilization by County		
County	Visits*	Percent of Visits
CHAMPAIGN	22,981	66.2%
VERMILION	2,993	8.6%
PIATT	1,665	4.8%
DOUGLAS	1,585	4.6%
COLES	904	2.6%
FORD	599	1.7%
IROQUOIS	525	1.5%
DEWITT	334	1.0%
EDGAR	313	0.9%
MACON	191	0.6%
EFFINGHAM	185	0.5%
MCLEAN	166	0.5%
MOULTRIE	141	0.4%
CUMBERLAND	114	0.3%
SHELBY	103	0.3%
CLARK	91	0.3%
LIVINGSTON	80	0.2%
VERMILLION, IN	77	0.2%
FOUNTAIN, IN	60	0.2%
CRAWFORD	58	0.2%
JASPER	55	0.2%
CLAY	35	0.1%
LAWRENCE	31	0.1%
KANKAKEE	26	0.1%
WARREN, IN	26	0.1%
RICHLAND	15	0.0%
WOODFORD	12	0.0%
CHRISTIAN	8	0.0%
GRUNDY	8	0.0%
LOGAN	4	0.0%
MONTGOMERY, IN	3	0.0%
TOTAL VISITS* FROM SERVICE AREA	33,388	96.2%
TOTAL VISITS* OUTSIDE SERVICE AREA	1,320	3.8%
TOTAL VISITS*	34,708	100.0%

*A visit is defined as CPT codes 99201-99205, 99211-99215 and 99241-99245

ATTACHMENT 12-B

Carle's Service Area



Alternatives to the Proposed Project

The Applicants propose to construct a two story outpatient Orthopedics and Sports Medicine Facility. The Applicants believe that the proposed project is the most effective and least costly alternative to the other alternatives considered when balancing access and quality with costs. The following narrative consists of a comparison of the proposed project to alternative options.

The applicants have considered a number of alternatives as follows:

A) Proposing a project of greater or lesser scope and cost.

There are several options in this category.

Project of Lesser Scope: Do Nothing

This option would not address the growing demand for Orthopedic and Sports Medicine services described throughout this application and would, therefore, result in a deterioration of patient access over time. Furthermore, doing nothing would not address existing constraints on the waiting rooms and support spaces, which impact patient satisfaction and operational efficiency. Finally, doing nothing would not allow Carle to backfill ongoing operations requirements into the current Orthopedics and Sports Medicine spaces. As a result, other Carle services will face similar concerns related to access, quality and operational efficiency.

Under this option, patient access, patient satisfaction and operational efficiency would be adversely affected. For these reasons, this alternative was rejected.

Project of Lesser Scope: Decrease Project Costs by Reducing Scale

The Applicants believe that the Project is conservative given current and projected demand for services. For example, the Applicants elected not to include space for all outpatient physical therapy within the Project in order to keep down project costs. If the scope of the Project were to be further reduced, additional expansions at this site or other Carle locations would be required in the not too distant future to accommodate projected demand.

Under this option, project costs would be reduced in the short term, but would increase in the long term. For this reason, this alternative was rejected.

Project of Greater Scope: Build Facility With Additional Capacity

This alternative was considered since at a 9.7% annual growth rate, capacity may again be an issue within five years. However, due to future uncertainties, the Applicants opted for a more measured approach. If volumes continue to grow as anticipated, the Applicants will add additional space in the future. In doing so, they will abide by all applicable regulations.

Alternatives to the Proposed Project

- 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.**

In the past, Carle has pursued strategic partnerships for special service lines such as inpatient rehab services, but the project involves core services and would not be appropriate for joint venture arrangements.

For this reason, this alternative was rejected.

- 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.**

Renovate Existing Spaces

In this scenario, Carle would have to invest significant financial resources to achieve suboptimal results. The cost of major renovation and expansion in today's construction dollars is often equal to or greater than that of new construction. Accordingly, the existing spaces would undergo more limited renovations under this scenario. Without adding significant space, Carle would be unable to combine services into one location. This scenario would also not allow for future growth associated with projected demand, thereby impacting patient access.

This option would also negatively impact patient access by requiring portions of the facilities to be inoperable during construction, and would result in disruptions due to construction noise and debris.

Under this option, project cost would not be significantly reduced, patient satisfaction would be adversely impacted, efficiencies would not be realized and maintenance costs would increase. For these reasons, this alternative was rejected.

- D) Construct a two story outpatient Orthopedics and Sports Medicine Facility (Proposed).**

The chosen option will improve patient access by ensuring adequate office space to meet forecasted volumes. It will also improve quality of care by providing a state of the art facility that promotes patient satisfaction and operational efficiency.

For all of these reasons, this option is the one chosen for the proposed project.

Size of Project

The Applicants propose to construct a two story outpatient Orthopedics and Sports Medicine Facility.

Appendix B of Section 1110 of the Administrative Code documents the established standards for certain departments, clinical service areas, and facilities.

General radiology is a department that has an established State standard of 1,300 dgsf/unit. The Applicants propose to add two x-ray units to occupy 2,418 dgsf. This proposed dgsf per x-ray unit of 1,209 dgsf is within the standard of 1,300 dgsf.

The table below summarizes the departments, proposed dgsf, applicable state standard, and project compliance with the state standard.

SIZE OF PROJECT				
DEPARTMENT / SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
X-ray	1,209 dgsf/unit	1,300 dgsf / unit	91 dgsf under the standard	Yes

The proposed project is within the state standards for the services being added.

The proposed project will also involve the construction of physical therapy and exam and procedure rooms for orthopedic physicians and midlevel practitioners. The 66 exam and procedure rooms will encompass 23,135 of dgsf and the physical therapy space will involve 7,253 dgsf. There are no size standards for these departments under the State Board's rules. However, a description of the space plan is included in Attachment 15.

Project Services Utilization

The proposed project will include spaces for general radiology, physical therapy and patient exam rooms for outpatient care. Section 1100.Appendix B of the Administrative Code documents the established standards for general radiology procedures. There are no similar standards for physical therapy services or for patient examination rooms.

For the outpatient Orthopedics and Sports Medicine Facility, the Applicants propose:

- **Two general x-ray units**

The table below shows the volume of general radiology procedures associated with the programs that will be relocated to the proposed building. These services are currently provided in the North Annex and Mattis locations. Based on the utilization standards and the volumes relating to the current equipment, x-ray procedures exceeded the state standard in both 2013 and 2014 for these units. While current utilization justifies the two x-ray units, the Applicants project that the volumes for the units that will be housed at the proposed location will continue to grow in the future.

Historical & Projected General Radiology Utilization			
Year	Utilization	Utilization/Unit	Annual Growth
2013	17,636	8,818	n/a
2014*	18,089	9,044	2.6%
2015 Projected	18,554	9,277	2.6%
2016 Projected	19,031	9,515	2.6%
2017 Projected	19,520	9,760	2.6%

*Annualized based on YTD through 8/1/2014

Assuming a 2.6% growth rate over the next three years, Carle's Year 1 utilization is projected to be 9,515 procedures. Carle's Year 2 utilization is projected to be 9,760 procedures. Utilization in both years is projected to exceed the minimum state standard of 8,000 procedures.

	Department / Service	Historical Utilization	Projected Utilization (Procedures)	State Standard (Procedures)	Met Standard?
Year 1	General Radiology	9,044 (2014)	9,515	8,000	Yes
Year 2	General Radiology		9,760		Yes

- **66 exam and procedure rooms**

There are no associated standards for utilization of patient exam and procedure rooms to be used for non-surgical outpatient encounters. The number of rooms was chosen to accommodate ongoing recruitment of additional orthopedic subspecialty physicians and associated mid-level providers in addition to existing providers as discussed in Attachment- 12. In anticipation of having 24 orthopedic and sports medicine physicians

Project Services Utilization

and their supporting nursing and mid-level staff involved in patient encounters at this site, the Applicants propose to have 66 exam and procedure rooms. To provide for the most efficient throughput, physicians will have two to three patients using an exam room at any given time. Additionally, depending on the nature of the visit, those patients will also use adjacent rooms for their diagnosis and treatment. Since not all of the 24 physicians will be present at the facility simultaneously due to attending patients receiving inpatient care and surgery, the Applicants derived a floor plan to include 66 exam and procedure rooms based on an expectation that on average, physicians will utilize this location for about three-fifths of their clinical time.

While some of the exam rooms will be standard without significant specialization, the applicants are also planning for rooms specially equipped with educational materials, equipment and supplies that are unique to a variety of subspecialties. Based on the patient encounter volumes in the most recent years (34,708 in 2013 and 38,142 in 2014) and the general growth of the service line, the applicants expect to see 45,934 patient encounters with providers in Yr. 1 after project completion and 50,408 patient encounters in Yr. 2.

- **7,253 square feet of space for physical therapists and certified athletic trainers including a gym**

There is no associated standard for utilization. The size of this area was determined through discussions with staff to assess the needs of the various types of patients to be treated and by working with experts in the field of therapy department design. The space includes a gym in which Certified Athletic Trainers will provide injury prevention, rehabilitation and sports performance services. It will also accommodate the five hand surgery physical therapists who are currently practicing at the Mattis location, while allowing for growth. Similar to a fitness center, the gym space will have various stations with specialized equipment to address the diverse therapy requirements of the patient base.

Unfinished or Shell Space

The proposed project does not entail unfinished or shell space, so this section is not applicable.

Section V Master Design and Related Projects

This is not a Master Design and Related Projects activity. Therefore this section is not applicable.

SECTION VI - MERGERS, CONSOLIDATIONS & ACQUISITIONS/CHANGES OF OWNERSHIP

This project does not involve a merger, consolidation or acquisition/change of ownership. Therefore this section is not applicable.

Section VII Service Specific Review Criteria

This project does not involve any of the following services. Therefore the associated sections are not applicable.

- Medical/Surgical, Obstetric, Pediatric and Intensive Care
- Comprehensive Physical Rehabilitation
- Acute Mental Illness and Chronic Mental Illness
- Neonatal Intensive Care
- Open Heart Surgery
- Cardiac Catheterization
- In-Center Hemodialysis
- Non-Hospital Based Ambulatory Surgery
- Selected Organ Transplantation
- Kidney Transplantation
- Subacute Care Hospital Model
- Children's Community-Based Health Care Center
- Community-Based Residential Rehabilitation Center
- Long Term Acute Care Hospital
- Freestanding Emergency Center Medical Services

Section VII, Service Specific Review Criteria
Clinical Service Areas Other than Categories of Services – Review Criteria
Criterion 1110.3030(c)

1. Deteriorated Facilities and/or Necessary Expansion

The Applicants are seeking to construct a two story outpatient Orthopedics and Sports Medicine Facility. As described in further detail in the section below, the Project is necessary to accommodate projected demand.

2. Utilization- Service or Facility

The Applicants propose to construct a two story outpatient Orthopedics and Sports Medicine Facility. Except for general radiology services which will meet the State standard for utilization, there is no associated standard for utilization of the services that will be provided in this building. The additional space is necessary to meet the projected demand for Orthopedic and Sports Medicine services in the future. As shown in Table 1110.3030(d)(3)(b) below, Orthopedic and Sports Medicine visits have increased 32.2% over the past three years or 9.7% annually. The Applicants anticipate volumes will continue to grow as they improve subspecialization and general availability of orthopedic physician care.

Table 1110.3030(d) (3) (b) Historical & Projected Utilization		
Year	Total Exams*	Annual Growth
2011	28,861	n/a
2012	31,247	8.3%
2013	34,708	11.1%
2014**	38,142	9.9%
Projected 2015	41,857	9.7%
Projected 2016	45,934	9.7%
Projected 2017	50,408	9.7%

*CPTs 99201-99205, 99211-99215 and 99241-99245

**Annualized based on YTD through 12/8/14

The increased demand shown above is due in part to CFH's position as a Level I Trauma Center as well as its affiliations, strategic partnerships and outreach initiatives designed to ensure the medical needs of residents in east central Illinois are met close to home. Furthermore, demographic trends and advances in medicine have increased demand for outpatient Orthopedic and Sports Medicine services. Finally, an increase in the number of Carle Orthopedics and Sports Medicine providers has contributed to volume growth. As described in Attachment 12, Carle has undertaken a physician recruitment plan which will bring additional Orthopedics and Sports Medicine physicians to practice in Champaign-Urbana in the coming years. The growth projections do not anticipate referrals from physicians who currently do not refer to Carle. Accordingly, no physician referral letters have been submitted.

Section 1120.120 Availability of Funds

The applicants have the following bond rating:

- AA- from Fitch's (March 25, 2013), included as part of Attachment-36

The applicants, therefore, are not required to address Section 1120.120 Availability of Funds

FITCH AFFIRMS CARLE FOUNDATION (IL) REVS AT 'AA-'; OUTLOOK STABLE

Fitch Ratings-Chicago-22 December 2014: Fitch Ratings has affirmed the 'AA-' long-term rating on the following revenue bonds issued by the Illinois Finance Authority on behalf of Carle Foundation (Carle):

- \$234.7 million series 2011A;
- \$61.9 million series 2009A;
- \$160 million series 2009B-E*.

*Underlying rating. The bonds are supported by bank letters-of-credit issued by Northern Trust Company, N.A. or JP Morgan Chase Bank, N.A.

The Rating Outlook is Stable.

SECURITY:

Debt payments secured by a security interest in the gross receipts of the Obligated Group (OG; which includes the Carle Foundation, the Carle Foundation Hospital, Carle Health Care, Incorporated and Carle Retirement Centers, Inc.). There is no mortgage or property pledge or debt service reserve fund.

KEY RATING DRIVERS:

FINANCIALLY STRONG INTEGRATED SYSTEM: Fitch views as a credit strength Carle's fully integrated clinical model that includes a tertiary hospital, a large base of employed physicians, and a health plan. Consolidated financial results have been solid over the last three years, with the operating margin averaging 4.5% a year and unrestricted liquidity growing by 41% to approximately \$1.1 billion at Sept. 30, 2014 from \$771 million at Dec. 31, 2011. The operating margin in the 2014 nine-month interim period remained steady at 4.5%, relative to the 'AA' median of 3.9%.

REDUCTION IN LEVERAGE EXPECTED: By year end, Fitch expects Carle to make the final \$34.9 million payment on the subordinate note related to the purchase of the assets of the Carle Clinic (the Clinic) and Health Alliance Medical Plans (HAMP). The payments, spread over five years, have been an ongoing credit concern affecting Carle's leverage metrics. After the last payment, maximum annual debt service (MADS) will drop to \$37.2 million from \$68.2 million. Coverage of the current MADS was a solid 3.6x in the nine-month 2014 interim period but a robust 6.5x for the lower MADS figure.

MARKET SHARE CONTINUES TO GROW: Carle has grown its leading inpatient market share position to 52.8% in 2013 from 51.2% in 2012 in its primary service area of Champaign-Urbana, and has grown it every year since 2002. In addition, most of Carle's patient volume numbers continue to show steady growth, with inpatient volume growing 0.4% from 2012 to 2013 and a very strong 11.6% in the year-over-year nine-month interim period. The strong volume growth in 2014 reflects in part the opening of Carle's new inpatient tower in October 2013.

CONTINUED CAPITAL SPENDING: Over the next five years, Fitch expects Carle's capital spending to remain above 1x depreciation. Major projects including the buildout of shelled space in the new tower for an additional 48 beds (due to the strong volumes) and potential expansions of outpatient clinics and surgery centers. Capital spending may require some new debt, but nothing has

been finalized. Fitch believes Carle has additional debt capacity at the current rating level, given the expected steep drop in MADS at the end of 2014 and the solid coverage of the lower MADS figure.

RATING SENSITIVITIES:

CONTINUED STRENGTH IN PERFORMANCE: Fitch expects a steady operating performance from both Carle's hospital operations and HAMP, its health plan, with both continuing to show good topline revenue growth. HAMP still has a large exposure in the state of Illinois, with approximately 45% of its premium revenue coming from state insurance contracts and Illinois continuing to delay payments. However, Carle has been able to handle the financial stress of the delayed payments and the growth in liquidity of the consolidated organization further mitigates concerns about this exposure.

CREDIT SUMMARY

Located in Urbana IL, Carle Foundation consists of 393-bed Carle Foundation Hospital, Carle Health Care, Incorporated (which includes Carle Physician Group, comprised mostly of former Clinic physicians), Carle Retirement Centers, a 174-unit retirement center d/b/a The Windsor, and a health plan.

Fitch's credit analysis is based primarily on the results of the consolidated entity which includes Health Alliance Medical Plans, Inc. (HAMP), a non-obligated health insurer licensed in the State of Illinois. In 2013, HAMP accounted for roughly 60% of the \$1.8 billion in consolidated operating revenues.

SOLID CREDIT PROFILE

The 'AA-' rating reflects the strategic benefit of Carle's integrated delivery model, its growing market share position and its improved financial profile over the last few years. In addition, Fitch expects Carle to make the last payment on a promissory note it incurred for the purchase of the Clinic.

At the time of the purchase in April 2010, the Clinic consisted of a 350-physician multi-specialty group and HAMP. Carle purchased the Clinic for \$250 million. The acquisition was financed with \$67 million in cash, \$22 million in long-term debt and \$161 million of promissory notes. With the last payment of the promissory note, Carle's MADS will drop by almost 50%.

Fitch also notes that at the time of the purchase there was concern over the dilutive effects of the acquisition on Carle's consolidated financial profile and capital metrics. However, while remaining weaker than OG results, consolidated results were adequate for the rating level, and in 2013, Carle had its strongest performance year ever, on a consolidated basis.

In 2013, on fully consolidated basis, Carle generated income from operations of \$146.1 million on total revenues of \$1.84 billion (2.1% margin) in 2012. Through the nine months ended Sept. 30, 2014, Carle generated operating income of \$67.3 million on revenues of \$1.48 billion (4.5% operating margin), which exceeds Fitch's 'AA' category median. The operating performance was helped by solid topline revenue growth of 9%, which had remained relatively flat from 2011 to 2012. The biggest improvement came from HAMP, which had revenue growth of 4.5% in 2013, after revenue dropped year over year in 2012.

On an OG-only basis, Carle generated an operating margin of 15.4% in 2013 and 12.3% in the nine-month 2014 interim period.

LIQUIDITY GROWTH

At Sept. 30, 2014, Carle had unrestricted cash and investments of approximately \$1.1 billion, up from \$771 million at year-end 2011. Cash-to-debt of 182.7% is above the 'AA' median and the cushion ratio of 16x trails the 'AA' median, but should improve with the retirement of the Clinic promissory notes. The strong growth in unrestricted cash and investments helps offset concerns about the state

of Illinois' delayed payments to HAMP. At Sept. 30, 2014, HAMP was owed approximately \$326 million, plus interest, from the state.

SOLID MARKET POSITION

Carle has further increased its leading inpatient market share in its primary service area of Champaign County over the last two years to 52.8% in 2013 from 48.8% in 2011. Presence Covenant has the second-largest market share position at 21.9% and that has fallen from 24.1% in 2011. Moreover, Carle remains the market leader in key clinical lines such as neurosciences, heart and vascular, oncology and women's services. Regionally, Carle continues to extend its reach through growth of clinical alignments with smaller regional hospitals and expanding outpatient sites. HAMP also has a strong regional presence, and Carle and HAMP continue to explore regional business opportunities, as well as other potential initiatives around health care reform, including its ability to manage care coordination and control costs. HAMP has expanded into Washington State and Iowa, as well.

TOWER PROJECT UPDATE

In October 2014, Carle opened its new nine-story, 348,000 square foot patient tower on time and within budget. The tower has new patient floors, with almost all private rooms and integrated family space, 50,000 square feet for physician's offices, a new intensive care unit for adults and children, and improved alignment of clinical services.

The new tower helped grow inpatient volume by 11.6% in the year-over-year nine-month interim period. As a result of the strong demand, Carle submitted a Certificate of Need request to the state to add 48 inpatient beds for which it received approval. The 48 beds were added as of Nov. 21, 2014. Carle also plans to build out shelled space in the new tower to accommodate the patient volume growth and that project is expected to cost approximately \$18 million.

DEBT STRUCTURE/BURDEN

At Sept. 30, 2014, Carle's long-term debt was approximately \$590.8 million, including the \$34.9 million remaining promissory note. Carle has approximately 50% of fixed-rate debt and 50% variable-rate debt. Of the variable-rate debt approximately \$160 million is letter of credit (LOC)-supported and the remaining is bank loans. Expiration dates on the LOCs and bank loans range from 2015 to 2024, with no more than \$110 million expiring on any one date.

Carle has four swaps in place - two fixed payor swaps and two basis swaps. Total notional value of the swaps is \$197 million. There are four counterparties, which provides for good counterparty diversity as it limits exposure to any single counterparty. The collateral thresholds on the swaps range from \$15 million to \$20 million and Carle has never had to post collateral. The mark to market on the swaps is -\$12.7 million at Sept. 30, 2014.

Leverage metrics have moderated over the historical period. Fitch used a MADS figure of \$68.2 million, which will fall to \$37.2 million after the final payment of the promissory note. In the nine-month interim, coverage of the \$78.2 million was 3.6x and 6.5x for the \$37.2 million. Both debt-to-capitalization at 31% and debt-to-EBITDA of 2.5x, at Sept 30, 2014 compared well to the 'AA' category medians and both have shown improvement since year-end 2011, when they were 48.3% and 3.5x, respectively. Fitch's 'AA' medians are 31.1% and 2.9x.

Disclosure

Carle covenants to disclose annual financial information within 150 days of each fiscal year-end and quarterly information within 50 days of each fiscal quarter-end to EMMA. Disclosure to date has been excellent and includes balance sheet, income statement, cash flows, and management discussion and analysis.

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Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:

'Rating Guidelines For Nonprofit Hospitals and Health Systems', dated May 30, 2014.

Applicable Criteria and Related Research:

Rating Guidelines for Nonprofit Continuing Care Retirement Communities

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=40171

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Section 1120.130 Financial Viability

The applicants have the following bond rating:

- AA- from Fitch's (March 25, 2013), included as part of Attachment-36

The applicants, therefore, are not required to address Section 1120.130 Financial Viability.

Section 1120.140 Economic Feasibility
A. Reasonableness of Financing Arrangements

The applicants have the following bond rating:

- AA- from Fitch's (March 25, 2013), included as part of Attachment-36

The applicants, therefore, are not required to address Section 1120.140 (a) Reasonableness of Financing Arrangements.

Section 1120.140 Economic Feasibility
B. Conditions of Debt Financing

This project does not involve debt financing.

The applicants, therefore, are not required to address Section 1120.140 (b) Conditions of Debt Financing.

Section 1120.140 Economic Feasibility
D. Projected Operating Costs
E. Total Effect of the Project on Capital Costs

The applicants propose to construct a two story Orthopedics and Sports Medicine Facility

The table below provides information regarding costs as they relate to 269,773 equivalent patient days.

Line 5 of the table addresses criterion 1120.140(d), Projected Operating Costs.

Line 4 of the table addresses criterion 1120.140(e), Total Effect of the Project on Capital Costs.

Review Criteria Relating to Economic Feasibility		
1	Equivalent Patient Days (2017 Projected)	269,773
2	Total Capital Cost (2017 Projected)	\$66,805,801.00
3	Total Operating Cost (2017 Projected)	\$463,293,712.00
4	Capital Cost per Equivalent Patient Day	\$247.64
5	Operating Cost per Equivalent Patient Day	\$1,717.35

Safety Net Impact Statement

The Applicants propose to construct a two story outpatient Orthopedics and Sports Medicine Facility. No services are being discontinued or added to the scope of services provided by Carle Foundation Hospital. The Project will enhance the delivery of care for Carle Foundation Hospital which serves its broad patient base without regard to ability to pay and it is not expected to have any adverse impact on safety net services in the community or on the ability of any other health care provider to deliver services.

This Safety Net Impact Statement addresses the following requirements:

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.

As the largest provider of Medicaid and charity care in the D-01 planning area, Carle Foundation Hospital is an integral provider of safety net services to residents in east central Illinois. In 2012, Carle provided 72% of all charity care and 70.5% of all Medicaid care in the D-01 planning area.¹ Further, Carle is the only Level I Trauma Center in the region. As discussed in the Purpose of the Project narrative, demand for Carle's Orthopedic and Sports Medicine services is projected to exceed Carle's existing capacity. The Project is therefore necessary to ensure patients in east central Illinois have continued access to outpatient Orthopedic and Sports Medicine care.

The Project will not impact Carle's Medicaid and/or charity care policies. Patients seeing Carle providers in the proposed facility will be eligible for the same charity care benefits that are available at the current locations.

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.

The proposed Orthopedics and Sports Medicine building will not adversely impact the ability of other providers or health care systems to serve patients seeking safety net services. The Applicants do not believe there will be any adverse impact on other providers or health care systems, as the Project is addressing the demand for services that Carle is already providing in Champaign-Urbana.

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.

The proposed building does not include the discontinuation of a facility or service. As a result, an analysis regarding how reduced services will impact the community is not applicable.

¹ Based on charity care expense and Medicaid revenue reported on 2012 Annual Hospital Questionnaire.

Safety Net Impact Statement

Safety Net Impact Statements shall also include:

1. For the three fiscal years prior to the application, the applicant must also provide certification describing the amount of charity care provided by the applicant;
2. For the three fiscal years prior to the application, a certification of the amount of charity care provided to Medicaid patients;
3. Any information the applicant believes is directly relevant to safety net services.

1. Charity Care Information

Charity Care (# of patients)	FY 11	FY 12	FY 13
Inpatient	1,545	1,756	3,220
Outpatient	16,082	21,729	60,338
Total	17,627	23,485	63,558
Charity Care (cost in dollars)	FY 11	FY 12	FY 13
Inpatient	\$9,844,226	\$10,681,168	\$12,084,283
Outpatient	\$5,388,600	\$8,063,826	\$12,702,816
Total	\$15,232,826	\$18,744,995	\$24,787,099

2. Medicaid Information

Medicaid (# of patients)	FY 11	FY 12	FY 13
Inpatient	3,357	2,961	2,308
Outpatient	56,294	60,014	104,001
Total	59,651	62,975	106,309
Medicaid (Revenue)	FY 11	FY 12	FY 13
Inpatient	\$54,859,000	\$54,396,000	\$73,247,000
Outpatient	\$4,924,000	\$7,495,000	\$9,303,000
Total	\$59,783,000	\$61,891,000	\$82,550,000

3. Additional Information Relevant to Safety Net Services

The following documents included in this application are relevant to safety net services in the applicant's planning area.

- Annual Community Benefit Report for 2013 (Attachment-11a)

Annual Non Profit Hospital Community Benefits Plan Report

Hospital or Hospital System: <u>Carle Foundation Hospital</u>																	
Mailing Address: <u>611 W. Park Street</u> <u>Urbana, IL 61801</u> (Street Address/P.O. Box) (City, State, Zip)																	
Physical Address (if different than mailing address): _____ (Street Address/P.O. Box) (City, State, Zip)																	
Reporting Period: <u>01 / 01 / 2013</u> through <u>12 / 31 / 2013</u> Taxpayer Number: <u>37-1119538</u> Month Day Year Month Day Year																	
If filing a consolidated financial report for a health system, list below the Illinois hospitals included in the consolidated report. <table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 40%;">Hospital Name</th><th style="width: 40%;">Address</th><th style="width: 20%;">FEIN #</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr></tbody></table>			Hospital Name	Address	FEIN #												
Hospital Name	Address	FEIN #															
<i>[Attachment 1]</i>																	
1. ATTACH Mission Statement: The reporting entity must provide an organizational mission statement that identifies the hospital's commitment to serving the health care needs of the community and the date it was adopted.																	
<i>[Attachment 2]</i>																	
2. ATTACH Community Benefits Plan: The reporting entity must provide its most recent Community Benefits Plan and specify the date it was adopted. The plan should be an operational plan for serving health care needs of the community. The plan must: 1. Set out goals and objectives for providing community benefits including charity care and government-sponsored indigent health care. 2. Identify the populations and communities served by the hospital. 3. Disclose health care needs that were considered in developing the plan.																	
<i>[Attachments 3A and 3B]</i>																	
3. REPORT Charity Care: Charity care is care for which the provider does not expect to receive payment from the patient or a third-party payer. Charity care does not include bad debt. In reporting charity care, the reporting entity must report the actual cost of services provided, based on the total cost to charge ratio derived from the hospital's Medicare cost report (CMS 2552-96 Worksheet C, Part 1, PPS Inpatient Ratios), not the charges for the services. Charity Care <u>\$25,808,605</u> ATTACH Charity Care Policy: Reporting entity must attach a copy of its current charity care policy and specify the date it was adopted.																	

Mission Statement – Attachment 1

The Carle Foundation Mission Statement was adopted by Carle's Board of Trustees in 2010.

**We serve people through high quality care,
medical research, and education.**

Our mission statement defines who we are, what we stand for, and the importance of our relationship with our patients, staff and community. As a locally-based private, not-for-profit organization, we take seriously our obligation to treat and provide high quality care to everyone, regardless of their ability to pay. This mission statement looks beyond medicine to include research and education, both of which remain highly valued by our organization.

The following vision statement was adopted by the Board of Trustees on June 10, 2011.

**Improve the health of the people we serve by providing
world-class, accessible care through an integrated delivery system.**

Benefiting the community is central to everything we do at Carle, and is so important it is a pillar of the organization's strategic plan.

Community Benefit Plan – Attachment 2

For more than 80 years, Carle has stayed true to its core purpose to provide care to all who need it. Access to health care – particularly for those in poverty – remains a predominant need. According to the U.S. Census Bureau, in Champaign County alone, 23.4% or more than 40,000 people live in poverty. To address these significant needs in 2013, **Carle Foundation Hospital contributed a total of \$60,874,481 in benefit to our community.**

Carle Foundation Hospital's current Community Benefit Implementation Plan is intended to address the following needs, identified by a Community Health Needs Assessment in Champaign-Urbana, Mattoon-Charleston and Danville:

1. Access to healthcare, which encompasses the Carle Community Care Discount Program or charity care
2. Childhood obesity
3. Children-at-risk
4. Communication to further outreach and collaboration
5. Maintenance of existing Carle community benefit programs

Together, these form our greater Community Health and Wellness Program, designed to assure we are serving *all* patients by meeting their medical needs while also being good stewards of our community's resources.

Access to Care

Community Care Discount Program

Carle's Community Care Discount Program provides discounted or free care to those who need it. The current policy, revised March 26, 2014, is included (Attachment 3-A), along with an additional policy, reviewed April 1, 2014, that reflects our compliance with the Illinois Hospital Uninsured Patient Discount Act (Attachment 3-B).

To ensure we are meeting the needs of the community, the Finance and Quality Committees of the Carle Board of Trustees review and evaluate charity care figures quarterly. We do not limit the amount of charity care we provide, at this time. It's our goal to increase the number of people who benefit from our nationally-recognized charity care program.

Extending and Expanding Charity Care

This generous Community Care Discount Program, consistently and diligently applied, has resulted in our ability to reach many people over the years. **During 2013, charity care for Hospital patients alone totaled \$25,808,605 at cost, serving 17,035 unique individuals.** The number of patients receiving charity care from Carle Foundation Hospital increased significantly in 2013 because several areas became outpatient departments of the hospital.

While it is not included in the Hospital figure reported, the total number of patients receiving assistance through The Carle Foundation charity care program across the health system was 27,382 individuals. That is an increase of approximately 1,700 more people who received care than in 2012. This system-wide figure includes individuals served at Carle Physician Group, Carle Foundation Physician Services and other Foundation entities including Arrow Ambulance.

Our practice is to look at each patient's financial status vis-à-vis both our Community Care Discount Program and the criteria of the Uninsured Patient Discount Act, and to provide the patient with the deepest discount available.

By determining the financial status of patients up-front, we have been able to pinpoint those needing assistance early in the process, minimizing bad debt and optimizing our ability to help. Staff is also diligent in following up with patients during hospitalization and after discharge if there's any reason to believe the patient could benefit from charity care, and we auto-qualify certain patient populations for Community Care, such as the homeless and SNAP/Medicaid recipients.

Review Status

Representatives from the Hospital's administration, Financial Services, Registration, Case Management and Insurance Contracting departments continued to meet – five times in 2013 – with the local Community Coalition of the Champaign County Health Care Consumers, including representation from the Land of Lincoln Legal Assistance Foundation. We value this regular opportunity for community dialogue, which was initiated more than a decade ago.

We also continued meeting on a regular basis with representatives of the two local free clinics and FQHC to discuss operational issues. This dialogue is an effective channel for learning more about their patients' experience in obtaining free and discounted care.

Communicating that Financial Assistance is Available

Carle Foundation Hospital has made a concerted, continuous effort to be sure that people have access to information that will help them with their medical bills. These include:

- Advertising Carle's Community Care Discount Program using print, billboards, bus boards and web; continued presence in appropriate community publications; and on-site via displays throughout the hospital and clinics
- Simplified application form, including a version in Spanish
- Information about the Community Care program on all statements, collection letters and Hospital admission packets, and billing envelopes prominently stating, "Need help with your medical bill? Call 888-479-0008."
- Community Care information and applications at all registration points, Hospital main lobby and carle.org
- Staff at Frances Nelson Health Center, the local FQHC, and community free clinics equipped with a supply of applications and knowledge to assist their patients in completing them
- Meetings with local legislators to help them assist constituents with healthcare needs, including financial assistance

Additional Access to Care Programming

Financial and leadership support of community programs has been central to providing access to primary, dental, preventive and mental health services. Carle has sought ways to initiate and expand healthcare services for the underinsured and uninsured by working collaboratively with community organizations and leaders.

Free Clinic Support

Champaign County Christian Health Center – \$44,538

As lead funder of Champaign County Christian Health Center, Carle helps the free clinic fulfill its mission to provide quality, holistic care at no cost to as many people as possible. They provide primary care, dental and mental health services, with 1,284 patient visits and 423 new patients served in 2013. A number of the volunteer medical staff is Carle physicians, nurses and technicians who have personally chosen to serve their community through the Champaign County Christian Health Center.

Carle has continued to cover the facility's rent – \$40,000 per year – as well as provide substantial support for operations. Since this clinic's inception in 2003, Carle has provided nearly \$415,000 to help maintain this small clinic that provides huge benefits to people who are underinsured or uninsured.

Avicenna – \$1,000

Carle also supports the activities of Avicenna Community Health Center, a local Muslim-based clinic that provides free care to hundreds of uninsured and underinsured residents of Champaign County. Avicenna previously occupied the Christian Health Center space on weekends, and halfway through 2013, strategically partnered with Promise Healthcare to co-locate at its Frances Nelson Health Center in Champaign.

A number of Carle physicians volunteer at Avicenna or serve on its Board of Directors, and Carle also works with the free clinic so they can access specialty care as well as lab results for their patients.

Promise Healthcare at Frances Nelson Health Center – \$529,404

Carle continued to financially support and provide leadership to Promise Healthcare at Frances Nelson Health Center (FNHC), a Federally Qualified Health Center.

- In 2013, support included \$500,000 in contributions to United Way of Champaign County which were designated for Promise Healthcare to enhance services and access to care.
- Carle's All About Baby staff provides regular prenatal, breastfeeding and newborn care education along with a teen pregnancy program at the clinic at a cost of \$20,592.
- An additional \$8,812 for in-kind supplies, board involvement and other needs was also provided to Frances Nelson.
- Frances Nelson Health Center is a residency site for the Carle Family Medicine Residency program and residents provide care as part of their education although the residents' time is not reported as a Community Benefit.

Access to Care through Subsidized Services at Carle

Over the years, multiple Carle initiatives have provided additional access to care. Because these services continue to meet an enormous need, the programs have been maintained, though several operate at a loss. Some of these at-loss subsidized services include:

Community Parish Nurse Program

Carle has one of the largest Parish Nurse groups in the nation, with 477 nurses from 232 congregations in 32 counties in 4 states. The program trains nurses from local churches to educate congregants and advocate for their healthcare interests. In 2013, 12 RNs completed training, logging more than 10,000 hours of service to their congregations. The group also distributed more than 1,000 Vial of Life kits in 2013; more than 20,000 to date.

Carle Breastfeeding Clinic

Certified lactation specialists have helped thousands of women successfully breastfeed since 1997. This service is free and available to any nursing mother, regardless of where she receives care. Located at Carle Foundation Hospital, and at clinics in Champaign and Urbana, the service includes 24/7 support where breastfeeding mothers can call and speak to a nurse around-the-clock. In 2013, staff responded to 5,177 calls for assistance. There were 9,906 inpatient visits, 1,210 outpatient visits to the in-hospital clinic, and 4,871 visits to the two Carle regional outpatient facilities.

Language Assistance Services

While a well-rendered language assistance program is provided for patients who have limited English proficiency or who are hearing impaired, the service is provided to all Carle patients at the hospital and in the clinics. Thus, the subsidy is covered by the Carle healthcare system and those dollars fall within a "shared services" cost center. Therefore, this total investment of \$167,855 in 2013 is not included in Carle Foundation Hospital's community benefit reporting.

Programming in the Region

Efforts to address Low Birth Weight in Vermilion County:

After exploring options to enhance prenatal education programming to address low birth weight in Vermilion County, it was identified that timely public data was not available to illustrate the current situation. The initial implementation plan included working with Provena United Samaritans Hospital (now Presence United Samaritans Hospital or PUSMC) to reduce the number of babies with low birth weight, born at PUSMC, to 2008 levels. We explored the option of enhancing prenatal education to reach the lower income women and teens who can benefit; however, with staffing changes at our organization and no updated information available publicly, this effort had to be tabled.

Carle has since conducted a Vermilion County-specific Community Health Needs Assessment for its hospital based in Hoopeston in northern Vermilion County and will also collaborate with Presence United Samaritans on that hospital's Community Health Needs Assessment to develop an action plan going forward. Carle Hoopeston Regional Health Center's CHNA identified Children's Health and Teen and Adolescent Health as two priorities that could potentially impact birth weight in the future.

Efforts to address Access to Care in Coles County:

Though the initial plan had called for a \$5,000 contribution, we made a \$25,000 donation in 2012 to the Coles County Community Health Center. Matching grants from both the Lumpkin Foundation and Sarah Bush Lincoln Health Center in Coles County resulted in the best outcome for the Health Center and the community. In 2013, Carle continued to provide board leadership for this organization.

In support of strengthening mental health services for adults and children in Coles County, we maintain a presence on the board for LifeLinks, a mental health services agency.

Carle opened a new primary care center in December 2013 and continued to recruit providers which will allow additional access to care and will offer space needed for additional specialty care access in Coles County.

Childhood Obesity

This initiative is aimed at efforts to reduce childhood obesity, first by joining with schools which have shown an interest in helping their students and families to live a healthier lifestyle through better nutrition and physical activity. As part of this support in 2013, Carle provided customized health and wellness-related articles for distribution in monthly school newsletters at Booker T. Washington STEM Academy in Champaign and Northeast Elementary School in Danville.

We continue to support activities aimed at improving the health of children and addressing childhood obesity throughout the community by also funding Mahomet Area Youth Club's half marathon, the Danville YMCA Strong Kids campaign, Vermilion County Fun Run, and various walks and races.

In Coles County, Girls on the Run was implemented to not only help young women become physically stronger, but build their self-esteem. Since its inception in Mattoon-Charleston in 2011, enrollment for the program has grown from 15 to 321 young women from five counties. The bi-annual 5K has grown to more than 800 runners.

Addressing Childhood Obesity will continue to be an area of emphasis.

Children-at-Risk

Child Safety Programs and other activities which focus on reducing unintentional injury and accidental deaths:

Interpersonal Violence Program

This program focuses on reducing domestic violence, as well as training for Sexual Assault Nurse Examiners (SANE) and others who treat sexual assault and abuse victims. Carle has seven SANE nurses in the Emergency Department – who assisted with 125 adult/adolescent and pediatric sexual assault patients this year – and is known as a resource and leader throughout the state. Notable 2013 accomplishments include:

- Assisted with training for Rape Crisis Center; educated U of I, Parkland and DACC nursing students, provided interview and shadowing opportunities during clinical rotations; presented to EMS members; and spoke to pre-med students regarding sexual assault and child abuse.
- Successfully implemented a full year of the inpatient Child Abuse Safety Team (CAST) with a pediatric hospitalist leading the program. The number of patients nearly tripled in 2013 from its inception in 2012.

- Lead SANE served a national subject-matter expert who oversaw nine SANE item writers for international SANE exams in October 2013, and was elected to the Commission for Forensic Nursing Certification, an international board appointment.

Risk Watch

A longstanding partnership between Carle and local police and fire departments, Risk Watch reached 11,974 children in Champaign-Urbana in 2013, made possible by integrating the message into curriculum at all public schools and one private school. Curriculum includes education about avoiding falls, choking, strangulation, suffocation and poisoning, and is taught by appropriate experts meeting Illinois State Learning Standards for prevention education at the elementary level. By reaching to the children – who are diverse in culture, race, as well as socioeconomic levels – this region sees fewer accidental injuries and deaths.

Center for Rural Health and Farm Safety

Carle formed the Center in 1991 after recognizing the need to provide education on agricultural safety and health to the farming community. Of more than 3,200 people trained in 2013, more than 1,800 were children. All programs remain free to those in Carle's service area.

- Reached 1,056 students through 49 rural school programs. Topics included tractor rollovers, grain entrapments, Farm Family Emergency Response, ATV, bike, animal, chemical and food safety and more.
- Coordinated Progressive Ag Safety Days® in Champaign, Vermilion, Piatt and Ford Counties, reaching 798 children and 56 adults
- Certified 493 people in CPR and first aid
- Provided Agricultural Emergency Response training to 257 first responders
- Placed Emergency Action Tubes on an additional ten farms in 2013, bringing the number of protected farmsteads to 70 since the program started at Carle in 2012. These sealed cylinders contain a detailed map of the farm, helping protect farmsteads and aid emergency responders.
- Reached 485 people through five presentations on assorted health and safety topics

Playing It Safe

In its 17th year of teaching children and parents how to prevent unintentional injuries, this free safety fair – co-sponsored with Safe Kids® Champaign County – involved nearly 50 interactive stations staffed by local agencies. Highlights include car seat safety checks and child identification kits. More than 1,200 children and parents attended.

Carle/Salvation Army Toy Drive

For the 29th year, Carle was a primary sponsor of this annual event, in partnership with WHMS/WDWS/WKIO radio. We gathered 2,260 toys, and cash and gift cards totaling \$1,980 that were distributed by Salvation Army.

Girls on the Run, Coles County

This program supports both Children-at-Risk and Childhood Obesity initiatives, and is explained in detail under the Childhood Obesity heading on page 5.

Communications to Foster Outreach and Collaboration

Carle has been active in facilitating community engagement and collaboration to connect, update and expand existing resources, including databases and technology to assist agencies, social workers, clergy, healthcare providers and family members with referrals for clients, patients and loved ones.

We continue to serve in a leadership role for HelpSource.org – as we have since its development more than 14 years ago – providing guidance for the maintenance of this online directory of human services resources in east central Illinois.

We also supported 2-1-1 in Illinois and the region, with consideration for the impact on activities of a Communications Coalition established with the local Public Health District and others, as well as HelpSource. As 2-1-1 develops through Champaign, Vermilion and Coles counties, we will continue to consider how to help connect people in our community to the resources they need.

Carle Community Benefit Programs Maintained

There are a host of other programs identified in earlier years that have been clearly answering the needs of our community which Carle continues to stand behind, support and monitor.

Besides maintaining the Carle Community Care Discount Program and serving Medicaid and Medicare patients despite government reimbursement being typically below cost to provide service, we continue to focus on the additional major categories of existing, identified health needs that Carle has consistently addressed over the years:

Subsidized health services initiated and maintained to improve the health of the community

- AirLife
- Carle Auditory Oral School
- ECHO (Expanding Children's Hearing Opportunities; Pediatric Hearing Services)
- Home Health services
- Neonatal Intensive Care Unit
- Patient Advisory Nurse
- Pulmonary Rehabilitation

Funding community programs

This represents a significant portion of financial, in-kind and leadership support to health and human service organizations with similar and compatible missions.

More than 125 community organizations received support in 2013, including:

- Alzheimer's Association
- Champaign County Christian Health Center
- Champaign County Health Care Consumers
- Champaign County Mental Health Board
- Champaign-Urbana Public Health District
- Children's Advocacy Center
- Coles County Council on Aging
- Coles County Crisis Response Team
- Crisis Nursery
- Cunningham Children's Home
- Danville Family YMCA
- Developmental Services Center
- Eastern Illinois Food Bank
- Family Service of Champaign County
- Mahomet Area Youth Club
- Mattoon Area Public Action to Deliver Shelter
- Parkland College Foundation
- United Way

United Way – \$142,097

Carle has been a supporter of United Way for many years by matching employee contributions, providing in-kind donations and supporting various projects that align with our mission and community benefit plan.

- \$122,180: Carle's match to employee contributions, which were distributed to communities served by United Way in Champaign, Vermilion, Coles, Douglas, Edgar, Fulton, LaSalle, Macon and McLean counties. When requested, employee donations were directed to counties where they reside.

- \$4,996: Carle's support for Stuff the Bus, a one-day event where supplies are gathered for distribution to clients through various human service agencies. This donation of diapers was provided for children receiving services at a crisis day care, women's shelters and other agencies.
- \$14,921: In-kind donations, including board leadership time, and other miscellaneous United Way program support

Health professions education/workforce development

Through a variety of activities including significant donations, scholarship programs, and physician, nurse and allied health education, more than \$11 million was invested in programs that address community-wide workforce and education issues, strengthening the training and availability of professionals to care for our communities' healthcare needs now and in the future.

In 2013, the most significant contributions went towards:

- Graduate Medical Education programs: maintaining four medical residency programs, and serving as a clinical site for a fifth. In CY 13, there were 30 residents practicing on Carle's campus.
- Continuing Medical Education programs for regional providers who are not members of the Carle Foundation Hospital medical staff, including Carle Foundation Day.
- Support of the University of Illinois College of Medicine at Urbana-Champaign, with monies earmarked for the MD/PhD program.

Research

Carle Foundation Hospital is actively involved in research and education initiatives in order to discover new diagnostic and treatment modalities that will improve delivery and quality of care. The research program is predominantly in conjunction with Carle physicians, University of Illinois scientists and entrepreneurial companies.

Emphasis has been on continuing to create an infrastructure for a robust research program. Program successes in 2013 included:

- A Memorandum of Understanding between the Carle Institutional Review Board and the University of Illinois to make partnering for research between the two institutions more efficient and successful.
- Dr. Partha Ray, Carle surgical oncologist, began Phase II work to study the genetic bio-markers for triple-negative breast cancer. This research is studying that if patients' breast cancer tissue tests positive for this gene marker, it could be possible for doctors to identify the aggressive cancer earlier and potentially save lives.
- Dr. Anna Keck of Carle and Dr. Aaron Barbey of the University of Illinois recruited approximately 70 healthy aging subjects to participate in a project to determine the correlation between food consumption and brain health. Subjects participated in cognitive testing, blood testing, and an MRI scan as part of the project.
- Dr. William Schuh of Carle and Dr. Bruce Schatz of the University of Illinois began testing a phone application to test the gait of patient's diagnosed with pulmonary conditions. Patients meeting recruitment criteria were asked to walk for a set amount of time, during which research staff used the phone application as well as visual observation of gait and physical condition to determine whether the patient's gait matched their condition.

As of December 2013, Carle Research Institute had 150 active and pending studies research studies.

Community building activities

Disaster Preparedness continued to be a strategic priority of Carle Foundation Hospital, and our initiatives in this area include disaster training for our facility and our community, leadership in planning community-wide responses to various disaster scenarios, and state-level leadership for the 21-county Regional Hospital Coordinating Center region—all covered in part by an ASPR Grant awarded to Carle each year. Our focus is to prepare our hospital and regional hospitals to be ready to respond to any natural disaster, pandemic or act of terrorism.

We continued to work in concert with the local public health department assuring our community's readiness to handle all aspects of any disaster related to health, public safety and communications.

Public Relations staff continued to participate in regular discussions with other Champaign County public information officers, learning to work together in a joint information center (JIC) and being ready to assist public safety agencies and each other in managing crisis communications in routine incidents, such as fires or multiple casualty shootings, and vice versa.

In 2013, we allocated nearly \$32,000 of grant funds to community benefit programming, including:

- \$20,000 funding to the University of Illinois National Center for Supercomputing (NCSA) for the "Surveillance Indicator Project," a tool used to identify trends among patient calls and visits for pandemic preparedness and response
- \$10,000 towards the purchase of a freezer to help the Champaign County Coroner's office assist in case of a surge in fatalities
- \$1,900 to purchase triage supplies for 14 hospitals in our region
- More than \$2,000 of in-kind services for Emergency Preparedness

Populations and Communities Served

Carle's service area is generally defined as east central Illinois, including all or parts of more than 25 counties in east central Illinois and western Indiana.

For the Community Benefit Implementation plan, research and remedies are directed towards community health issues identified in Champaign, Coles and Vermilion counties, with the primary focus on Champaign County. These areas represent our headquarters and two other counties where Carle has a thriving presence. Our reach extends from these three counties – identified in this report as Champaign-Urbana, Mattoon-Charleston (Coles County) and Danville (Vermilion County) – into 14 adjoining, rural Illinois counties. These areas comprise nearly 50% of the Carle service area's population of about 1.2 million residents, and the three core counties represent about 25% of the population.

Pockets of extreme poverty exist throughout this region. The programs within our community benefit plan generally have impact upon all the targeted communities, with certain programs directed at specific populations. A greater proportion of resources will be allocated in Champaign County, where our community benefit program has long been established.

Carle Foundation Hospital serves as the region's only Level I Trauma Center and maintains a 42-bed Level III Neonatal Intensive Care Unit. As provider of the region's perinatal services, Carle provides care to patients who live throughout the geographic area extending from Kankakee in the north to the southern-most tip of Illinois, and spanning from as far

west as Decatur and east into western Indiana. For the purposes of our Community Care Discount Program, coverage encompasses this entire region – 40 counties in Illinois and Indiana.

Dates Adopted/Approved

Carle's Community Benefit Plan is driven by a three-year corporate strategic plan, 2011-13, which was fully approved by The Carle Foundation Board of Trustees in 2011 and re-affirmed on December 14, 2012, along with approval of the 2013 Community Health and Wellness budget. The underlying long-term goals of the strategic plan include quality improvement, customer service improvement, enhanced physician relationships, expanding research, and financial/mission stewardship.

Acknowledging the need for local and regional research and prompted by the mandate of the Patient Protection and Affordable Care Act, Carle conducted four community health needs assessments in late 2010 – comprised of two focus groups in Champaign County and others in Coles and Vermilion counties – followed by internal discussion in January 2011. Fresh research was conducted by the public health departments of Champaign and Coles counties and a community report undertaken by the United Way of Champaign County.

We use community data, informal discussions and community health needs assessments to determine if existing programs are on track: what needs to be added, deleted or enhanced; and where our focus needs to be placed as we planned our community benefit programming.

Data and information were also drawn from the following sources:

- The Robert Wood Johnson County Health Rankings, February 2010
- County QuickFacts from the U.S. Census Bureau for Champaign, Coles, and Vermilion counties
- Champaign Urbana Public Health District IPLAN, 2010, Key Findings
- United Way of Champaign County 2011 Report to the Community
- Coles County Health Department IPLAN 2010-2015
- Poverty Trends in Vermilion County, Illinois, August 2008
- Hunger in America study with participation by the Eastern Illinois FoodBank, February 2010
- Health Alliance Medical Plans research summaries: Diabetes Knowledge Survey Results 2010 and Adult and Pediatric Asthma Survey Results 2009
- Payer Mix and Uninsured Patients at Carle, reported by Al Mytty, Director of Payer Contracting at Carle, 2011
- On-going informal discussions with government and community agencies and local news coverage Homeland Security initiatives
- CDC and Illinois Department of Public Health communications
- Oral Health in Champaign-Urbana, IL, prepared by the Champaign-Urbana Public Health Department, Executive Summary, 2007
- Mobile Adult Dental, update reported by Nancy Greenwalt, SmileHealthy, June 16, 2010
- Current and future workforce shortage statistics
 - Finding a Cure for the Healthcare Workforce, Huffington Post, March 2010
- Senior health needs assessment conducted by Carle in 2007
- The Affordable Care Act: Opportunities for the Aging Network. Presentation by East Central Illinois Area Agency on Aging, 2010
- Literature review regarding childhood obesity

In late 2012 and into 2013, we implemented the Healthy Communities Institute web application that shares health indicators for Champaign, Coles and Vermilion counties. Available to the public on carle.org, we use this information to inform our community benefit planning.



Policy Number AD300

Subject	Community Care Discount Program		
Category / Section	Administration / Finance		
Owner	Manager of Receivables Management		
Stakeholder/ Reviewer(s)	Director of Patient Financial Services; VP of Revenue Cycle Operations		
Effective Date	04/10	Review Frequency	Every 3 years
Review Date	09/01/11; 03/26/14		
Revision Date	09/01/11; 03/26/14		

Scope of Policy (applies to entities marked below)

	All Carle Locations		Caring Place, The	X	SurgiCenter, LLC - Champaign
X	Carle Hospital		Health Alliance	X	SurgiCenter - Danville
X	Carle Physician Group	X	Home Care	X	SurgiCenter Recovery Centers
X	Carle Foundation Physician Services	X	Home Infusion	X	Therapy Services
	AirLife		Hoopeston Regional Health Center	X	Therapy Services - MTCH
X	Arrow Ambulance	X	Hospice		Windsor Court
	Auditory Oral School	X	Carle Medical Supply		Windsor of Savoy
X	Cancer Center/Mills Breast Cancer Institute		Risk Management Company		Arabella Boutique

Scope Exclusions)

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Purpose

- A. To identify and assist those patients who are uninsured or underinsured and who are financially eligible to receive discounts for specified medical expenses through the Community Care Discount Program. The specified subsidiaries of The Carle Foundation will consider each patient's ability to contribute to the cost of his or her care received and the financial ability of the specified subsidiaries to provide discounts for the care received.
- B. All medically necessary care rendered by an eligible Carle Foundation entity (Carle) may be considered through the Community Care Discount Program. Eligible entities are:
 1. Carle Foundation Hospital
 2. Carle Physician Group
 3. Carle Clinic Association
 4. Carle Foundation Physician Services
 5. Carle Arrow Ambulance
 6. Champaign SurgiCenter, LLC
 7. Carle SurgiCenter – Danville
 8. Carle Therapy Services
 9. Carle Home Care including Carle Hospice and Carle Home Infusion
 10. Carle Medical Supply

Definitions

- A. **Family/Household Size** - includes those dependents listed on tax returns, divorce decree, or child support order. Defined by the IRS for tax filing purposes under section 36B (d) (1), "a taxpayer's family consists of the individuals for whom the taxpayer claims a personal exemption deduction under section 151 for the taxable year. Taxpayers may claim a personal exemption deduction for themselves, a spouse, and each of their dependents. Section 152 provides

that a taxpayer's dependent may be a qualifying child or qualifying relative, including an unrelated individual who lives with the taxpayer. Family size is equal to the number of individuals in the taxpayer's family."

- B. **Resident** – a person who lives in the state of Illinois or within certain Indiana counties (Benton, Fountain, Montgomery, Parke, Putnam, Vermillion, or Warren) and who intends to remain living within Illinois or the above identified Indiana counties indefinitely. Relocation for the sole purpose of receiving health care benefits does not satisfy the residency requirement.
- C. **Underinsured** - a person without insurance benefits for services provided due to exclusions of coverage by the insurance provider. This does not apply to those circumventing insurance restriction or specification or out-of-network services.
- D. **Generally accepted standards of medical practice:**
 - 1. Standards that are based on credible scientific evidence published in peer-reviewed, medical literature generally recognized by the relevant medical community;
 - 2. Physician Specialty Society recommendations;
 - 3. The views of physicians practicing in the relevant clinical area; and
 - 4. Any other relevant factors.
- E. **Uninsured patient** - a resident who is a patient and is not covered under a policy of health insurance and is not a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including high deductible health insurance plans, workers' compensation, accident liability insurance, or other third party liability.

Statement of Policy

- A. Any patient or responsible party may apply for the Community Care Discount Program, regardless of insurance coverage.
- B. Certain identified patient populations are presumptively eligible for the Community Care Discount Program. Further detailed information is contained within the Presumptive Eligibility Policy - AD355.
- C. Carle desires that all patients be aware of the Community Care Discount Program, and all other financial assistance programs available at Carle. That those eligible be identified as early in the care, treatment, and billing process as possible, and that the process be as simple as possible for the patient while still maintaining the financial controls and stewardship necessary to protect the organization.
 - 1. An application for government assistance must be completed if the patient appears to meet the eligibility criteria for such assistance. When appropriate, Carle staff or designee will use a screening checklist to assist in determining if the patient would qualify for government assistance.
 - a. Failure by a patient or responsible party to complete the government program application process and/or failure to cooperate during the application process will result in an automatic denial of Community Care.
 - b. If the patient applies for government assistance, documentation of the determination from the government program is required for reprocessing of the Community Care Discount Program application.
 - c. Patients who have a third party payment source that will reimburse more than the government program reimbursement will be excluded from the requirement of applying for government assistance.
 - 2. The Community Care Discount Program amount is dependent on applicant's household income and family size compared to the currently published Federal Poverty Level guidelines at the time of application and the facility where the services were performed.

Federal Poverty Level	≤ 125%	>135% but ≤200%	>200% but ≤230%	>230% but ≤270%	>270% but ≤300%	≤ 400%	≤ 600%
Community Care Discount Program	100%		75%	50%	25%	N/A	N/A
Capped Program (CCDP participating facilities only)	Limits patient's Carle medical expenses to 40% of the household's gross annual income.						N/A
Illinois Uninsured Hospital Patient Discount Program (Carle Foundation Hospital)	Limits patient's Carle medical expenses to 25% of the household's gross annual income. See policy <u>AD346</u> for additional information.						
Illinois Uninsured Hospital Patient Discount Program (Carle Hoopeson Regional Health Care)	See policy <u>AD346</u> for additional information.					N/A	

Hoopeston Regional Health Center Charity Care	100%	50%	N/A	N/A
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3. To apply for the Community Care Discount Program, the guarantor or patient must complete the Carle application for financial assistance completely and return verification of income and assets.
 - a. Verification of income for the previous 12 months is required. Income eligibility will be based on the most current published Federal Poverty Guidelines.
 - Monthly family income sources/documentation:
 - Wage statements
 - Self-employment income and expenses
 - Unemployment compensation
 - Award letters from the following types of income:
 - * Social Security
 - * Social Security Disability
 - * Veterans' pension
 - * Veterans' disability
 - * Private disability
 - * Workers' compensation
 - Retirement Income
 - Child support, alimony or other spousal support
 - Other miscellaneous income sources.
 - Prior year's Federal Tax Return document with all attachments and schedules, if filed.
 - b. Statement of assets. Liquid assets in excess of \$2,000.00 will be considered as additional available income. Pension and/or retirement accounts will not be considered liquid assets. Funds distributed from a pension or retirement account will constitute income when determining financial eligibility.
 - Checking
 - Savings
 - Health Spending Account
 - Medical Flexible Spending Account
 - Stocks/Bonds
 - Certificates of Deposit
 - Mutual Funds
 - Automobiles or other vehicles (in excess of 1 personal vehicle).
 - Real Property assessed value (in excess of personal residence)
 4. Patients who receive a determination of either an approval or denial under the Community Care Discount Program may reapply after six (6) months from the date of original application signature in the event there are substantial or unforeseen material changes in their financial situation. In the case of extraordinary circumstances, an application may be submitted prior to the six (6) month limitation.
 5. Applicants may appeal Community Care Discount Program discount determination by sending a written appeal to the Manager of Receivables Management. Further appeals may be directed to the Director of Patient Financial Services, and may be escalated to either the Vice President of Revenue Cycles or the Chief Financial Officer and then ultimately as the last appeal setting to the Community Care Review Committee (an advisory committee containing representatives from Land of Lincoln Legal Services, the Champaign County Health Care Consumers, and other similar organizations).
- D. The Community Care Discount Program discount will apply to the residual patient balances after all other payments from sources such as Medicare, insurance companies, third party legal settlements, and/or patient funds are received and posted.
1. Patients who purposefully circumvent insurance requirements (i.e. waiting periods, preauthorization, etc.) may be held responsible for the billable services and not receive any discounts on services.

2. Patients who knowingly provide untrue information on the application for financial assistance, will be ineligible for financial assistance, any financial assistance granted may be reversed, and may be held responsible for the billable services.
 3. Non-emergent, out-of-network care including out-of-state Medicaid that would be paid by the patient's insurance company elsewhere will not be eligible for the Community Care Discount Program because the patients have the opportunity to have their healthcare needs met at a participating provider.
 4. Emergent out-of-network care for those who qualify will be eligible under the Community Care Discount Program policy guidelines after all other payment sources have been exhausted (i.e. Personal Care HMO and Blue Cross Blue Shield for services at Carle Physician Group).
 5. Emergent out-of-state Medicaid patients are not required to complete the Community Care Discount Program application process. They will be approved as eligible under the Community Care Discount Program after proof of coverage is provided and all other payment sources have been exhausted.
- E. Patients may apply for the Community Care Discount Program at any time, including before care is received. If approved, the patient is eligible for the determined level of discounts for 12 months.
- F. Patients who have been approved for the Community Care Discount Program may re-apply annually from the date of original application approval. Carle Foundation will attempt to notify patients by mail 90 days before the current termination date of eligibility in the Community Care Discount Program.
- G. Patients that have been referred to a collection agency may request a Community Care Discount Program application if a court judgment has not yet been obtained. However, an application for government assistance may be requested as stated in C1.
1. Carle will not file collection suit liens on a primary residence.
 2. Carle will not authorize body attachments for purposes of medical debt collection.
- H. Medically necessary care is defined as health care services that a physician, exercising prudent clinical judgment, would provide to a patient for the purpose of evaluating, diagnosing or treating an illness, injury, disease or its symptoms and that are:
1. In accordance with the generally accepted standards of medical practice;
 2. Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's illness, injury or disease; and
 3. Not primarily for the convenience of the patient, family or physician and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.
- I. Carle will utilize the Centers for Medicare and Medicaid Services coverage guidelines when determining services that qualify for the Community Care Discount Program.
1. Medical care that does not meet medical necessity guidelines as defined by The Carle Foundation is excluded from Community Care Program discounts (refer to Limited and Non Covered Service Listing – AD300B).
 2. For services that may have limited coverage under the Community Care Discount Program Policy (based on current Federal/State coverage guidelines) refer to Limited and Non Covered Service Listing – AD300B.

Procedure

- A. Patients with financial concerns should be identified by Carle personnel as soon as possible in the registration, care, treatment, and billing process.
1. A referral to Social Services, other pertinent staff or directly to a government program should be completed in order to obtain a determination of eligibility for Public Assistance. Patients who fail to cooperate with the government program during the application process will automatically be denied for the Community Care Discount Program. If the patient does not meet the eligibility criteria for a government program or if they have a spend-down, they may be eligible for a Community Care discount.
 2. Patients are encouraged to apply for the Community Care Discount Program within 60 days after discharge or provision of service. The application for the Community Care Discount Program will be available in all registration areas, the Patient Accounting offices, (SBU) Business Offices, Cashier areas, Social Services and on the Carle website (www.carle.org).
 3. Upon receipt of the Community Care Discount Program application by Patient Financial Services – Receivables Management staff, EPIC Prelude and Resolute systems will be populated:
 - a. All collection activity will be held until the application processing is completed.
 - b. Application and supporting documentation will be scanned into OnBase and the paper copies destroyed.
 - c. Applicant will be notified of any missing documentation.

- d. If the missing documentation is not returned within 30 days, a notification letter will be mailed to the applicant that indicates the billing will commence.
- 4. The completed application should include:
 - a. Income verification
 - Parents' income will be used to determine financial eligibility for students who are over age 18 but still claimed as dependents for their parents' income tax purposes.
 - b. Asset verification
 - c. The patient or responsible party must provide verification of the number of family/household members.
- B. When the application has been processed and the determination is made, a record of each application and associated documentation will be maintained by fiscal year.
 - 1. Applications received prior to April 23, 2013 are maintained by paper and warehoused.
 - 2. Applications received on or after April 23, 2013 are maintained electronically within OnBase.
- C. All efforts will be made to send written determination to the applicant within 30 working days of receipt of the completed application. If the application is approved, the patient's account will be adjusted as soon as possible thereafter to reflect the discount.
- D. Patients who qualify for a partial discount of the balance will be required to pay the remainder due, as with other private pay accounts. See the Payment Policy - AD335.
- E. When Carle Foundation receives an application for the Community Care Discount Program that indicates treatment at any applicable Carle Foundation facility, the application, verification and determination will be provided to all other applicable and/or involved Carle businesses.
- F. The total of the Community Care Discount Program adjustments will be regularly reported to the Director of Financial Services, the Vice President of Revenue Cycle Operations and to the Chief Financial Officer.

Attachments

Limited and Non Covered Service Listing – AD300B

Area Homeless Shelters – AD300C

Other Related Links

Hospital Uninsured Patient Discount Program - AD346

Carle Hoopeson Regional Health Care Charity Care - HOOPAD100

References

210 ILCS 88/27 – Fair Patient Billing Act (Illinois Public Act 96-965)

210 ILCS 89 – Hospital Uninsured Patient Discount Act

Electronic Approval on File

Dennis Hesch

Executive Vice President/Chief Financial Officer

- D. **Uninsured patient** – a resident who is a patient and is not covered under a policy of health insurance and is not a beneficiary under a public or private health insurance, health benefit, or other health coverage program, including high deductible health insurance plans, workers' compensation, accident liability insurance, or other third party liability.

Statement of Policy

- A. Any uninsured patient who is an Illinois resident may apply for the Hospital Uninsured Patient Discount Program.
- B. Certain identified patient populations are presumptively eligible for the Hospital Uninsured Patient Discount Program. Further detailed information is contained within the Presumptive Eligibility Policy - AD355.
- C. Carle desires that all patients be aware of the Hospital Uninsured Patient Discount Program, that those eligible be identified as early in the care and billing process as possible and that the process be as simple as possible for the patient while still adhering to the regulations set forth in the State of Illinois Hospital Uninsured Patient Discount Act (Illinois Public Act 095-0965).
 1. Patients who knowingly provide untrue information on the application for financial assistance, will be ineligible for financial assistance, any financial assistance granted may be reversed, and may be held responsible for the billable services.
 2. An application for government assistance must be completed if the patient appears to meet the eligibility criteria for such assistance. When appropriate, Carle staff or a designee will use a screening checklist to assist in determining if the patient may qualify for government assistance.
 - a. Failure by a patient or responsible party to complete the government program application process and/or failure to cooperate during the application process will result in an automatic denial of the Hospital Uninsured Patient Discount.
 - b. If the patient applies for government assistance, documentation of the determination from the government program is required for reprocessing of the financial assistance application.
 3. The Hospital Uninsured Patient Discount amount is dependent on applicant's household income and family size compared to the published Federal Poverty Level guidelines at the time of application and the facility where the services were performed.
 - a. Services performed and billed by the Carle Foundation Hospital, the household income cannot exceed 600% of the Federal Poverty Level.
 - b. Services performed and billed by the Carle Hoopeston Regional Health Center, the household income cannot exceed 300% of the Federal Poverty Level.

Federal Poverty Level	≤ 125%	>135% but ≤200%	>200% but ≤230%	>230% but ≤270%	>270% but ≤300%	≤ 400%	≤ 600%
Illinois Uninsured Hospital Patient Discount Program (Carle Foundation Hospital)							
Illinois Uninsured Hospital Patient Discount Program (Carle Hoopeston Regional Health Care)							N/A

4. To apply for the Illinois Hospital Uninsured Patient Discount Program, the guarantor or patient must complete the application for financial assistance (Community Care application for Carle Foundation Hospital or Charity Care application for Carle Hoopeston Regional Hospital) completely and return verification of Illinois residency, income and assets.
 - a. Residency verification documentation:
 - Any document within the income verification listing with a preprinted address
 - Valid state-issued identification card
 - Recent (last 60 days) residential utility bill
 - Valid lease agreement
 - Current vehicle registration card
 - Voter registration card
 - Mail addressed to patient at an Illinois address from a government office
 - Statement from a family member that the patient resides at the same address with one of the above residency verifications.
 - b. Verification of income for the previous 12 months is required. Income eligibility will be based on the most current published Federal Poverty Guidelines.
 - Monthly family income sources/documentation:

- Wage statements
 - Self-employment income and expenses
 - Unemployment compensation
 - Award letters from the following types of income:
 - * Social Security
 - * Social Security Disability
 - * Veterans' pension
 - * Veterans' disability
 - * Private disability
 - * Workers' compensation
 - Retirement Income
 - Child support, alimony or other spousal support
 - Other miscellaneous income sources
 - Prior year's Federal Tax Return document with all attachments and schedules.
- c. Statement of assets. Liquid assets in excess of \$2,000.00 will be considered as additional available income. Pension and/or retirement accounts will not be considered liquid assets. Funds distributed from a pension or retirement account will constitute income when determining financial eligibility.
- Checking
 - Savings
 - Stocks
 - Certificates of Deposit
 - Mutual Funds
 - Automobiles or other vehicles (in excess of 1 personal vehicle).
 - Real Property assessed value (in excess of personal residence).
- D. The Illinois Hospital Uninsured Patient Discount amount is determined from the most recently filed Medicare cost report for the hospital where the discount is being applied. Charges are multiplied by 1.0, less the product of the cost to charge ratio as reported on the Medicare cost report, multiplied by 1.35.
- E. If approved for the Illinois Hospital Uninsured Patient Discount Program, the patient's out of pocket expenses in a 12 month period will be capped at 25% of the family income (less child support payments).
1. The cap does not coordinate with other hospitals outside of the Carle organization.
 2. The patient is responsible for notifying Carle's Patient Financial Services office when their expenses might be close to exceeding this cap.
- F. Illinois Hospital Uninsured Patient Discount Program is only for uninsured patients as defined within the Act. If a patient is found to have insurance, their application will be reviewed for other financial assistance programs that may be beneficial for the patient.
- G. Patients must apply for the Illinois Hospital Uninsured Patient Discount Program within 60 days of date of discharge or provision of service. If approved, the patient is eligible for discounts for 12 months.
- H. Only billed encounters, for those Carle entities that fall under the Act, exceeding \$300.00 are eligible for the discount will be reviewed for discount under the Illinois Hospital Uninsured Patient Discount Program.
- I. Medical care that does not meet the generally accepted standards of medical practice as defined by the act and the Centers for Medicare and Medicaid Services is excluded from the Illinois Hospital Uninsured Patient Discount Program discounts.
- J. Medically necessary care is defined as health care services that a physician, exercising prudent clinical judgment, would provide to a patient for the purpose of evaluating, diagnosing or treating an illness, injury, disease or its symptoms and that are:
1. In accordance with the generally accepted standards of medical practice;
 2. Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's illness, injury or disease; and
 3. Not primarily for the convenience of the patient, family or physician and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.

Procedure

- A. Patients with financial concerns should be identified by Carle personnel as soon as possible in the registration, care, treatment, and billing process.
1. A referral to Social Services, other pertinent staff or directly to a government program should be completed in order to obtain a determination of eligibility for Public Assistance. Patients who fail to cooperate with the

government program during the application process will automatically be denied for the Illinois Hospital Uninsured Patient Discount Program. If the patient does not meet the eligibility criteria for a government program, they may still be eligible for the Illinois Hospital Uninsured Patient Discount Program.

2. Patients are required to apply for the Illinois Hospital Uninsured Patient Discount Program within 60 days after discharge or provision of service. The application for financial assistance will be available in all registration areas, the Patient Accounting offices, (SBU) Business Offices, Cashier areas, Social Services and on the Carle website (www.Carle.org).
3. Upon receipt of the financial assistance application by Patient Financial Services – Receivables Management staff, EPIC Prelude and Resolute systems will be populated.
 - a. All collection activity will be held until processing is completed.
 - b. Application and supporting documentation will be scanned into OnBase and the paper copies destroyed.
 - c. Applicant will be notified of any missing documentation..
 - d. If the missing documentation is not returned within 30 days, a notification letter will be mailed to the applicant that indicates the billing will commence and they must now apply under the Community Care Discount Program – AD300.
4. The completed application should include:
 - a. Income verification.
 - Parents' income will be used to determine financial eligibility for students who are over age 18 but still claimed as dependents for their parents' income tax purposes.
 - b. Asset verification.
 - c. Illinois residency verification.
 - d. The patient or responsible party must provide verification of the number of family/household members.
- B. When the application has been processed and the determination is made, a record of each application and associated documentation will be maintained by fiscal year.
 1. Applications received prior to April 23, 2013 are maintained by paper and warehoused.
 2. Applications received on or after April 23, 2013 are maintained electronically within OnBase.
- C. Applications for the Hospital Uninsured Patient Discount Program will be reviewed to determine if the patient would qualify for a higher discount utilizing the Community Care Discount Program – AD300.
- D. All efforts will be made to send written determination to the applicant within 30 working days of receipt of the completed application. If the application is approved, the patient's account will be adjusted as soon as possible thereafter to reflect the discount.
- E. Patients who qualify for a partial discount of the balance will be required to pay the remainder due, as with other private pay accounts. See the Payment Policy-AD335.
- F. The total of the Illinois Hospital Uninsured Patient Discount adjustments will be regularly reported to the Director of Financial Services, the Vice President of Revenue Cycle Operations and to the Chief Financial Officer.

Attachments N/A

Other Related Links

[HOOPAD100 - Carle Hoopeston Regional Health Care Charity Care](#)

References

210 ILCS 88/27 – Fair Patient Billing Act (Illinois Public Act 96-965)

210 ILCS 89 – Hospital Uninsured Patient Discount Act

Electronic Approval on File

Dennis Hesch

Executive Vice President/Chief Financial Officer

CY 2013 Carle Foundation Hospital Report – Attachment 4
For period from 1/1/2013 through 12/31/2013

<u>Category/Program Title</u>	<u>Benefit</u>
Community Building Activities (F)	
Economic Development (F2) Economic Development	73,809
Community Support (F3) Disaster Readiness	2,243
Coalition Building (F6) Neighborhood Meetings	1,050
Community Health Improvement Advocacy (F7) Advocacy for Access to Healthcare Champaign County Healthcare Consumers	3,783
Workforce Development (F8) Health Career Programs Mentoring Programs and Job Shadowing	111,035
Community Benefit Operations (G)	
Community Needs/Health Assets Assessment (G2) Community Health Needs Assessment	945
Other Resources (G3) Salvation Army Toy Drive	8,552
OTHER COMMUNITY BENEFITS – <i>Grand Total</i>	\$201,417

Charity Care Information

Charity care figures for Carle Foundation Hospital and Hoopeston Community Memorial Hospital for the latest three audited fiscal years are provided in the table below:

Carle Foundation Hospital

Charity Care				
		2011	2012	2013
1	Net Patient Revenue	\$395,467,000	\$419,650,000	\$581,961,262
2	Amount of Charity Care (charges)	\$70,120,870	\$89,380,238	\$131,822,322
3	Cost of Charity Care	\$15,232,826	\$18,744,995	\$24,787,099
4	Ratio of the cost of Charity Care to Net Patient Revenue	3.9%	4.5%	4.3%

Hoopeston Community Memorial Hospital

Charity Care				
		2011	2012	2013
1	Net Patient Revenue	\$23,918,176	\$24,562,725	\$25,847,959
2	Amount of Charity Care (charges)	\$1,751,103	\$1,535,105	\$1,829,753
3	Cost of Charity Care	\$793,140	\$958,017	\$830,495
4	Ratio of the cost of Charity Care to Net Patient Revenue	3.3%	3.9%	3.2%