



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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ITEM NUMBER: D-01	BOARD MEETING: October 25, 2016	PROJECT NUMBER: 15-039
PERMIT HOLDERS(S): Interstate Alliance, Inc. d/b/a MercyRockford Health System – Rockford Health System – Rockford Memorial Hospital		
FACILITY NAME and LOCATION: Rockford Memorial Hospital – Riverside Campus		

DESCRIPTION: The permit holders are requesting an Alteration to Permit #15-039. This is the first alteration for this permit.

**STATE BOARD STAFF REPORT
ALTERATION TO PERMIT
PERMIT #15-039**

I. Project Description and Background

On November 18, 2015 the State Board approved the permit holders for one hundred eighty-eight (188) bed acute care facility in approximately 450,803 GSF of space on 7 levels in Rockford, Illinois.

Category of Service	Beds
Medical Surgical	84
Obstetrics	20
Pediatrics	12
Intensive Care	26
Neonatal Intensive Care	<u>46</u>
Total	188

The lower level of the facility will contain food service, mechanical space, central sterile supply and the laboratory. The first floor will contain the lobby and retail space, a ten station (10) emergency department, a six (6) station convenient care unit, and a fourteen (14) room imaging department. The ten (10) operating rooms will be located on the second floor with fifteen (15) PACU/Recovery stations and forty-three (43) shared recovery stations. The twenty (20) bed obstetric unit and the four (4) room Labor/Delivery/Recovery unit will be located on the third floor. The forty-six (46) bed neonatal intensive care unit, the eight (8) bed pediatric intensive care unit and the twelve (12) bed pediatric unit will located on the fourth floor. The fifth floor will contain the eighteen (18) adult intensive care unit and private room medical surgical units. The sixth floor will contain private room medical surgical units. The seventh floor will be for mechanical space.

Project Status: On September 12, 2016 the permit holders submitted Foundation Drawings, and Design and Development Drawings to the Illinois Department of Public Health for review.

Attached to the end of this report are the permit holders alteration request.

II. Alteration Request:

On September 2, 2016 the permit holders submitted a permit alteration request for Permit #15-039. The permit holders are requesting to increase the cost of the project from \$407,195,769 to \$435,145,346 or 6.86% and increase the gross square footage from 450,803 GSF to 472,149 GSF or 4.72%. The proposed alteration will increase the number of NICU beds from forty-six (46) to fifty-two (52) NICU beds. The number of ultrasound units will decrease by one (1) and a mammography unit will be established with one (1) unit. The number of recovery stations will increase by two (2) stations and the number of LDRs will be increased from four (4) to six (6) rooms.

TABLE ONE			
Reviewable Services			
Reviewable Services	Approved Permit	Proposed Alteration	Difference
Beds			
Medical/Surgical	84	84	0
Obstetrics	20	20	0
ICU	26	26	0
Pediatrics	12	12	0
NICU	46	52	6
Total Beds	188	194	6
Cardiac Catheterization	2	2	0
Interventional Radiology	3	3	0
Diagnostic Radiology			0
General	3	3	0
Ultrasound	3	2	-1
Mammography	0	1	1
CT	2	2	0
MRI	2	2	0
Nuclear Medicine	1	1	0
Operating Rooms	10	10	0
Recovery Rooms	58	60	2
Emergency Department	10	10	0
Convenient Care	6	6	0
LDRs	4	6	2
C-Section	2	2	0
Total DGSE	450,803	472,200	+21,397

III. Reasons for the Proposed Alteration

The permit holders stated the reasons for the alteration are refinements to the square footage and cost requirements identified through the post-CON approval planning process.”

The alteration does NOT propose the discontinuation or addition of any categories of service, or a change in the methods of financing of the project from what was approved in the permit. It is noted the amount of cash and securities will remain unchanged and the amount of borrowed funds will be increased for this project. Table Six at the end of this report displays the project’s costs as approved and the costs resulting from the alteration request.

IV. Applicable Rules

77 IAC 1130.750 – Alteration of Post Permit Projects specifies that a permit is valid only for the project as defined in the application and any change to the project subsequent to permit issuance constitutes an Alteration to the Project. All alterations are required to be reported to the State Board before any alteration is executed.

77 IAC 1130.750 b) states the cumulative effect of alterations to a project shall not exceed the following:

- 1) a change in the approved number of beds or stations, provided that the change would not independently require a permit or exemption from HFSRB;
- 2) abandonment of an approved category of service established under the permit;
- 3) any increase in the square footage of the project up to 5% of the approved gross square footage;
- 4) any decrease in square footage greater than 5% of the project;
- 5) any increase in the cost of the project not to exceed 7% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 7% of the total project cost;
- 6) any increase in the amount of funds to be borrowed for those permit holders that have not documented 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).

The State Board Staff notes that only those criteria that are relevant to this alteration request are discussed below. All other criteria remain unchanged from the Original State Board Staff Report.

V. Summary of Findings

A. The State Board Staff finds the proposed alteration **DOES NOT** appear to be in conformance with the provisions of Part 1110.

B. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1120.

VI. Project Costs and Sources of Funds

The permit holders are requesting to increase the cost of the project from \$407,195,769 to \$435,145,346 or \$27,949,577 of 6.8%. The increase costs will be paid by an increase in the bond issue. See Table Six at the end of this report.

VII. Costs Space Requirements

The permit holders provided a revised cost space chart as required. The conversion factor from DGSF to GSF was two percent (2%). See Table Seven at the end of this report.

VIII. State Board Staff Finding for Part 1110

A) Criterion 1110.234 (a) - Size of the Project

To demonstrate compliance with this criterion the permit holders must document that the altered gross square footage for the reviewable services is reasonable.

The permit holders are requesting to increase the gross square footage from 450,803 DGSF to 472,149 DGSF or 4.72%. The table below outlines the departmental gross square footage (DGSF) that the State Board has size standards at Part 1110 Appendix B. The permit holders are increasing the NICU department by 5,003 DGSF or 20.54%, Labor Delivery Recovery by 1,791 DGSF or 28.06%, Endoscopy by 1,201 DGSF or 39.42%, Recovery stations by 4,407 DGSF or 27.36% and the convenient care center by 1,357 DGSF or 40.59%. All departments that the State Board has size standards are within the State Board Standards. At the end of this report is Table Seven documenting both the reviewable and non reviewable departments/areas departmental gross square footage (DGSF).

TABLE TWO Size of the Clinical Services being Proposed by this Alteration									
Departments/Area	Approved Permit		Alteration		State Standard		Difference Between Approved Permit Amount and Proposed	% Increase Decrease from Approved DGSF	Met Size Standard?
	Room	Total	Room	Total	Room	Total			
Medical Surgical	84	54,327	84	55,440	660	55,440	1,113	2.05%	Yes
Pediatric	12	7,839	12	7,920	660	7,920	81	1.03%	Yes
Obstetric	20	14,336	20	13,200	660	14,520	-1,136	-7.92%	Yes
Adult Intensive Care	18	12,251	18	11,898	685	12,330	-353	-2.88%	Yes
Pediatric Intensive Care	8	5,438	8	5,448	685	5,480	10	0.18%	Yes
Neonatal Intensive Care	46	24,363	52	29,366	568	29,536	5,003	20.54%	Yes
Newborn Nursery	22	1,132	22	1,132	160	3,520	0	0.00%	Yes
Labor Delivery Recovery	4	6,382	6	8,173	1,600	6,400	1,791	28.06%	Yes
C-Section Suite	2	3,085	2	3,085	2,075	4,150	0	0.00%	Yes
Surgical Suite	10	26,028	10	26,728	2,750	27,500	700	2.69%	Yes
Endoscopy/Bronchoscopy	4	3,047	4	4,248	1,100	4,400	1,201	39.42%	Yes
PACU/Surgical Recovery ⁽¹⁾	58	16,110	60	20,517	180/400	21,800	4,407	27.36%	Yes
Imaging		15,345		14,233		15,400	-1,112	-7.25%	Yes
General Radiology	3	3,900	3	3	1,300	3,900	0		
CT	2	3,600	2	2	1,800	3,600	0		
MRI	2	3,600	2	2	1,800	3,600	0		
Ultrasound	3	2,700	3	2	900	2,700	0		
Angiography	2	3,600	2	1	1,800	3,600	0		
Nuclear Medicine	1	1,600	1	1	1,600	1,600	0		
Mammography	0	0	1	900	900	900	0		
Emergency Department	10	8,924	10	8,886	900	9,000	-38	-0.43%	Yes
Convenient Care Center	6	3,343	6	4,700	800	4,800	1,357	40.59%	Yes
Cardiac Catheterization	2	3,578	2	3,546	1,800	3,600	-32	-0.89%	Yes

1. Ten (10) of the recovery stations are Phase I Recovery Stations and fifty (50) are Phase II Recovery Stations. These stations will be used for cardiac catheterization, interventional radiology, endoscopy, and outpatient recovery.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION TO BE IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 IAC 1110.234 (a))

B) Criterion 1110.234 (b) - Projected Utilization

To demonstrate compliance with this criterion the permit holders must document that the altered reviewable services will be at target occupancy two years after project completion.

The permit holders are projecting an increase of 1.91% annually in NICU days by 2021, an increase in the number of births by 8.5% compounded annually by 2021, and an increase in the number of ultrasound visits of less than 1% annually. Table Three provides the historical and projected patient days, births and visits.

**TABLE THREE
Projected Utilization of Services being Altered**

Department	Beds/Rooms/Units	2015 Historical Utilization Patient Days	Year 1 2020	Year 2 2021	State Standard	Met State Standard
NICU	52	13,319 Days	15,200	15,200	75.00%	Yes
LDR	6	1,502 Births	2,720	2,720	400 Births	Yes
Ultrasound	2	9,766 Visits	3,000	3,200	3,100 Visits Per Room	Yes
Mammography	1		3,500	4,000	No Standard	NA

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION TO BE IN CONFORMANCE WITH CRITERION WITH PROJECTED UTILIZATION (77 IAC 1110.234 (b))

C) Criterion 1110.234 (e) - Assurances

To demonstrate compliance with this criterion the permit holders have to provide an attestation that the proposed services will be at target occupancy by the end of the second year of operation after project completion.

In additional information provided by the permit holders, the permit holders attested to the permit holders understanding that, by the end of the second year of operation after the project completion, the permit holders will meet or exceed the utilization standards specified in Part 1110 Appendix B.

Neonatal Intensive Care

The permit holders are proposing to increase the number of NICU beds from forty-six (46) to fifty-two (52) beds. The permit holders currently maintain a Level III neonatal intensive care unit at the Rockton Avenue campus, and presently this Level III unit is the only NICU in the region. The permit holders have attested they will remain a Level III intensive care unit. Level III intensive care unit care for babies born at less than 32 weeks gestation as well as babies born with critical illness, at all gestational ages. These facilities offer prompt and readily available access to a full range of pediatric medical sub-specialties. They also offer a full range of respiratory support and perform advanced

imaging. To be designated as a Level III hospital, a hospital has to apply to the Illinois Department of Public Health (IDPH) for designation and shall comply with all of the conditions prescribed by IDPH. The State Board does not have a bed need methodology for this category of service.

Additional information for this category of service can be found at pages 99-100 of the Application for Permit #15-039.

A) Criterion 1110.930 (a) - Staffing

To demonstrate compliance with this criterion the permit holders must document the names and qualifications of the person currently filling the job.

The permit holders have attested that all staff will transfer from the current Rockton Avenue location to the Riverside location when the new hospital opens. This criterion remains unchanged from the Original State Board Staff Report.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE CRITERION STAFFING (77 IAC 1110.930 (a))

B) Criterion 1110.930 (b) - Letter of Agreement

The permit holder must document that a letter of agreement with the regional perinatal center for neonatal intensive care services has been signed. Such a letter of agreement must fulfill the conditions for such letters found in the Regionalized Perinatal Health Care Code (77 Ill. Adm. Code 640) and be approved by the Department of Human Services. A copy of the letter shall serve as documentation. The Regional Perinatal Center will not provide a letter of agreement until such time as the project is built and operating. This criterion remains unchanged from the Original State Board Staff Report.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE CRITERION LETTER OF AGREEMENT (77 IAC 1110.930 (b))

C) Criterion 1110.930 (c) - Need for Additional Beds

To demonstrate compliance with this criterion the permit holders must document that the number of patient days and admissions for the past two (2) years.

The permit holder must document that the proposed neonatal intensive care beds are needed. The permit holders are proposing adding six (6) NICU beds for a total of fifty-two beds (52). According to the permit holders this increase in the number of beds is due to the increase in the average daily census at the Rockton Avenue location. The average daily census of the Rockton Avenue location has increased by 11.4% from 2014 to 2015, from 32.8 babies to 36.5 babies. During the first 241 days of 2016 (January 1-August 28) the average daily census has increased by an additional 9.5% over 2015, to an ADC of 40 babies. In total, utilization of the NICU has increased 22% since 2014, the base year used in the CON application to support the 46 proposed/approved NICU stations. This increase in utilization realized since 2014 both necessitates more NICU stations than originally approved, and supports the 52 stations requested through this alteration, based on the IDPH's 75% occupancy targets for NICU beds (40 babies/75% = 53.3 beds).

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE CRITERION NEED FOR ADDITIONAL BEDS (77 IAC 1110.930 (c))

D) Criterion 1110.930 (d) - Obstetric Service

To demonstrate compliance with this criterion the permit holder must document the availability within the facility of an obstetric service capable of providing care to high-risk mothers.

According to the applicants the proposed obstetric service will accept high risk antepartum patients. (See page 92 of #15-039 Application for Permit) This criterion remains unchanged from the Original State Board Staff Report.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE CRITERION OBSTETRIC SERVICE (77 IAC 1110.930 (d))

Clinical Services Other than Categories of Service

A) Criterion 1110.3030 (c) - Need Determination

- 1) Service to the Planning Area Residents
- 2) Service Demand
- 3) Impact of the Proposed Project on Other Area Providers
- 4) Utilization

The permit holders have stated they believe the patient population will be similar as that of the Rockton Avenue location. Over fifty percent (50%) of the patients will come from within the B-01 Hospital Planning Area. Service demand for the clinical services other than categories of service is based upon the two (2) years historical utilization at the Rockton Avenue campus. [See Application for Permit #15-039 Pages 167-171] Four (4) clinical services other than categories of service were changed as part of this alteration.

PACU/Recovery Stations:

The permit holders are proposing to increase the number of PACU/Recovery Stations from fifty-eight (58) recovery stations to ten (10) Stage I Recovery stations and fifty (50) Stage 2 Recovery stations. The ten Stage I (PACU) stations will be provided to support the 10 OR surgical suite. An additional fifty (50) Stage II stations will be provided as a shared recovery area, in support of the surgical suite, the cardiac catheterization laboratory (two procedure rooms), interventional radiology (three procedure rooms), and Endoscopy bronchoscopy (4 procedure rooms). The State Board does not have utilization standard for recovery stations.

Ultrasound

The permit holders are proposing to decrease the number of ultrasound units from three (3) units to two (2) units. 2015 utilization at the Rockton Avenue location was 10,644 visits (3,015 inpatient visits and 7,629 outpatient visits) for the three (3) units. Per the permit holders approximately two-thirds of the inpatient examinations (1,999 visits) and approximately 35% (2,671 visits) of the outpatient examinations at the Rockton Avenue location are anticipated to be performed at Riverside location, resulting in approximately 3,200 examinations per unit during the second year after project completion. The State Board Standard is 3,100 visits per unit. The permit holders can justify these two (2) units

Labor Delivery Recovery (LDR)

The permit holders are proposing to increase the number of LDRs from four (4) LDRs to six (6) LDRs. The State Board Standard is 400 births per LDR. Average historical utilization will justify the four (4) LDR's and not the six (6) LDR's requested. See Table Four below.

TABLE FOUR						
5-Year Historical Utilization						
	2011	2012	2013	2014	2015	Ave
LDR's	11	12	12	12	12	11.8
Births	1,622	1,492	1,376	1,514	1,505	1,502
Utilization	36.86%	31.08%	28.67%	31.54%	31.35%	31.90%
Rooms Justified	5	4	4	4	4	4

Mammography

The permit holders are proposing to provide one (1) mammography unit at the Riverside campus. The permit holders are projecting 3,500 images the first year and 4,000 images the second year after project completion. The State Board does not have an utilization standard for this service.

The Original State Board Staff Report found that the historical utilization at the Rockton Avenue campus did not justify the two (2) C-Section suites, and the three (3) endoscopy rooms that were approved by the State Board.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS NOT CONFORMANCE WITH THE CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 IAC 1110.1330 (c) (1) (2) (3) (4))

Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

The permit holders' most current audited financial information is summarized in Table Five below.

TABLE FIVE Mercy Alliance, Inc. Audited Financial Statements December 31 (Dollars in thousands)		
	2014	2013
Cash	\$22,326	\$13,284
Current Assets	\$141,088	\$122,359
Total Assets	\$726,088	\$677,694
Current Liabilities	\$89,086	\$83,945
Long Term Debt	\$213,017	\$218,178
Total Liabilities	\$325,595	\$329,196
Operating Revenue	\$527,133	\$502,633
Operating Expenses	\$518,128	\$489,585
Operating Income	\$9,005	\$13,048
Excess of Revenues over expenses	\$22,740	\$23,565

The permit holders are proposing to fund this project with cash of \$15,000,000 and a bond issue of \$420,145,346 which is an increase in the bond funding of \$27,949,577. The State Board Staff accepted the Bond Rating submitted by the permit holders with the application for permit because it is less than eighteen (18) months old.

The permit holders provided evidence of an A3 bond rating from Moody's Investor Services with the submittal of #15-039 Application for Permit pages 172-173D dated August 14, 2015. This rating stated in part "MercyRockford Health System currently has no bond debt outstanding, however, Mercy Alliance Inc., Wisconsin (Mercy) and Rockford Health System, Illinois which merged in January, 2015 to form MercyRockford Health System each have bond debt outstanding which remains separately secured at this time. The initial A3 issuer rating reflects the scale and market presence of the combined legacy health systems (Mercy and Rockford), good balance sheet resources and proven management team as evidenced by already improving margins. While MercyRockford Health System's debt profile currently does not include any direct debt obligation, our rating is a forward view of MercyRockford Health System's plan to become the sole corporate member of every entity that is currently a subsidiary of Mercy or Rockford, consolidate all existing debt under a newly created MRHS obligated group and fund clinical integration and operational expansion with debt that will be parity to the planned MercyRockford Health System obligated group. The rating is constrained by the historically weak operations of Rockford, risks inherent with integration and operational improvement initiatives, as well as the likelihood of sizable capital building plans which would materially elevate MercyRockford Health System's leverage in CY 2016."

The permit holders have qualified for the financial waiver because of the "A" or better bond rating.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS (77 IAC 1120.120)

VI. Economic Feasibility

A) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140 (b) – Terms of Debt Financing

The permit holders stated “*This letter is provided as a response to Section 1120.140.b, and as an affirmation that, in the opinion of the applicants, the conditions of debt proposed to partially finance two projects proposed for Rockford Memorial Hospital's site located to the southeast of the intersection of 1-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, are reasonable. As of the filing of the required Certificate of Need applications, it is anticipated that approximately \$446,000,000 will be incurred through the issuance of bonds, with an anticipated interest rate of 4.96% and term of 30 years. It is the applicants' opinion that the combination of debt and equity financing identified in the CON applications represents the lowest net cost reasonably available to the permit holders at this time, and the most advantageous funding scenario available to the applicants.*” See page 59 of the Application for Permit #15-039. The financing appears reasonable and per the applicant the financing will be at the lowest net cost available to the applicants.

C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs

To demonstrated compliance with this criterion the permit holder must document that the altered project costs are reasonable and do not exceed the approved permit amount.

Preplanning Costs are \$3,086,000. These costs remain unchanged from the approved permit amount. These costs are 1.36% of new construction, contingency and new equipment costs. These costs are in compliance with the State Board Standard of 1.8%.

Site Survey Soil Investigation and Site Preparation costs are \$2,733,934. These costs remain unchanged from the approved permit amount. These costs are 2.07% of new construction and contingency. These costs are in compliance with the State Board Standard of 5%.

Off Site Work Costs are \$4,492,818 and this amount remains unchanged from the approved permit amount. The State Board does not have a standard for these costs.

New Construction and Contingency Costs are \$132,278,000 and are \$501.89 per DGSF. This appears reasonable when compared to the approved State Board Standard of \$562.68 per DGSF.

Contingency Costs are \$6,298,952. These costs are five percent (5%) of the new construction costs. This appears reasonable when compared to the approved State Board Standard of ten percent (10%).

Architectural and Engineering Fees are \$6,220,000. These costs remain unchanged from the approved permit amount. These costs are 4.71% of new construction and contingency costs. This appears reasonable when compared to the approved State Board Standard of 5.39%.

Consulting and Other Fees are \$5,964,000. The State Board does not have a standard for these costs.

Movable or Other Equipment Costs are \$95,403,126. The State Board does not have a standard for these costs.

Bond Issuance Expense is \$2,507,244. The State Board does not have a standard for these costs.

Net Interest Expense During Construction is \$31,967,158 and these costs remain unchanged from the approved permit amount. The State Board does not have a standard for these costs.

Other Costs to be Capitalized is \$1,320,000. The proposed other costs to be capitalized is \$1,320,000. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140 (c)).

D) Criterion 1120.140 (d) – Projected Operating Costs

E) Criterion 1120.140 (e) – Projected Capital Costs

The permit holders have stated that there are no appreciable changes to the operating or capital costs per adjusted patient day are anticipated to result from the proposed alterations to either project.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE PROJECTED OPERATING COSTS AND PROJECTED CAPITAL COSTS CRITERION (77 IAC 1120.140 (d) (77 IAC 1120.140 (e)).

TABLE SIX
Project Costs and Sources of Funds

Project Costs	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total	% Difference
Preplanning	\$3,086,000	\$1,367,000	\$4,453,000	\$3,086,000	\$1,367,000	\$4,453,000	\$0	\$0	\$0	0.00%
Site Survey and Soil Investigation	\$94,400	\$55,600	\$150,000	\$94,400	\$55,600	\$150,000	\$0	\$0	\$0	0.00%
Site Preparation	\$2,639,534	\$1,755,986	\$4,395,520	\$2,639,534	\$1,755,988	\$4,395,522	\$0	\$2	\$2	0.00%
Off Site Work	\$4,992,818	\$3,321,541	\$8,314,359	\$4,992,818	\$3,321,541	\$8,314,359	\$0	\$0	\$0	0.00%
New Construction Contracts	\$110,166,058	\$73,289,503	\$183,455,561	\$125,979,048	\$83,324,862	\$209,303,910	\$15,812,990	\$10,035,359	\$25,848,349	14.09%
Contingencies	\$5,508,303	\$3,332,162	\$8,840,465	\$6,298,952	\$3,787,108	\$10,086,060	\$790,649	\$454,946	\$1,245,595	14.09%
Architectural/Engineering Fees	\$6,220,000	\$3,670,000	\$9,890,000	\$6,220,000	\$3,670,000	\$9,890,000	\$0	\$0	\$0	0.00%
Consulting and Other Fees	\$5,788,872	\$3,851,128	\$9,640,000	\$5,964,000	\$3,976,000	\$9,940,000	\$175,128	\$124,872	\$300,000	3.11%
Movable or Other Equipment	\$94,387,495	\$23,596,874	\$117,984,369	\$95,403,126	\$23,596,874	\$119,000,000	\$1,015,631	\$0	\$1,015,631	0.86%
Bond Issuance Expense	\$2,389,255	\$1,589,485	\$3,978,740	\$2,507,244	\$1,671,496	\$4,178,740	\$117,989	\$82,011	\$200,000	5.03%
Net Interest Expense	\$31,967,158	\$21,266,597	\$53,233,755	\$31,967,158	\$21,266,597	\$53,233,755	\$0	\$0	\$0	0.00%
Other Costs to Capitalized	\$1,717,445	\$1,142,555	\$2,860,000	\$1,320,000	\$880,000	\$2,200,000	(\$397,445)	(\$262,555)	(\$660,000)	-23.08%
Total	\$268,957,338	\$138,238,431	\$407,195,769	\$286,472,280	\$148,673,066	\$435,145,346	\$17,514,942	\$10,434,635	\$27,949,577	6.86%
Cash and Securities			\$15,000,000			\$15,000,000			\$0	0.00%
Bond Issue			\$392,195,769			\$420,145,346			\$27,949,577	7.13%
Total			\$407,195,769			\$435,145,346				6.86%

TABLE SEVEN								
Cost Space Requirements								
Department Area	Approved		Alteration		Difference			
	Cost	GSF	Cost	GSF	Cost	GSF	% Cost	% GSF
Reviewable								
Medical Surgical	\$59,170,614	54,327	\$47,267,929	55,440	(\$11,902,685)	1,113	-20.12%	2.05%
ICU Adult	\$21,516,587	12,251	\$13,750,669	11,898	(\$7,765,918)	-353	-36.09%	-2.88%
PICU	\$10,758,294	5,438	\$6,302,390	5,448	(\$4,455,904)	10	-41.42%	0.18%
OB/GYN	\$10,650,711	14,336	\$18,620,698	13,200	\$7,969,987	-1,136	74.83%	-7.92%
Pediatrics	\$8,068,720	7,839	\$6,302,390	7,920	(\$1,766,330)	81	-21.89%	1.03%
Cardiac Catheterization	\$7,961,137	3,578	\$4,297,084	3,546	(\$3,664,053)	-32	-46.02%	-0.89%
LDRs	\$5,917,061	6,382	\$8,594,168	8,173	\$2,677,107	1,791	45.24%	28.06%
C-Section Suite	\$8,606,635	3,085	\$3,724,140	3,085	(\$4,882,495)	0	-56.73%	0.00%
Newborn Nursery	\$2,689,573	1,132	\$859,417	1,132	(\$1,830,156)	0	-68.05%	0.00%
OB Triage	\$3,227,488	2,976	\$3,151,195	2,914	(\$76,293)	-62	-2.36%	-2.08%
NICU	\$5,648,104	24,363	\$37,241,396	29,366	\$31,593,292	5,003	559.36%	20.54%
Surgery/Operating Rooms	\$30,761,137	26,028	\$40,106,119	26,728	\$9,344,982	700	30.38%	2.69%
PACU/Surgical Recovery	\$3,496,445	3,447	\$17,188,337	20,517	\$13,691,892	17,070	391.59%	495.21%
Share Prep/Recovery	\$1,075,829	12,763	\$0	0	(\$1,075,829)	-12,763	100.00%	-100.00%
Shared Patient Holding	\$5,648,104	6,795	\$0	0	(\$5,648,104)	-6,795	100.00%	-100.00%
Emergency	\$10,758,294	8,924	\$9,453,585	8,886	(\$1,304,709)	-38	-12.13%	-0.43%
Convenient Care	\$2,958,531	3,343	\$2,291,778	4,700	(\$666,753)	1,357	-22.54%	40.59%
Inpatient Dialysis	\$2,420,616	1,463	\$1,432,361	1,463	(\$988,255)	0	-40.83%	0.00%
Imaging	\$23,783,412	15,345	\$16,901,865	14,233	(\$6,881,547)	-1,112	-28.93%	-7.25%
Interventional Radiology	\$8,337,677	3,506	\$8,307,696	5,318	(\$29,981)	1,812	-0.36%	51.68%
Endo/Bronchoscopy	\$4,841,232	3,047	\$5,729,446	4,248	\$888,214	1,201	18.35%	39.42%
Respiratory Therapy	\$2,420,616	2,628	\$1,432,361	2,628	(\$988,255)	0	-40.83%	0.00%
PT/OT	\$5,648,104	6,063	\$5,729,446	6,063	\$81,342	0	1.44%	0.00%
Lab	\$10,758,294	8,750	\$9,453,585	8,812	(\$1,304,709)	62	-12.13%	0.71%
Morgue	\$806,872	812	\$859,417	812	\$52,545	0	6.51%	0.00%
Pharmacy	\$6,454,976	7,108	\$6,588,862	7,108	\$133,886	0	2.07%	0.00%
Ancillary Services Support	\$3,227,488	2,748	\$5,156,501	4,388	\$1,929,013	1,640	59.77%	59.68%
Inpatient Unit Support	\$1,344,787	1,289	\$5,729,446	5,535	\$4,384,659	4,246	326.05%	329.40%
Clinical Total	\$268,957,338	249,766	\$286,472,281	263,561	\$17,514,943	13,795	6.51%	5.52%

TABLE SEVEN								
Cost Space Requirements								
Non Reviewable	Cost	GSF	Cost	GSF	Difference			
					Cost	GSF	% Cost	%GSF
Ambulance Garage	\$1,714,157	3,072	\$1,980,694	3,372	\$266,537	300	15.55%	9.77%
Lobby Public Areas	\$9,538,452	12,944	\$10,327,904	13,698	\$789,452	754	8.28%	5.83%
Education	\$1,893,867	3,085	\$1,839,216	3,085	(\$54,651)	0	-2.89%	0.00%
BioMed Engineering	\$1,935,338	3,444	\$2,405,128	3,444	\$469,790	0	24.27%	0.00%
Sterile Processing	\$4,990,407	8,941	\$5,234,691	8,941	\$244,284	0	4.90%	0.00%
Hskp/Environment Services	\$2,267,110	4,063	\$2,405,128	4,063	\$138,018	0	6.09%	0.00%
Admitting	\$718,840	1,183	\$707,391	1,183	(\$11,449)	0	-1.59%	0.00%
Administrative	\$1,727,980	2,820	\$2,441,792	2,964	\$713,812	144	41.31%	5.11%
Food Service Cafeteria	\$9,538,452	17,104	\$10,044,948	17,104	\$506,496	0	5.31%	0.00%
On-call Rooms	\$870,902	1,430	\$848,869	1,430	(\$22,033)	0	-2.53%	0.00%
Main .Materials Mgt	\$5,792,190	10,384	\$6,083,560	10,384	\$291,370	0	5.03%	0.00%
Staff Areas	\$5,377,475	8,794	\$9,337,557	15,348	\$3,960,082	6,554	73.64%	74.53%
Retail	\$4,409,806	5,896	\$4,527,300	5,896	\$117,494	0	2.66%	0.00%
Medical Staff	\$801,783	1,304	\$1,131,825	1,939	\$330,042	635	41.16%	48.70%
Case Mgt/Social Services	\$1,119,731	1,840	\$1,131,825	1,840	\$12,094	0	1.08%	0.00%
General Circulation	\$59,717,620	82,716	\$61,967,424	81,881	\$2,249,804	-835	3.77%	-1.01%
Mechanicals	\$18,109,234	32,017	\$18,675,114	32,017	\$565,880	0	3.12%	0.00%
DGSF>>BGSF	\$7,715,087		\$7,582,700		(\$132,387)	0	-1.72%	0.00%
Non Clinical Total	\$138,238,431	201,037	\$148,673,066	208,589	\$10,434,635	7,552	7.55%	3.76%
Total	\$407,195,769	450,803	\$435,145,346	472,149	\$27,949,577	21,346	6.86%	4.74%

RECEIVED

August 30, 2016

SEP 02 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

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

RE: Request for Alteration of Permit
Rockford Memorial Hospital-Riverside
Boulevard Campus
Permit 15-039

Dear Ms. Avery:

On November 17, 2015 the Illinois Health Facilities and Services Review Board ("IHFSRB") approved by an 8-0-1 vote the establishment of a 188-bed hospital in Rockford Township. The proposed alteration addressed in this letter and accompanying documents does not expand the scope of services of Rockford Memorial Hospital-Riverside Campus ("RMH-Riverside") in any material way. (The single service proposed to be added through this alteration request is one mammography unit.) Rather, the requested alteration primarily responds to refinements to the square footage and cost requirements identified through the post-CON approval planning process.

The proposed alteration is consistent with the limitations placed on alterations in Section 1130.750, and the primary components of the requested alteration are summarized in the table on the following page.

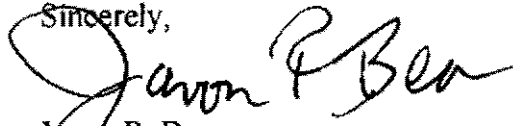
	Approved	Proposed
Beds		
Medical/Surgical	84	84
Obstetrics	20	20
ICU	26	26
Pediatrics	12	12
NICU	46	52
Cardiac Cath	2	2
Interventional Radiology	3	3
Diagnostic Radiology		
General R & F	3	3
Ultrasound	3	2
Mammography	0	1
CT	2	2
MRI	2	2
Nuclear Medicine	1	1
Operating Rooms	10	10
Recovery Rooms	58	60
Emergency Department	10	10
Convenient Care	6	6
LDRs	4	6
C-Section	2	2
Total DGSE	450,803	472,200
Project Cost (\$M)	\$407.2	\$435.60

Enclosed are revised versions of the following Sections and Attachments:

- Section I, Project Costs and Sources of Funds
- Section VIII, Availability of Funds
- ATTACHMENT 9, Cost Space Requirements
- ATTACHMENT 14, Size of Project (applicable areas)
- ATTACHMENT 15, Project Services Utilization (applicable areas)
- ATTACHMENT 23, Neonatal Intensive Care (NICU)
- ATTACHMENT 34, Ultrasound, Mammography, and Recovery
- ATTACHMENT 39, Reasonableness of Project and Related Costs

Should any additional information be required, or should you have any questions relating to this alteration request, please contact Jack Axel at 847/776-7101 or jacobmaxel@msn.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Javon R. Bea". The signature is fluid and cursive, with the first name "Javon" being more prominent than the last name "Bea".

Javon R. Bea
President and Chief Executive Officer

enclosures

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	Total
Project Cost:			
Preplanning Costs	\$ 3,086,000	\$ 1,367,000	\$ 4,453,000
Site Survey and Soil Investigation	94,400	55,600	150,000
Site Preparation	2,639,534	1,755,988	4,395,522
Off Site Work	4,992,818	3,321,541	8,314,359
New Construction Contracts	125,979,048	83,324,862	209,303,910
Modernization Contracts			
Contingencies	6,298,952	3,787,108	10,086,060
Architectural/Engineering Fees	6,220,000	3,670,000	9,890,000
Consulting and Other Fees	5,964,000	3,976,000	9,940,000
Movable and Other Equipment (not in construction contracts)	95,403,126	23,596,874	119,000,000
Bond Issuance Expense (project related)	2,507,244	1,671,496	4,178,740
Net Interest Expense During Construction Period	31,967,158	21,266,597	53,233,755
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized	1,320,000	880,000	2,200,000
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	\$ 286,472,280	\$ 148,673,066	\$ 435,145,346
Sources of Funds:			
Cash and Securities	\$ 10,050,000	\$ 4,950,000	\$ 15,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$ 276,422,280	\$ 143,723,066	\$ 420,145,346
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 286,472,280	\$ 148,673,066	\$ 435,145,346

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:

\$15,000,000	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;
\$420,145,346	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.
\$435,145,346		TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Cost Space Requirements

				Amount of Proposed Total Square Feet			
		Gross Square Feet			That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
M/S Units	\$ 47,267,926		55,440	55,440			
ICU-Adult	\$ 13,750,669		11,898	11,898			
PICU	\$ 6,302,390		5,448	5,448			
OB/Gyn Unit	\$ 18,620,698		13,200	13,200			
Pediatrics Unit	\$ 6,302,390		7,920	7,920			
Cardiac Cath	\$ 4,297,084		3,546	3,546			
LDRs/OB Triage	\$ 8,594,168		8,173	8,173			
C-Section Suite	\$ 3,724,140		3,085	3,085			
Newborn Nursery	\$ 859,417		1,132	1,132			
OB triage	\$ 3,151,195		2,914	2,914			
NICU (LIII)	\$ 37,241,396		29,366	29,366			
Surgery/Operating Rooms	\$ 40,106,119		26,727	26,727			
PACU/Shared Recovery	\$ 17,188,337		20,517	20,517			
Emergency	\$ 9,453,585		8,886	8,886			
Convenient Care	\$ 2,291,778		4,700	4,700			
Inpatient Dialysis	\$ 1,432,361		1,463	1,463			
Imaging	\$ 16,901,865		14,233	14,233			
Interventional Radiol.	\$ 8,307,696		5,318	5,318			
Endo/Broncho	\$ 5,729,446		4,248	4,248			
Resp. Therapy	\$ 1,432,361		2,628	2,628			
PT/OT	\$ 5,729,446		6,063	6,063			
Lab	\$ 9,453,585		8,812	8,812			
Morgue	\$ 859,417		812	812			
Pharmacy	\$ 6,588,862		7,108	7,108			
Ancillary Services Support	\$ 5,156,501		4,388	4,388			
Inpatient Unit Support	\$ 5,729,446		5,535	5,535			
	\$ 286,472,280		263,560	263,560			

Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Square Feet			
					That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Non-Reviewable							
Ambulance Garage	\$ 1,980,694		3,372	3,372			
Lobby/Public Areas	\$ 10,327,904		13,698	13,698			
Education	\$ 1,839,216		3,085	3,085			
Bio Med Engineering	\$ 2,405,128		3,444	3,444			
Sterile Processing	\$ 5,234,691		8,941	8,941			
Hskp/Environ. Services	\$ 2,405,128		4,063	4,063			
Admitting	\$ 707,391		1,183	1,183			
Administrative-Misc.	\$ 2,441,792		2,964	2,964			
Food Service/Cafeteria	\$ 10,044,948		17,104	17,104			
On-call Rooms	\$ 848,869		1,430	1,430			
Maint/Materials Mgt.	\$ 6,083,560		10,384	10,384			
Staff Areas	\$ 9,337,557		15,348	15,348			
Retail	\$ 4,527,300		5,896	5,896			
Medical Staff	\$ 1,131,825		1,939	1,939			
Case Mgt/Social Serv.	\$ 1,131,825		1,840	1,840			
General Circulation	\$ 61,967,424		81,881	81,881			
Mechanicals	\$ 18,675,114		32,017	32,017			
DGSF>>BGSF	\$ 7,582,700						
	\$ 148,673,066		208,589	208,589			
Project Total	\$ 435,145,346		472,149	472,149			

SIZE OF PROJECT

The applicants have undertaken a detailed space planning process, which involved numerous hospital personnel, physicians, and experienced health care architects. Function/department-specific space allocations are provided in ATTACHMENTS 9 and 39C.

The space planned for this project, consistent with the proposed alteration, is believed by the applicants to be reasonable, necessary, and not excessive. The project includes fifteen functional areas/departments having IHFSRB-adopted space standards. As noted in the table below, those standards have been met for each area.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Medical/Surgical Units	55,440	55,440	-	YES
Pediatric Unit	7,920	7,920	-	YES
Obstetrics Unit	13,200	13,200	-	YES
Newborn Nursery	1,132	3,520	(2,388)	YES
LDRs	8,173	9,600	(1,427)	YES
C-Section Suite	3,085	4,150	(1,065)	YES
Adult ICU	11,898	12,330	(432)	YES
Pediatric ICU/PICU	5,448	5,480	(32)	YES
Neonatal Intensive Care	29,366	29,536	(170)	YES
Imaging	14,233	15,400	(1,167)	YES
Emergency Dept.	8,886	9,000	(114)	YES
Cardiac Catheterization	3,546	3,600	(54)	YES
Interventional Radiology	5,318	5,400	(82)	YES
Surgical Suite	26,727	27,500	(773)	YES
PACU/Shared Recovery	20,517	21,800	(1,283)	YES

ATTACHMENT 14

The building to be addressed in this application will consist of eight levels, with a general distribution of services as follows:

- Lower Level: food service, mechanical, central sterile, lab
- 1st Floor: lobby, retail, ED, and imaging
- 2nd Floor: surgical services, ancillary services
- 3rd Floor: NICU, PICU, and pediatrics
- 4th Floor: women's services
- 5th Floor: ICU and Medical/surgical
- 6th Floor: Medical/Surgical
- 7th Floor: mechanical

ATTACHMENT 14

PROJECT SERVICES UTILIZATION

Consistent with the proposed alteration, utilization of the following clinical services having IDPH-adopted utilization targets are anticipated to either increase or decrease from the levels provided in CON application 15-039, and subsequently approved by the IHFSRB:

- NICU patient days
- Ultrasound procedures
- LDR/OB Triage
- Mammography procedures

The required table below identifies historical utilization at Rockford Memorial Hospital-Rockton Avenue Campus ("RMH-Rockton Avenue") and projected utilization at Rockford Memorial Hospital-Riverside Boulevard Campus ("RMH-Riverside"). The projected utilization for each service identified above is discussed in ATTACHMENTS 23 and 34. Please refer to CON application 15-039 for discussions of the projected utilization of those services not addressed through the proposed alteration. The historical utilization of mammography is identified as being "not applicable" because the single unit currently located at RMH-Rockton Avenue is used virtually exclusively for pre-procedural imaging. One mammography unit will be located at RMH-Riverside, providing both routine mammography services and pre-procedural imaging.

Dept./ Service	2014	PROJECTED		STATE STANDARD	MET STANDARD?
	Historical	UTILIZATION*			
	Utilization*	UTILIZATION*			
	(Patient Days)	(patient days)			
	(TREATMENTS)	YEAR 1	YEAR 2		
NICU (days)	11,956	15,200	15,200	14,235	YES
LDR/Triage	1,514	2,720	2,720	2,001	YES
Ultrasound	10,227	3,000	3,200	3,001	YES
Mammography	N/A	3,500	4,000	N/A	N/A

ATTACHMENT 15

NEONATAL INTENSIVE CARE

Rockford Memorial Hospital-Riverside Campus ("RMH-Riverside") was, through Permit 15-039, approved to establish and operate a 46-station Neonatal Intensive Care Unit ("NICU"). Mercy Health Corporation currently operates the only NICU in a 15-county area at Rockford Memorial Hospital-Rockton Avenue Campus ("RMH-Rockton Avenue"). The RMH-Rockton Avenue NICU will be "discontinued" upon the opening of RMH-Riverside. RMH-Rockton Avenue is designated by the Illinois Department of Public Health as the area's regional perinatal center, and that designation is anticipated to be transferred to RMH-Riverside upon its opening.

Please refer to CON application 15-039 for a discussion of the justification of the approved 46 stations. The proposed alteration seeks approval to operate 52, rather than 46 NICU stations at RMH-Riverside, and the requested alteration is in direct response to already-realized increases in NICU utilization at RMH-Rockton Avenue. Specifically, the average daily census ("ADC") of the RMH-Rockton Avenue NICU increased by 11.4% from 2014 (the base year for utilization projections contained in CON application 15-039) to 2015, from 32.8 babies to 36.5 babies. Similarly, during the first 241 days of 2016 (January 1-August 28) the ADC has increased by an additional 9.5% over 2015, to an ADC of 40.0 babies. In total, utilization of the NICU has increased 22% since 2014, the base year used in the CON application to support the 46 proposed/approved NICU stations. This increase in utilization realized since 2014 both necessitates more NICU stations than originally approved, and supports the 52 stations requested through this alteration, based on the IDPH's 75% occupancy targets for NICUs. ($40 \div .75 = 53.3$)

In addition, utilization of the NICU is anticipated to increase, as a result of the ease of access for Mercy Health's Janesville, Wisconsin area patients, that will be realized once the

ATTACHMENT 23

NICU is relocated to the RMH-Riverside location. The RMH-Riverside site is located at the intersection of I-90 and East Riverside Boulevard, with I-90 providing a direct route from the Janesville area, and I-90 having an exit ramp at East Riverside Boulevard.

Please refer to ATTACHMENT 23 of CON application 15-039 for discussions of all other NICU-related review criteria.

ATTACHMENT 23

CLINICAL AREAS OTHER THAN CATEGORIES OF SERVICE

Rockford Memorial Hospital-Riverside Boulevard Campus ("RMH-Riverside") will provide a variety of clinical areas that are not identified by IDPH as categories of service, but which have target utilization levels identified in Section 1110, APPENDIX B. CON application 15-039 received a positive finding on Review Criterion 1110.3030, and only the four non-category of service areas having their number of "key rooms" proposed to be changed through the alteration process are addressed in a narrative fashion in this document. Please refer to CON application 15-039 for discussions of all other areas.

The table below identifies both the number of "key rooms" approved through project 15-039, as well as the number being proposed through the alteration process.

	Approved	Proposed
Cardiac Cath	2	2
Interventional Radiology	3	3
Diagnostic Radiology		
General R & F	3	3
Ultrasound	3	2
CT	2	2
MRI	2	2
Nuclear Medicine	1	1
Mammography	0	1
Operating Rooms	10	10
PACU/Recovery Rooms	58	60
Emergency Department	10	10
Convenient Care	6	6
LDRs	4	6
C-Section	2	2

ATTACHMENT 34

As can be noted in the table on the previous page, the number of “key rooms” of only four of the clinical services having IDPH-adopted utilization targets is being changed: ultrasound, mammography, and recovery rooms.

Ultrasound

The proposed alteration includes the elimination of one previously-approved ultrasound room (and the relocating of that room to the adjacent medical clinics building). Ultrasound is primarily an outpatient diagnostic modality, with approximately 72% of the 10,644 ultrasound examinations performed at Rockford Memorial Hospital-Rockton Avenue Campus (“RMH-Rockton Avenue”) in 2015 being performed on outpatients. Outpatient utilization of this modality at RMH-Rockton Avenue is increasing rapidly, with an annual increase of approximately 7.8% since 2012. Outpatient utilization is conservatively anticipated to increase, but at a slower rate, through the second year following the project’s completion. Approximately two-thirds on the inpatient examinations and approximately 35% of the outpatient examinations are anticipated to be performed at RMH-Riverside, resulting in approximately 3,200 examinations during the target year.

Mammography

The proposed alteration includes the providing of one mammography unit at RMH-Riverside. The vast majority of Mercy Health’s mammography procedures in the Rockford area are provided through units located in various outpatient settings throughout the community, and that will continue to be the case. While the proposed unit will also be used for outpatient screenings/examinations, the primary purpose for locating the unit in the hospital is the performance of pre-procedural imaging.

PACU/Shared Recovery

A total of sixty recovery stations are being proposed through the alteration of CON Permit 15-039, which included 58 stations. Ten Phase I (PACU) stations will be provided to support the 10-OR surgical suite. An addition fifty Phase II stations will be provided as a shared recovery area, in support of the surgical suite, the cardiac catheterization laboratory (two procedure rooms), interventional radiology (three procedure rooms), and endoscopy/bronchoscopy (4 procedure rooms). None of the numbers of "key rooms" being supported by the PACU/Shared Recovery area are proposed to be changed.

LDRs/OB Triage

The number of LDRs, which will also be used as OB Triage (observation) stations is proposed through the requested alteration to increase from four to six. Additional triage and observation stays are anticipated as a result of Crusader Clinic's alignment with Mercy Health, discussed in the introduction to this document. The combining of these functions is a result of the desire to provide greater flexibility and efficiency, both in terms of staffing and room utilization.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
M/S Units	\$ 454.81		55,440				\$ 25,214,666		\$ 25,214,666
ICU-Adult	\$ 509.74		11,898				\$ 6,064,887		\$ 6,064,887
PICU	\$ 509.74		5,448				\$ 2,777,064		\$ 2,777,064
OB/Gyn Unit	\$ 454.81		13,200				\$ 6,003,492		\$ 6,003,492
Pediatrics Unit	\$ 454.81		7,920				\$ 3,602,095		\$ 3,602,095
Cardiac Cath	\$ 517.59		3,546				\$ 1,835,374		\$ 1,835,374
LDRs/OB Triage	\$ 454.81		8,173				\$ 3,717,162		\$ 3,717,162
C-Section Suite	\$ 517.59		3,085				\$ 1,596,765		\$ 1,596,765
Newborn Nursery	\$ 454.81		1,132				\$ 514,845		\$ 514,845
OB triage	\$ 454.81		2,914				\$ 1,325,316		\$ 1,325,316
NICU (LIII)	\$ 509.74		29,366				\$ 14,969,025		\$ 14,969,025
Surgery/Operating Rooms	\$ 517.59		26,727				\$ 13,833,628		\$ 13,833,628
PACU/Shared Recovery	\$ 470.51		20,517				\$ 9,653,454		\$ 9,653,454
Emergency	\$ 470.51		8,886				\$ 4,180,952		\$ 4,180,952
Convenient Care	\$ 454.81		4,700				\$ 2,137,607		\$ 2,137,607
Inpatient Dialysis	\$ 415.51		1,463				\$ 607,891		\$ 607,891
Imaging	\$ 517.59		14,233				\$ 7,366,858		\$ 7,366,858
Interventional Radiol.	\$ 517.59		5,318				\$ 2,752,544		\$ 2,752,544
Endo/Broncho	\$ 470.51		4,248				\$ 1,998,726		\$ 1,998,726
Resp. Therapy	\$ 415.58		2,628				\$ 1,092,144		\$ 1,092,144
PT/OT	\$ 415.58		6,063				\$ 2,519,662		\$ 2,519,662
Lab	\$ 470.51		8,812				\$ 4,146,134		\$ 4,146,134
Morgue	\$ 470.51		812				\$ 382,054		\$ 382,054
Pharmacy	\$ 407.73		7,108				\$ 2,898,145		\$ 2,898,145
Ancillary Services Support	\$ 517.59		4,388				\$ 2,271,185		\$ 2,271,185
Inpatient Unit Support	\$ 454.81		5,535				\$ 2,517,373		\$ 2,517,373
			263,560				\$ 125,979,048		\$ 125,979,048
contingency @ 5%							\$ 6,298,952		\$ 6,298,952
TOTAL	\$ 501.89		263,560				\$ 132,278,001		\$ 132,278,001

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Non-Reviewable									
Ambulance Garage	\$ 317.49		3,372				\$ 1,070,576		\$ 1,070,576
Lobby/Public Areas	\$ 407.73		13,698				\$ 5,585,086		\$ 5,585,086
Education	\$ 326.96		3,085				\$ 1,008,672		\$ 1,008,672
Bio Med Engineering	\$ 317.49		3,444				\$ 1,093,436		\$ 1,093,436
Sterile Processing	\$ 317.49		8,941				\$ 2,838,678		\$ 2,838,678
Hskp/Environ. Services	\$ 317.49		4,063				\$ 1,289,962		\$ 1,289,962
Admitting	\$ 326.96		1,183				\$ 386,794		\$ 386,794
Administrative-Misc.	\$ 326.96		2,964				\$ 969,109		\$ 969,109
Food Service/Cafeteria	\$ 317.49		17,104				\$ 5,430,349		\$ 5,430,349
On-call Rooms	\$ 326.96		1,430				\$ 467,553		\$ 467,553
Maint/Materiels Mgt.	\$ 317.49		10,384				\$ 3,296,816		\$ 3,296,816
Staff Areas	\$ 326.96		15,348				\$ 5,018,182		\$ 5,018,182
Retail	\$ 407.73		5,896				\$ 2,403,976		\$ 2,403,976
Medical Staff	\$ 326.96		1,939				\$ 633,975		\$ 633,975
Case Mgt/Social Serv.	\$ 326.96		1,840				\$ 601,606		\$ 601,606
General Circulation	\$ 407.25		81,881				\$ 33,356,488		\$ 33,356,488
Mechanicals	\$ 321.42		32,017				\$ 10,290,904		\$ 10,290,904
			208,589				\$ 75,742,162		\$ 75,742,162
contingency @ 5%							\$ 3,787,108		\$ 3,787,108
							\$ 79,529,270		\$ 79,529,270
DGSF>>>BGSF							\$ 7,582,700		\$ 7,582,700
Project Total	\$ 464.66		472,149				\$ 219,389,972		\$ 219,389,972