ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Memorial Hospital of Carbondale		
Street Address:	405 W. Jackson Street		
City and Zip Code:	Carbondale 62902		
County:	Jackson	Health Service Area: 5	Health Planning Area: F-07

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale
Street Address:	405 W. Jackson Street P.O. Box 10,000
City and Zip Code:	Carbondale, Illinois 62902
Name of Registered Agent:	Mr. William F. Sherwood
Registered Agent Street Address:	Southern Illinois Healthcare 1239 E. Main Street P.O. Box 3988
Registered Agent City and Zip Code:	Carbondale, Illinois 62901
Name of Chief Executive Officer:	Al Taylor, Administrator
CEO Street Address:	Memorial Hospital of Carbondale, 405 W. Jackson Street
CEO City and Zip Code:	Carbondale, Illinois 62902
CEO Telephone Number:	618-549-0721

Type of Ownership of Applicants

- [x] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are 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:	Mr. Philip L. Schaefer, FACHE
Title:	Senior Vice President
Company Name:	Southern Illinois Healthcare
Address:	1239 E. Main Street P.O. Box 3988 Carbondale, IL 62901
Telephone Number:	618-457-5200 X67961
E-mail Address:	phil.schaefer@sih.net
Fax Number:	618-529-0568

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

Name:	Andrea R. Rozran
Title:	President
Company Name:	Diversified Health Resources, Inc.
Address:	65 E. Scott Street Suite 9A Chicago, IL 60610-5274
Telephone Number:	312-266-0466
E-mail Address:	arozran@diversifiedhealth.net
Fax Number:	N/A

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

Name:	Ms. Cathy Blythe
Title:	System Manager, Planning & Physician Recruitment
Company Name:	Southern Illinois Healthcare
Address:	1239 E. Main Street P.O. Box 3988 Carbondale, IL 62901
Telephone Number:	618-457-5200 X67963
E-mail Address:	cathy.blythe@sih.net
Fax Number:	618-529-0568

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Southern Illinois Healthcare Enterprises, Inc.
Street Address:	1239 E. Main Street P.O. Box 3988
City and Zip Code:	Carbondale, Illinois 62901
Name of Registered Agent:	Mr. William F. Sherwood
Registered Agent Street Address:	Southern Illinois Healthcare 1239 E. Main Street P.O. Box 3988
Registered Agent City and Zip Code:	Carbondale, Illinois 62901
Name of Chief Executive Officer:	Mr. Rex Budde, President and CEO
CEO Street Address:	1239 E. Main Street
CEO City and Zip Code:	Carbondale, Illinois 62901
CEO Telephone Number:	618-457-5200

Type of Ownership of Applicants

- ☒ 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 they are 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.

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:	Ms. Cathy Blythe
Title:	System Manager, Planning & Physician Recruitment
Company Name:	Southern Illinois Healthcare
Address:	1239 E. Main Street P.O. Box 3988 Carbondale, IL 62901
Telephone Number:	618-457-5200 X67963
E-mail Address:	cathy.blythe@sih.net
Fax Number:	618-529-0568

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Southern Illinois Hospital Services

Address of Site Owner: 1239 E. Main Street P.O. Box 3988 Carbondale, IL 62901

Street Address or Legal Description of the Site: 405 W. Jackson Street, Carbondale, Illinois 62902

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, 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: Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale

Address: 405 W. Jackson Street P.O. Box 10,000 Carbondale, Illinois 62902

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

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each 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 #2006-5 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 #2006-5 **(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 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

☐ Substantive

☒ Non-substantive

2. Narrative Description

In the space below, provide 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.

This project will build out the shell space that was approved as part of Project #13-069 on March 11, 2014. That shell space was approved for the future expansion of the Medical/Surgical Category of Service with the intention of increasing Memorial Hospital of Carbondale's authorized Medical/Surgical beds.

That project was approved with 8,620 square feet of shell space on the fourth floor of a new addition, which was adjacent to an existing Medical/Surgical nursing unit. In addition, the project included new construction of 933 square feet for Interdepartmental Circulation Space, and 298 square feet for an Elevator Lobby on the fourth floor of the new addition.

As part of Project #13-069, Memorial Hospital of Carbondale agreed to apply for a CON permit to build out the shell space, regardless of whether this project would by itself meet the requirements for a separate CON permit.

The only Clinical Service Area included in this project is the expansion of the Medical/Surgical Category of Service.

This project will build out the shell space for the new Medical/Surgical nursing unit and also modernize (reconfigure) the egress corridor from the adjacent existing Medical/Surgical nursing unit to the exit stairwell so the elevators exit into the egress corridor and add several small mechanical shafts.

This project will construct 13 private Medical/Surgical patient rooms, privatizing 5 current semi-private Medical/Surgical patient rooms without any increase in authorized beds and increasing the hospital's authorized Medical/Surgical beds by 8. When the project is completed, Memorial Hospital of Carbondale will have 99 authorized Medical/Surgical beds.

This project is "non-substantive" in accordance with 20 ILCS 3960/12 because it does not meet the criteria for classification as a "substantive" project. The increase in authorized beds proposed in this project will be less than the lesser of 20 beds or 10% of total bed capacity.

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 be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$22,298	$1,266	$23,564
Site Survey and Soil Investigation	$0	$0	$0
Site Preparation	$0	$0	$0
Off Site Work	$0	$0	$0
New Construction Contracts	$0	$0	$0
Modernization Contracts	$2,822,026	$290,475	$3,112,501
Contingencies	$277,766	$28,582	$306,348
Architectural/Engineering Fees	$259,288	$26,681	$285,969
Consulting and Other Fees	$284,557	$15,348	$299,905
Movable or Other Equipment (not in construction contracts)	$832,851	$0	$832,851
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	$0	$0	$0
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	**$4,498,786**	**$362,352**	**$4,861,138**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$4,458,786	$362,352	$4,821,138
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	**$4,498,786**	**$362,352**	**$4,861,138**

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. 13-069

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): May 31, 2022

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment 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 [Section 1130.620(c)]

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 **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (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.**

		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							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

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

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is 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: Memorial Hospital of Carbondale		**CITY: Carbondale**			
REPORTING PERIOD DATES:		**From: January 1, 2017 to: December 31, 2017**			
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	91	7,946	29,124**	+8	99
Obstetrics	28	2,041	5,686**	0	28
Pediatrics	14	235	767**	0	14
Intensive Care	21	1,333	5,640	0	21
Comprehensive Physical Rehabilitation	0	0	0	0	0
Acute/Chronic Mental Illness	0	0	0	0	0
Neonatal Intensive Care	0	0	0	0	0
General Long Term Care	0	0	0	0	0
Specialized Long Term Care	0	0	0	0	0
Long Term Acute Care	0	0	0	0	0
Other ((identify)	0	0	0	0	0
TOTALS:	154	10,643*	41,217**	+8	162

*Total Admissions include ICU Direct Admissions only, excluding transfers from other services

**Patient Days include Observation Days

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale* 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 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 fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Rev P. Budde
PRINTED NAME

President and CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 18th day of January 2019

Valerie K. Cawvey
Signature of Notary

Seal

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

SIGNATURE

Michael Kasser
PRINTED NAME

SVP/CFO/Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 18th day of January 2019

Valerie K. Cawvey
Signature of Notary

Seal

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

*Insert the EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 is filed on the behalf of Southern Illinois Healthcare Enterprises, Inc.,* 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 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 fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

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PRINTED NAME

President and CEO
PRINTED TITLE

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Valerie K. Cawvey
Signature of Notary

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"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
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SIGNATURE

Michael Kasser
PRINTED NAME

SVP/CFO/Treasurer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
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Valerie K. Cawvey
Signature of Notary

Seal

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Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

*Insert the EXACT legal name of the applicant

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.

1110.110(a) – Background of the Applicant

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 listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

4. 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.**

5. 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 that the information was 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.

Criterion 1110.110(b) & (d)

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 relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the 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 the age and condition of the project site, as well as 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 Staff 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 1110.120 - 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 and it shall include the basis used for determining the space and the methodology applied.**

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 and certified by the facility's Medical Director.

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

   c. The project involves the conversion of existing space that results in excess square footage.

   d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

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	MEET 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 (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to 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 is 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. SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing the establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion, and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Criterion 1110.200 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. Applicants proposing to establish, expand and/or modernize the Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☒ **Medical/Surgical**	**91**	**99**
☐ **Obstetric**		
☐ **Pediatric**		
☐ **Intensive Care**		

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

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.200(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.200(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.200(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.200(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.200(b)(5) - Planning Area Need - Service Accessibility	X		
1110.200(c)(1) - Unnecessary Duplication of Services	X		
1110.200(c)(2) - Maldistribution	X	X	
1110.200(c)(3) - Impact of Project on Other Area Providers	X		
1110. 200(d)(1), (2), and (3) - Deteriorated Facilities			X
1110.200(d)(4) - Occupancy			X

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.200(e) - Staffing Availability	X	X	
1110.200(f) - Performance Requirements	X	X	X
1110.200(g) - Assurances	X	X	

APPEND DOCUMENTATION AS ATTACHMENT 18, 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)**

CO-APPLICANT SOUTHERN ILLINOIS HEALTH ENTERPRISES HAS AN A+ BOND RATING

VI. 1120.120 - AVAILABILITY OF FUNDS

SEE ATTACHMENTS 33-35 FOR PROOF OF A+ BOND RATING

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 33, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

SEE ATTACHMENTS 33-35 FOR PROOF OF A+ BOND RATING

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 34, 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.

	Historical 3 Years			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.

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 35, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

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

A. Reasonableness of Financing Arrangements

SEE ATTACHMENTS 33-35 FOR PROOF OF A+ BOND RATING

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

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

NOT APPLICABLE BECAUSE THIS PROJECT HAS NO DEBT FINANCING

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

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

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							
	A	B	C	D	E	F	G
	Cost/Sq. Foot		Gross Sq. Ft.	Gross Sq. Ft.	Const. $	Mod. $	Total Costs
Department	New	Mod.	New	Mod.	(A x C)	(B x D)	(E +F)
Clinical Service Areas:							
4th Floor New Medical/Surgical Nursing Unit (this project)	$0.00	$332.35	0	8,491	$0	$2,822,026	$2,822,026
SUBTOTAL CON COMPONENTS	$0.00	$332.35	0	8,491	$0	$2,822,026	$2,822,026
Contingency	$0.00					$277,766	$277,766
TOTAL - CLINICAL SERVICE AREAS	$0.00	$365.07	0	8,491	$0	$3,099,792	$3,099,792
Non-Clinical Service Areas:							
Egress Corridor from Existing Medical/Surgical Nursing Unit	$0.00	$233.00	0	1,231	$0	$286,823	$286,823
Mechanical Shafts	$0.00	$125.93	0	29	$0	$3,652	$3,652
SUBTOTAL NON-CON COMPONENTS	$0.00	$230.54	0	1,260	$0	$290,475	$290,475
Contingency	$0.00					$28,582	$28,582
TOTAL NON-CLINICAL SERVICE AREAS	$0.00	$253.22	0	1,260	$0	$319,057	$319,057
PROJECT TOTAL	$0.00	$350.62	0	9,751	$0	$3,418,849	$3,418,849

Factors Influencing Additional Construction Costs for this Project

This project has several factors which result in higher construction costs that would be expected for a routine hospital modernization project.

1. Memorial Hospital of Carbondale (MHC) is located on the New Madrid Earthquake Fault, as a result of which both new construction and modernization of existing hospital buildings must meet the current seismic codes for buildings located in an earthquake area.

   The addition in which the shell space is located was designed to meet the current seismic codes which have unique requirements for buildings located in an earthquake area.

   The build-out of the shell space must comply with the current standards of the seismic code. This means that structural upgrades are necessary for the bracing and ties of the partitions and ceilings. In order to comply with the current seismic codes, both the partitions and the ceilings in the space being built-out in this project must be anchored differently than in other hospital construction or modernization projects.

   These unique structural requirements result in construction that is more expensive than in non-earthquake fault zones.

2. The construction required to build-out this shell space is more extensive than would be required to modernize space within an existing hospital building. With the exception of building an exterior structure, which already exists because it was constructed as part of Project #13-069, this project more closely resembles new construction than modernization.

   Some examples of necessary project components which do not exist in the shell space are the following.

   - The shell space does not have medical gases.
   - The shell space does not have dampers.
   - The shell space does not have a patient toilet exhaust fan system.
   - The roof of the shell space must undergo roofing work to accommodate penetrations for systems that must be installed.
   - The floor of the shell space is concrete and lacks the flooring that would exist in finished hospital space.
   - There are no corridor walls except for the egress corridor, which needs to be relocated from the area where it was originally constructed.

   The construction required to add these project components will result in higher construction costs than seen in other modernization projects.

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	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

SECTION X. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

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 39.

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

APPEND DOCUMENTATION AS ATTACHMENT 38, 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 included attachments:

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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	35
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File Number 2877-076-6

STATE OF ILLINOIS

OFFICE OF THE 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 I am the keeper of the records of the Department of Business Services. I certify that

SOUTHERN ILLINOIS HOSPITAL SERVICES, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 15, 1946, ADOPTED THE ASSUMED NAME MEMORIAL HOSPITAL OF CARBONDALE ON DECEMBER 22, 2014, 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.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* JANUARY *A.D.* 2019 .

Authentication #: 1900401824 verifiable until 01/04/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
28 SECRETARY OF STATE

File Number 5313-710-5

STATE OF ILLINOIS

OFFICE OF THE 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 I am the keeper of the records of the Department of Business Services. I certify that

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JULY 06, 1983, 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.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* JANUARY *A.D.* 2019 .

Authentication #: 1900401772 verifiable until 01/04/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

29 SECRETARY OF STATE

I.
Site Ownership

Proof of Southern Illinois Hospital Services' ownership of the site on which Memorial Hospital of Carbondale is located is found in the Commitment for Title Insurance for the hospital site that appears on the following pages of this Attachment.

Chicago Title Insurance Company

Issued by: JACKSON COUNTY ABSTRACT & TITLE GUARANTEE CO.
110 SOUTH 11TH STREET, P.O. BOX 970, MURPHYSBORO, IL 62966
(618) 684-3311 OR (618) 684-2766 FAX (618) 687-2311

To: Southern Illinois Hospital Services
1239 E. Main St.
Carbondale, IL 62901
Attn: Bill Sherwood

COMMITMENT FOR TITLE INSURANCE

CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed insured named in schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefore, all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

NOTE: This Commitment shall not be valid or binding until signed by an authorized signatory.

Schedule A

Number	**Effective Date**	**Refer Inquiries To**
JAX 01-386	April 19, 2001 At 4:00 p.m.	Bob Maloney

1. **Owners Policy to be Issued:** **Amount:** $1,000.00

   Proposed Insured: TO BE DESIGNATED LATER

   Loan Policy to be issued: **Amount:** NONE

   Proposed Insured: NONE

2. **The estate or interest in the land described or referred to in this Commitment and covered herein is a fee simple and title thereto is at the effective date hereof vested in:**

   SOUTHERN ILLINOIS HOSPITAL SERVICES, A NOT FOR PROFIT CORPORATION

3. **The land referred to in this Commitment is described as follows:**

(FOR DESCRIPTION SEE NEXT PAGE)

Situated in and a part of Outlot 25, Outlot 26 and Outlot 27 in the City of Carbondale, Jackson County, Illinois, more particularly described as follows:

Commencing at the Southwest corner of the said Outlot 25, said point also being in the center of North Poplar Street; thence Easterly along the South line of said Outlot 25, said line also being the North line of West Main Street, a distance of 25.00 feet to the original Northeast corner of North Poplar Street and West Main Street; thence continuing Easterly along the said South line of Outlot 25 and the North line of West Main Street, a distance of 25.00 feet to the point of beginning for this description: From said point of beginning, thence continuing Easterly along the South line of said Outlot 25 and the North line of West Main Street, a distance of 280.00 feet to the Southeast corner of said Outlot 25 as shown by previous surveys as being monumented and used, said point also being the Southwest corner of Outlot 26; thence continuing Easterly along the South line of said Outlot 26 and the North line of West Main Street, a distance of 333.17 feet to the Southeast corner of said Outlot 26 as shown by previous surveys as being monumented and used, said point also being the Southwest corner of Outlot 27; thence continuing Easterly along the South line of said Outlot 27 and the North line of West Main Street, a distance of 13.0 feet to a point; thence Northerly with a deflection angle of 89°47'30", along a line parallel with the East line of said Outlot 26, a distance of 280.50 feet to a point in the South line of West Jackson Street as it existed prior to vacation by the City of Carbondale; thence Westerly with a deflection angle of 90°12'30", along the said South line of West Jackson Street, a distance of 13.0 feet to a point in the common boundary line between said Outlot 26 and Outlot 27, as said line is shown by previous surveys as being monumented and used in the field; thence continuing Westerly along the said South line of West Jackson Street, a distance of 332.13 feet to a point in the common boundary line between said Outlot 25 and said Outlot 26, as said line is shown by previous surveys as being monumented and used in the field; thence continuing Westerly along the said South line of West Jackson Street, a distance of 165.00 feet to a point; thence Southerly with a deflection angle of 89°36'30", along a line parallel with the said common boundary line between Outlot 25 and Outlot 26, a distance of 60.50 feet to a point; thence Westerly with a deflection angle of 89°36'30", along a line parallel with the South line of West Jackson Street, a distance of 140.00 feet to a point in the East line of North Poplar Street, said point being located 25.0 feet distant Easterly from the West line of said Outlot 25; thence Southerly with a deflection angle of 89°36'30", along the said East line of North Poplar Street, a distance of 170.00 feet to a point; thence Southeasterly with a deflection angle to the left of 26°38'37", a distance of 55.75 feet to the point of beginning and containing 173,412 square feet or 3.981 acres, more or less.

ALSO that portion of Outlot 25, Outlot 26 and Outlot 27 that lies Northerly of and adjacent to the above described parcel that was vacated by the City of Carbondale by City Ordinance 91-24 and 92-52.

3. Taxes for the year 2000, due and payable in 2001. Taxes for the year 2001, due and payable in 2002. Taxes for the year 1999 are marked "No Tax Due"as follows:

TAX NUMBER
15-21-132-002-0060
15-21-132-003-0060
15-21-132-004-0060
15-21-132-005-0060
15-21-132-006-0060
15-21-132-020-0060
15-21-132-022-0060

4. Rights of the Public, the State of Illinois, the County, the Township and the municipality in and to that part of the premises in question taken, used, or dedicated for roads or highways.

5. Rights of way for drainage ditches, drain tiles, feeders, laterals, and underground pipes, if any.

6. Rights or claims of parties in possession not shown of record; questions of survey; easements and claims of easements not shown of record.

7. Financing statements, if any.

8. Master Trust Indenture dated March 1, 1984, recorded April 18, 1984 in Book 623 on Page 621 between Southern Illinois Hospital Services and First Bank (N. A.), Milwaukee, Wisconsin, as Trustee and all terms thereof and all rights thereunder.
   NOTE: The above trust indenture does not contain a legal description.

9. Indenture of Trust (Series 1987 Bond Indenture) dated January 1, 1987, recorded February 17, 1987 in Book 681 on Page 347 made by City of Carbondale, Illinois to First Bank, N. A. as Trustee, as part of Proceedings for the Authorization and Issuance of $22,505,000.00 City of Carbondale, Illinois Hospital Revenue Refunding Bonds (Southern Illinois Hospital Services) Series 1987, and all terms thereof and all rights thereunder.

10. Supplemental Indenture Number Two dated as of January 1, 1987, recorded February 17, 1987 in Book 681 on page 416 made by Southern Illinois Hospital Services to First Bank (N. A.) as Trustee being Supplemental to Master Trust Indenture dated as of March 1, 1984 as supplemented and modified, and all terms thereof and all rights thereunder.

11. Rights of the municipality, public and quasi public utilities to maintain their lines, if any, in that part of premises in question falling in vacated Jackson Street.

(CONTINUED ON NEXT PAGE)

12. Note purchase agreement dated January 1, 1987, recorded February 17, 1987 in Book 681 on Page 301 made by Southern Illinois Hospital Services to City of Carbondale, Illinois and all terms thereof and all rights thereunder.
NOTE: Said agreement and notes purchased thereunder have been assigned to First Bank (N. A.), Milwaukee, Wisconsin as Trustee (the "Bond Trustee") under the Indenture of Trust Series 1987 Bond Indenture) dated as of January 1, 1987, between the City of Carbondale, Illinois and the Bond Trustee.

13. Agreement contained in deed dated September 27, 1920, recorded June 10, 1921 in Book 91 on Page 509 concerning sewer and water tap use along the North 100 feet of the W½ of W½ of E½ of Outlot 25.

14. Easement dated December 18, 1980, recorded January 6, 1981 in Book 576 at page 429 to Central Illinois Public Service Company for its lines and appurtenances and all terms thereof and all rights thereunder. (Affects the W½ of the North 114 feet and 6 inches off of the North end of the East¼ of Outlot 25 EXCEPT the North 25 feet thereof.)

15. Covenants contained in Ordinance 92-52 regarding the maintenance of a sidewalk and cooperating with utilities within the vacated right of way, holding City of Carbondale harmless and submitting site plans to the City and reservation of easement by City of Carbondale contained in Ordinance No. 91-24.

16. Financing Statement filed February 1, 1996 as F-61595 made by Southern Illinois Medical Properties, Inc. to The Bank of Carbondale covering the West Half of Outlot 27 EXCEPTING 2¼ rods off the North side and covering the East 55 feet of the North 147 feet of Outlot 26 EXCEPTING 2¼ rods off the North side and covering the South 170.5 feet of the East 1/3 of Outlot 26 EXCEPT 4 feet of the West side and other property not in question.

17. Financing Statements (carried forward from previous commitment):

F-46901 Continued by F-57138, F-57160, F-62435 and amended by F-62436
F-46902 Continued by F-57134, F-57161, F-62437 and amended by F-62438

04/24/01
5 pgs.
sls

File Number 2877-076-6

STATE OF ILLINOIS

OFFICE OF THE 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 I am the keeper of the records of the Department of Business Services. I certify that

SOUTHERN ILLINOIS HOSPITAL SERVICES, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 15, 1946, ADOPTED THE ASSUMED NAME MEMORIAL HOSPITAL OF CARBONDALE ON DECEMBER 22, 2014, 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.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 4TH *day of* JANUARY *A.D.* 2019 .

Authentication #: 1900401824 verifiable until 01/04/2020
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 3

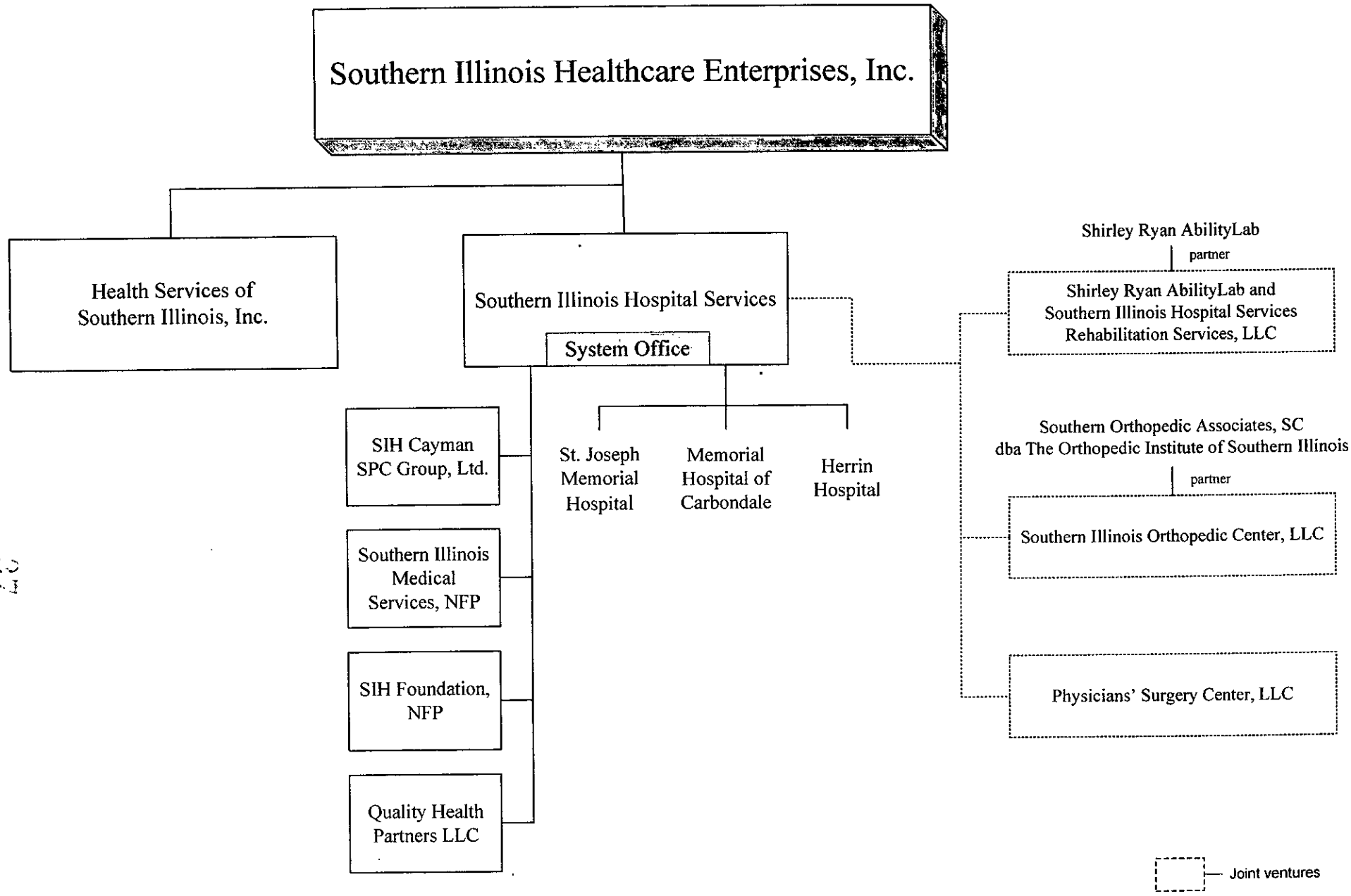
I.
Organizational Relationships

This project has 2 co-applicants: Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale and Southern Illinois Healthcare Enterprises, Inc.

As will be seen on the Organizational Chart that appears on the following page and as discussed in Attachment 11, Southern Illinois Healthcare Enterprises, Inc., is the sole corporate member of Southern Illinois Hospital Services (SIHS).

SIHS is part of the Southern Illinois Healthcare Enterprises obligated group.

This entire project will be funded through cash and securities.

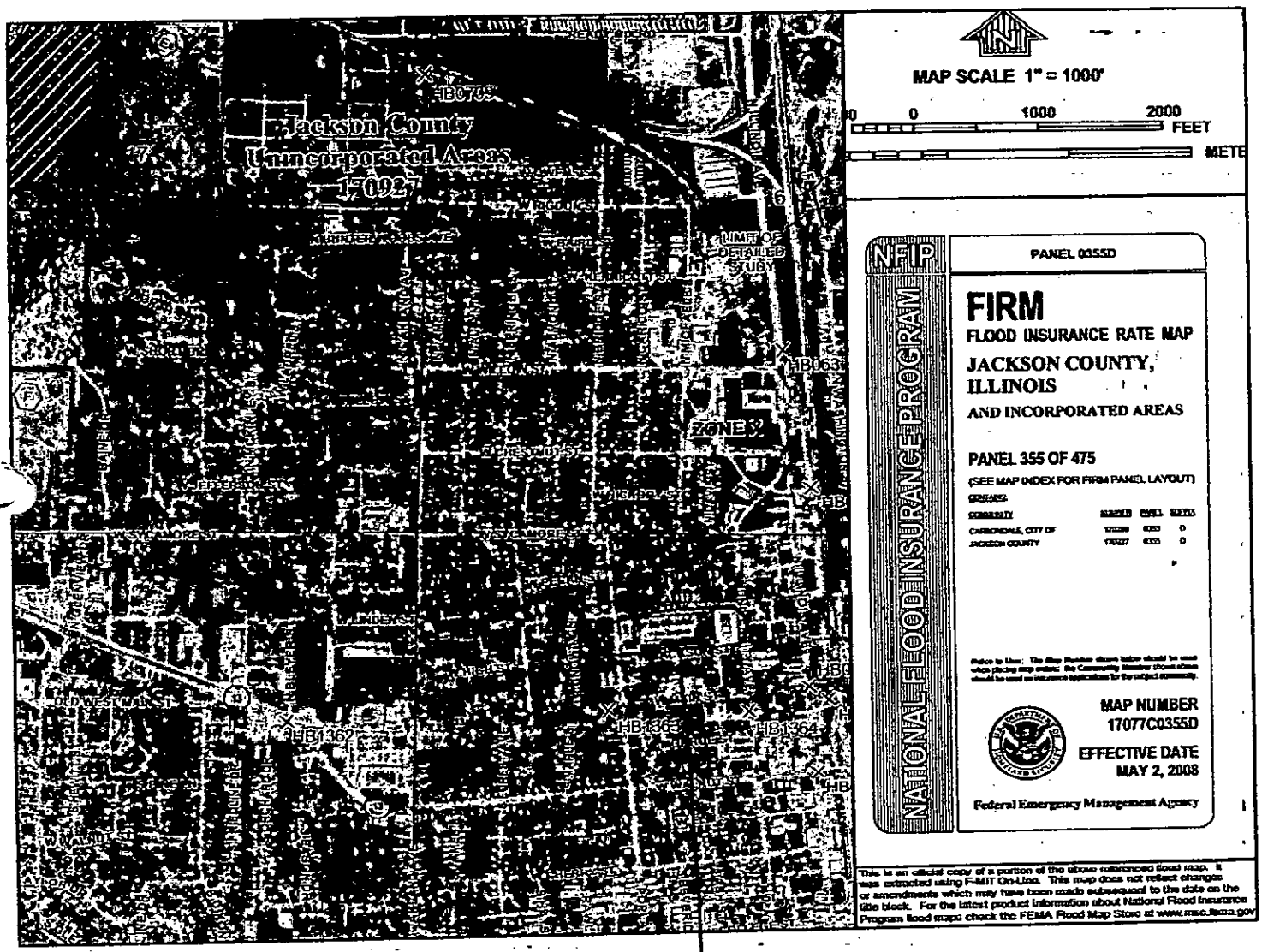


visio/SIH 2-17
February 2017

I.
Flood Plain Requirements

The following pages of this Attachment include the most recent Special Flood Hazard Area Determinations for the Memorial Hospital of Carbondale campus as well as the most recent Flood Insurance Rate Map for this site. It should be noted that the Federal Emergency Management Agency (FEMA) has not issued a projected distribution date for a new Flood Insurance Rate Map for this location since 2008.

A notarized statement from Rex P. Budde, President and CEO of Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale, and Michael Kasser, Senior Vice President/CFO/Treasurer of Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale, attesting to the project's compliance with the requirements of Illinois Executive Order #2006-5, Construction Activities in Special Flood Hazard Areas, is found on Page 7 of this Attachment.



MEMORIAL HOSPITAL OF CARBONDALE

NOTES TO USERS

This map is for use in administering the National Flood Insurance Program. It does not necessarily identify all areas subject to flooding, particularly from local drainage sources of small size. The community map repository should be consulted for possible updated or additional flood hazard information.

To obtain more detailed information in areas where **Base Flood Elevations** (BFEs) and/or **floodways** have been determined, users are encouraged to consult the Flood Profiles and Floodway Data and/or Summary of Stillwater Elevations tables contained within the Flood Insurance Study (FIS) report that accompanies this FIRM. Users should be aware that BFEs shown on the FIRM represent rounded whole-foot elevations. These BFEs are intended for flood insurance rating purposes only and should not be used as the sole source of flood elevation information. Accordingly, flood elevation data presented in the FIS report should be utilized in conjunction with the FIRM for purposes of construction and/or flood plain management.

Coastal Base Flood Elevations shown on this map apply only landward of 0.0' North American Vertical Datum of 1988 (NAVD 88). Users of this FIRM should be aware that coastal flood elevations are also provided in the Summary of Stillwater Elevations table in the Flood Insurance Study report for this jurisdiction. Elevations shown in the Summary of Stillwater Elevations table should be used for construction and/or flood plain management purposes when they are higher than the elevations shown on this FIRM.

Boundaries of the **floodways** were computed at cross sections and interpolated between cross sections. The floodways were based on hydraulic considerations with regard to requirements of the National Flood Insurance Program. Floodway widths and other pertinent floodway data are provided in the Flood Insurance Study report for this jurisdiction.

In the State of Illinois, any portion of a stream or watercourse that lies within the **floodway fringe** of a studied (AE) stream may have a state regulated floodway. The FIRM may not depict these state regulated floodways.

Floodways restricted by anthropogenic features such as bridges and culverts are drawn to reflect natural conditions and may not agree with the model computed widths listed in the Floodway Data table in the Flood Insurance Study report.

Multiple topographic sources may have been used in the delineation of Special Flood Hazard Areas. See Flood Insurance Study report for details on source resolution and geographic extent.

Certain areas not in Special Flood Hazard Areas may be protected by **flood control structures**. Refer to Section 2.4 "Flood Protection Measures" of the Flood Insurance Study report for information on flood control structures for this jurisdiction.

MAP SCALE 1" = 1000'

0 0 1000 2000 FEET

METE

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0355D

FIRM

FLOOD INSURANCE RATE MAP

JACKSON COUNTY, ILLINOIS

AND INCORPORATED AREAS

PANEL 355 OF 475

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
CARBONDALE, CITY OF	170236	0355	D
JACKSON COUNTY	170027	0355	D

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.

MAP NUMBER
17077C0355D

EFFECTIVE DATE
MAY 2, 2008

Federal Emergency Management Agency

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

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois State Water Survey

Main Office • 2204 Griffith Drive • Champaign, IL 61820-7495 • Tel (217) 333-2210 • Fax (217) 333-6540
Peoria Office • P.O. Box 697 • Peoria, IL 61652-0697 • Tel (309) 671-3196 • Fax (309) 671-3106

SWS

Special Flood Hazard Area Determination
pursuant to Governor's Executive Order 4 (1979)

Requester: Suzanne Gallo, Diversified Health Resources, Inc.
Address: 875 North Michigan Ave., Suite 3250
City, state, zip: Chicago, IL 60611 Telephone: (312) 266-0466

Site description of determination:
Site address: Memorial Hospital, 405 W. Jackson St.
City, state, zip: Carbondale, IL 62901
County: Jackson Sec¼: NE¼ of NW¼ Section: 21 T. 9 S. R. 1 W. PM: 3rd
Subject area: Area bounded by W. Oak St. on the north, W. Main St. on the south, Poplar St. on the west, and University Ave. on the east.

The property described above IS NOT located in a Special Flood Hazard Area (SFHA).
Floodway mapped: N/A Floodway on property: No
Sources used: FEMA Flood Insurance Rate Map (FIRM); USGS Terraserver aerial photo (April 6, 1998).
Community name: City of Carbondale, IL Community number: 170298
Panel/map number: 170298 0005 B Effective Date: November 1, 1979
Flood zone: C Base flood elevation: N/A ft NGVD 1929

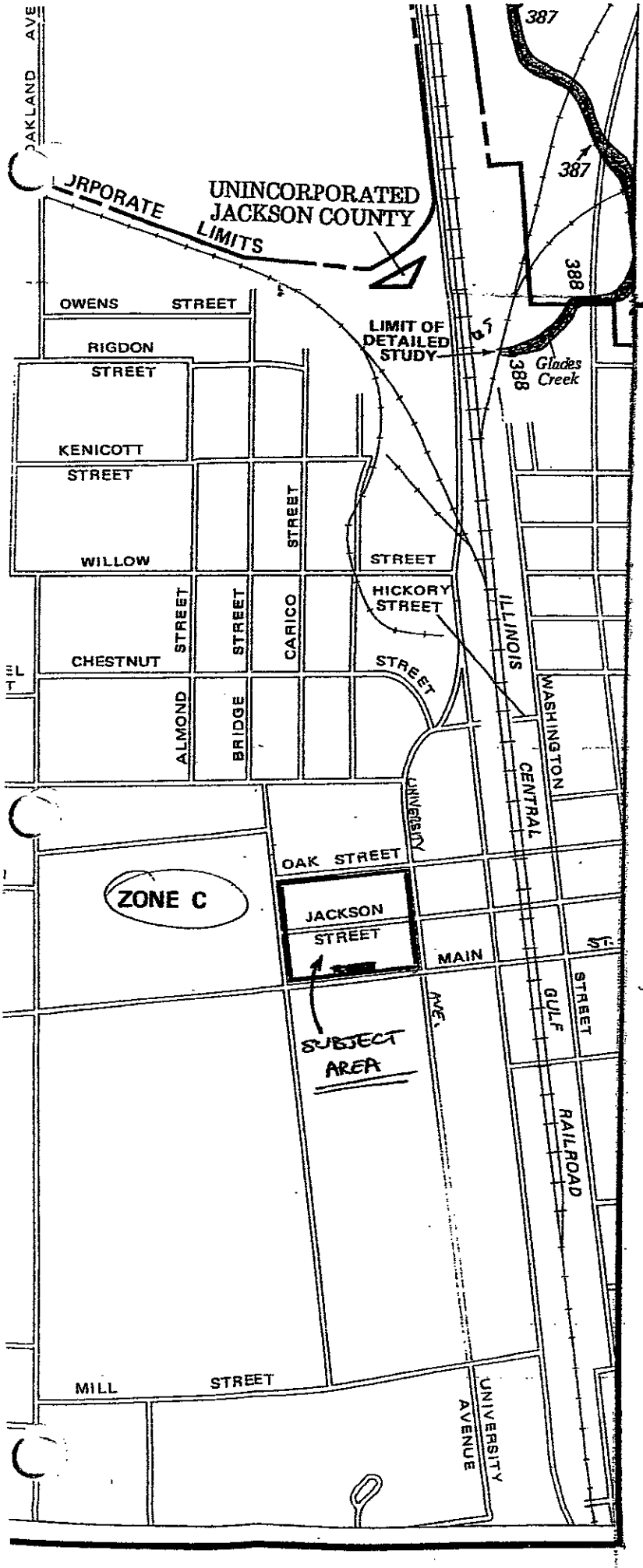
N/A a. The community does not currently participate in the National Flood Insurance Program (NFIP); State and Federal grants as well as flood insurance may not be available.
N/A b. Panel not printed: no Special Flood Hazard Area on the panel (panel designated all Zone C or X).
N/A c. No map panels printed: no Special Flood Hazard Areas within the community (NSFHA).

The primary structure on the property:
N/A d. Is located in a Special Flood Hazard Area. Any activity on the property must meet State, Federal, and local floodplain development regulations. Federal law requires that a flood insurance policy be obtained as a condition of a federally-backed mortgage or loan that is secured by the building.
N/A e. Is located in shaded Zone X or B (500-yr floodplain). Conditions may apply for local permits or Federal funding.
X f. Is not located in a Special Flood Hazard Area. Flood insurance may be available at non-floodplain rates.
N/A g. A determination of the building's exact location cannot be made on the current FEMA flood hazard map.
N/A h. Exact structure location is not available or was not provided for this determination.

Note: This determination is based on the current Federal Emergency Management Agency (FEMA) flood hazard map for the community. This letter does not imply that the referenced property will or will not be free from flooding or damage. A property or structure not in a Special Flood Hazard Area may be damaged by a flood greater than that predicted on the FEMA map or by local drainage problems not mapped. This letter does not create liability on the part of the Illinois State Water Survey, or employee thereof for any damage that results from reliance on this determination.

Questions concerning this determination may be directed to Bill Saylor (217/333-0447) at the Illinois State Water Survey. Questions concerning requirements of Governor's Executive Order 4 (1979), or State floodplain regulations, may be directed to Paul Osman (217/782-3862) at the IDNR Office of Water Resources.

William Saylor Title: ISWS Surface Water & Floodplain Information Date: 9/28/2005
William Saylor, CFM IL-02-00107, Illinois State Water Survey



To determine if flood insurance is available in this community, contact your insurance agent, or call the National Flood Insurance Program at (800) 638-6620, or (800) 424-8872.

APPROXIMATE SCALE

1000 0 1000 FEET

— LEGEND ON REVERSE —

NATIONAL FLOOD INSURANCE PROGRAM

FIRM

FLOOD INSURANCE RATE MAP

CITY OF
CARBONDALE, ILLINOIS
JACKSON COUNTY

PANEL 5 OF 20
(SEE MAP INDEX FOR PANELS NOT PRINTED)

COMMUNITY-PANEL NUMBER
170298 0005 B

EFFECTIVE DATE:
NOVEMBER 1, 1979

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL INSURANCE ADMINISTRATION

KEY TO MAP

100-Year Flood Boundary	ZONE B
500-Year Flood Boundary	ZONE A1 DATE / ZONE A5 DATE
Zone Designations* With Date of Identification e.g., 12/2/74	ZONE B
100-Year Flood Boundary	
500-Year Flood Boundary	
Base Flood Elevation Line With Elevation In Feet**	513
Base Flood Elevation in Feet Where Uniform Within Zone**	(EL 987)
Elevation Reference Mark	RM7×
River Mile	• M1.5

**Referenced to the National Geodetic Vertical Datum of 1929

*EXPLANATION OF ZONE DESIGNATIONS

ZONE	EXPLANATION
A	Areas of 100-year flood; base flood elevations and flood hazard factors not determined.
AO	Areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; average depths of inundation are shown, but no flood hazard factors are determined.
AH	Areas of 100-year shallow flooding where depths are between one (1) and three (3) feet; base flood elevations are shown, but no flood hazard factors are determined.
A1-A30	Areas of 100-year flood; base flood elevations and flood hazard factors determined.
A99	Areas of 100-year flood to be protected by flood protection system under construction; base flood elevations and flood hazard factors not determined.
B	Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. (Medium shading)
C	Areas of minimal flooding. (No shading)
D	Areas of undetermined, but possible, flood hazards.
V	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors not determined.
V1-V30	Areas of 100-year coastal flood with velocity (wave action); base flood elevations and flood hazard factors determined.

NOTES TO USER

Certain areas not in the special flood hazard areas (zones A and V) may be protected by flood control structures.

This map is for flood insurance purposes only; it does not necessarily show all areas subject to flooding in the community or all planimetric features outside special flood hazard areas.

For adjoining map panels, see separately printed Index To Map Panels.

INITIAL IDENTIFICATION:

MAY 3, 1974

FLOOD HAZARD BOUNDARY MAP REVISIONS:

MARCH 4, 1977

FLOOD INSURANCE RATE MAP EFFECTIVE:

NOVEMBER 1, 1979

FLOOD INSURANCE RATE MAP REVISIONS:

Refer to the FLOOD INSURANCE RATE MAP EFFECTIVE date shown on this map to determine when actuarial rates apply to structures in the zones where elevations or depths have been established.

To determine if flood insurance is available in this community, contact your insurance agent, or call the National Flood Insurance Program at (800) 638-6620, or (800) 424-8872.

APPROXIMATE SCALE

1000 0 1000 FEET

NATIONAL FLOOD INSURANCE PROGRAM

FIRM

FLOOD INSURANCE RATE MAP

SOUTHERN ILLINOIS HEALTHCARE

January 15, 2019

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities and Services Review Board
525 W. Jefferson
Second Floor
Springfield, Illinois 62761

Re: Compliance with Requirements of Illinois Executive Order #2006-5
Regarding Construction Activities in Special Flood Hazard Areas

Dear Mr. Constantino:

The undersigned are authorized representatives of Southern Illinois Hospital Services, the owner of the site on which Memorial Hospital of Carbondale is located.

We hereby attest that this site is not located on a flood plain, as identified by the most recent FEMA Flood Insurance Rate Map for this location, and that this location complies with the Flood Plain Rule and the requirements stated under Illinois Executive Order #2006-5, "Construction Activities in the Special Flood Hazard Areas."

This Attachment to this CON application includes documentation received from the Illinois State Water Survey in 2005. A review of the FEMA website on January 4, 2019, indicates that the FEMA Flood Insurance Map issued for the hospital site in May, 2008, remains the most recent FEMA Flood Insurance Rate Map for this site.

Signed and dated as of January 15, 2019:

Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale
An Illinois Not-For-Profit Corporation

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

Valerie K. Cawvey

Rex P. Budde, President and CEO
Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

Valerie K. Cawvey

Michael Kasser, Senior Vice President/CFO/Treasurer
Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale

1239 East Main Street | PO Box 3988
Carbondale, IL 62902-3988
TEL 618-457-5200
FAX 618-529-0568
www.sih.net

ILLINOIS DEPARTMENT OF NATURAL RESOURCES

Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

FAX (217) 524-7525

Jackson County
Carbondale
CON - Build Out of 4th Floor Shell Space, Memorial Hospital of Carbondale
405 W. Jackson St.
SHPO Log #013090718

November 29, 2018

Andrea Rozran
Diversified Health Resources
65 E. Scott, Suite 9A
Chicago, IL 60610-5274

Dear Ms. Rozran:

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

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

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

If you have any further questions, please call 217/782-4836.

Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

Memorial Hospital of Carbondale Itemized Project Costs

USE OF FUNDS	Clinical Service Areas	Non-Clinical Service Areas	TOTAL
Pre-Planning Costs:			
Pre-Construction Services - Const. Mgr./Estimating	$12,298	$1,266	$13,564
Program/Planning Services	$10,000	$0	$10,000
Total Pre-Planning Costs	**$22,298**	**$1,266**	**$23,564**
Modernization Contracts	**$2,822,026**	**$290,475**	**$3,112,501**
Contingencies	**$277,766**	**$28,582**	**$306,348**
Architectural and Engineering Fees	**$259,288**	**$26,681**	**$285,969**
Consulting and Other Fees:			
Architecture/Engineering Reimbursements	$28,809	$2,965	$31,774
Interior Design for Furniture/Artwork	$70,610	$0	$70,610
Architectural Consulting	$18,134	$1,866	$20,000
Medical Gas Consulting	$1,200	$0	$1,200
Construction Management (SIH)	$32,011	$3,294	$35,305
CON Planning and Consultation	$40,000	$0	$40,000
CON Application Processing Fee	$14,000	$0	$14,000
IDPH Plan Review Fee	$9,600	$0	$9,600
Building Permit	$5,809	$598	$6,407
General Liability Insurance	$48,931	$5,035	$53,966
P&P Bond	$15,453	$1,590	$17,043
Total Consulting and Other Fees	**$284,557**	**$15,348**	**$299,905**
Movable or Other Equipment			
(not in Construction Contracts):			
See listing on next page	$812,496	$0	$812,496
Escalation fee for FFE to time of purchase	$20,355	$0	$20,355
Total Movable or Other Equipment	**$832,851**	**$0**	$832,851
TOTAL ESTIMATED PROJECT COSTS	**$4,498,786**	**$362,352**	**$4,861,138**

Item	New	From Obs	Exist	BY	Each	BUDGET	Comments
Cubical Curtains	26				$ 400	$ 10,400	13 standard and 13 replacements
T.V's and mounts	13				$ 600	$ 7,800	
Glove Box containers	13				$ 85	$ 1,105	
Sharps and Med Room	17				$ 40	$ 680	
Lounge Chair	13				$ 1,200	$ 15,600	
Side Chairs hung on walls	26				$ 350	$ 9,100	
O2 Flow Meters	13				$ 300	$ 3,900	
Vacuum flow meters	13				$ 700	$ 9,100	
Trash Cans	32				$ 80	$ 2,560	
Headwalls and Accessories	13				$ 5,500	$ 71,500	
Beds	13				$ 9,000	$ 117,000	
Phillip Monitors	1				$ 250,486	$ 250,486	MX 4's with central station Phillips Estimate
Furniture	1				$ 5,000	$ 5,000	
Refrigerator	1				$ 2,500	$ 2,500	
T.V	1				$ 850	$ 850	50 inch
Ice Machine	1				$ 4,500	$ 4,500	
All rooms	1				$ 5,000	$ 5,000	Allowance
Art Work	35				$ 300	$ 10,500	
Paper Towel holders	17				$ 20	$ 340	
Soap holders	17				$ 25	$ 425	
Chairs	11				$ 650	$ 7,150	
System Furniture	4				$ 5,000	$ 20,000	
Phillip Master Station	2						Included in Patient Room Price
Copier/Fax/Scanner	1				$ 5,000	$ 5,000	
Omni Cell	2				$ 30,000	$ 60,000	
Shelving Allowance	1				$ 5,000	$ 5,000	
Refrigerator	1				$ 2,500	$ 2,500	
Ice Machine	1				$ 4,500	$ 4,500	
Furniture for Waiting room	1				$ 25,000	$ 25,000	Allowance
Patch Panels	1				$ 13,000	$ 13,000	Estimate from Joel
All rooms and nurse station	1				$ 39,000	$ 39,000	Estimate from Jeff Tango
All rooms and nurse station	1				$ 5,000	$ 5,000	Estimate from Bill Watkins
All rooms and nurse station/Rest	1				$ 68,000	$ 68,000	From SWC Proposal
Corridors	4				$ 5,000	$ 20,000	Allowance
At Soiled and nourishment	4				$ 2,500	$ 10,000	Allowance
						$ -	
						$ -	
						$ -	

Total $ 812,496

ATTACHMENT 9
Space Requirements

Department	Cost	Existing	Total Upon Project Completion	Total Gross Square Footage* This Project Only: New	Modernized	As Is	Vacated as a Result of this Project
CLINICAL SERVICE AREAS:							
4th Floor New Medical/Surgical Nursing Unit (build-out of Shell Space)	$4,498,786	8,620	8,491	0	8,491	0	129
TOTAL CLINICAL SERVICE AREAS	$4,498,786	**8,620**	**8,491**	**0**	**8,491**	**0**	**129**
NON-CLINICAL SERVICE AREAS:							
Egress Corridor from Existing Medical/Surgical Nursing Unit	$357,794	933	1,231	0	1,231	0	0
Elevator Lobby	$0	298	0	0	0	0	298
Mechanical Shafts	$4,558	0	29	0	29	0	0
TOTAL NON-REVIEWABLE (NON-CLINICAL SERVICE AREAS)	**$362,352**	**1,231**	**1,260**	**0**	**1,260**	**0**	**298**
TOTAL PROJECT (CLINICAL + NON-CLINICAL SERVICE AREAS)	**$4,861,138**	**9,751***	**9,751**	**0**	**9,751**	**0**	**427**

*Note: The existing space is actually 9,751 GSF. There was an error in the calculation for Permit #13-069, which showed this space as 9,851 GSF.

Permit #13-069 approved 8,620 GSF as shell space for the future build-out of a new Medical/Surgical nursing unit. Of this square footage, 129 will become part of the Egress corridor.
Permit #13-069 approved 298 GSF as an elevator lobby for the new elevators approved in that project. This space will become part of the Egress corridor.

III.
Criterion 1110.110(a) - Background of the Applicant

1. Memorial Hospital of Carbondale is owned and operated by Southern Illinois Hospital Services.

The identification numbers for the health care facilities owned or operated by Southern Illinois Hospital Services are shown below.

Name and Location of Facility	Identification Numbers
Memorial Hospital of Carbondale, Carbondale	Illinois Hospital License ID# 0000513 The Joint Commission ID# 7252
Herrin Hospital, Herrin	Illinois Hospital License ID# 0000935 The Joint Commission ID# 7357
St. Joseph Memorial Hospital, Murphysboro (Critical Access Hospital)	Illinois Hospital License ID# 0004614
Physicians Surgery Center, LLC, Carbondale	Illinois Ambulatory Surgical Treatment Center License ID# 7003128 Accreditation Association for Ambulatory Health Care, Inc. Accreditation ID# 4398

Proof of the current licensure and accreditation for all facilities owned or operated by Southern Illinois Hospital Services will be found beginning on Page 2 of this Attachment.

2, 3. This Attachment includes a certification letter from Southern Illinois Healthcare, the sole corporate member of Southern Illinois Hospital Services, (1) documenting that Memorial Hospital of Carbondale and the other health care facilities owned or operated by Southern Illinois Hospital Services have not had any adverse action taken against them during the past three years and (2) authorizing the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health to access any documents necessary to verify the information submitted in response to this subsection.

4. This item is not applicable to this application because the requested materials are being submitted as part of this application, beginning on Page 2 of this Attachment.

Illinois Department of PUBLIC HEALTH

HF115854

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.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
6/30/2019		0000513

General Hospital

Effective: 07/01/2018

Memorial Hospital of Carbondale
405 West Jackson
Carbondale, IL 62902

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 6/30/2019

Lic Number 0000513

Date Printed 5/15/2018

Memorial Hospital of Carbondale

405 West Jackson
Carbondale, IL 62902

FEE RECEIPT NO.

Quality Report

Memorial Hospital of Carbondale

HCO ID: 7252
405 West Jackson Street
Carbondale, IL, 62901
(618) 549-0721
www.sih.net

Summary of Quality Information

Accreditation Programs

View Accreditation History

Hospital

Accreditation Decision
Accredited

Effective Date
4/23/2016

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

Activity as of:

4/28/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/23/2016

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

1/28/2017
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/23/2016

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

10/25/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/23/2016

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

6/24/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/23/2016

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

6/9/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/27/2013

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016

4/24/2016
Quality Report

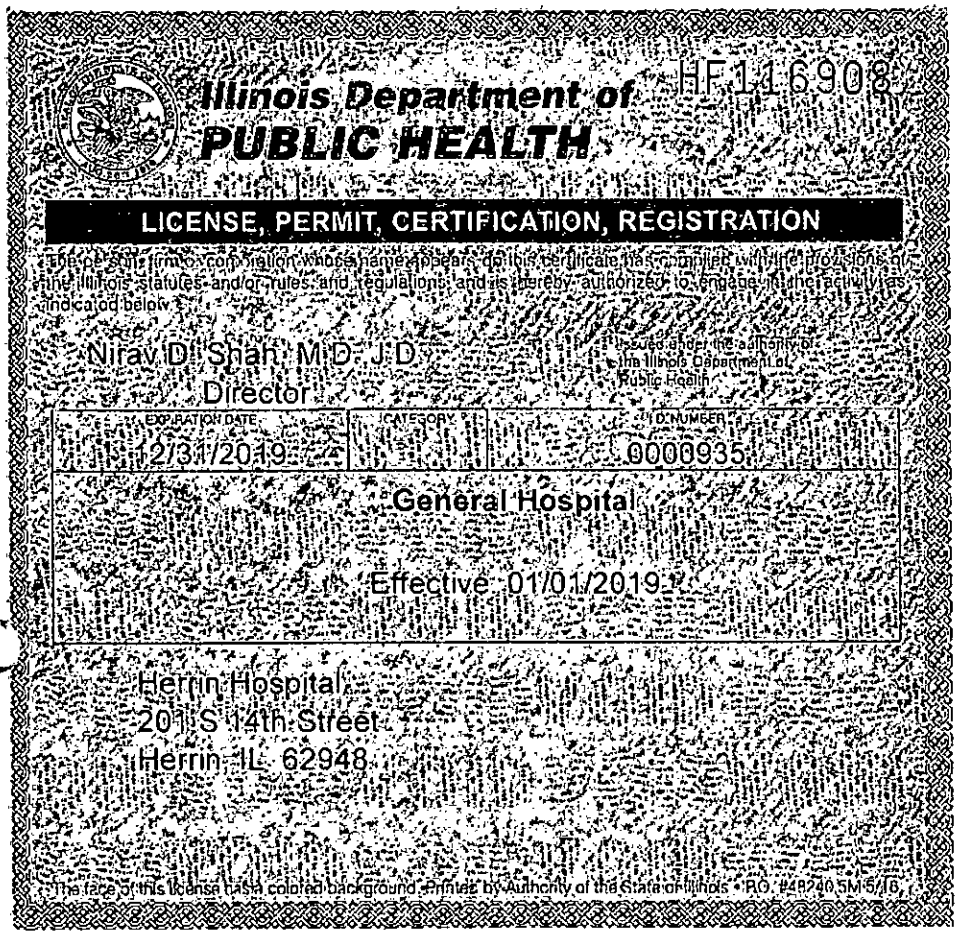
Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
4/27/2013

Last Full Survey Date
4/22/2016

Last On-Site Survey Date
4/22/2016



Illinois Department of PUBLIC HEALTH

HF116908

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 activities indicated below.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
12/31/2019		0000935

General Hospital

Effective 01/01/2019

Herrin Hospital
201 S 14th Street
Herrin, IL 62948

The face of this license has a colored background, printed by Authority of the State of Illinois • P.O. #48240,5M-5/18

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/31/2019

Lic Number 0000935

Date Printed 11/14/2018

Herrin Hospital

201 S 14th Street
Herrin, IL 62948

FEE RECEIPT NO.

Quality Report

Herrin Hospital

HCO ID: 7357
201 South 14th Street
Herrin, IL, 62948
(618) 942-2171
www.sih.net

Summary of Quality Information

Accreditation Programs

View Accreditation History

Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

Advanced Certification Programs

View Certification History

Primary Stroke Center

Certification Decision
Certification

Effective Date
4/8/2017

Last Full Survey Date
4/7/2017

Last On-Site Survey Date
4/7/2017

Activity as of:

6/15/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

5/24/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

5/10/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

4/4/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

2/21/2018
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

12/5/2017
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

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Quality Report

Accreditation Programs
Hospital

Accreditation Decision
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Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

6/24/2017
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

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Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

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3/12/2016

Last Full Survey Date
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Last On-Site Survey Date
3/11/2016

3/8/2017
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

9/23/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

9/14/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

6/12/2016
Quality Report

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Hospital

Accreditation Decision
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Effective Date
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Last Full Survey Date
3/11/2016

Last On-Site Survey Date
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6/10/2016
Quality Report

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Hospital

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3/12/2016

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

5/5/2016
Quality Report

Accreditation Programs
Hospital

Accreditation Decision
Accredited

Effective Date
3/23/2013

Last Full Survey Date
3/11/2016

Last On-Site Survey Date
3/11/2016

HF116075

Illinois Department of PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	ID NUMBER
7/4/2019		0004614

Critical Access Hospital

Effective: 07/05/2018

St. Joseph Memorial Hospital
2 South Hospital Drive
Murphysboro, IL 62966

This issue of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 7/4/2019

Lic Number 0004614

Date Printed 6/14/2018

St. Joseph Memorial Hospital

2 South Hospital Drive
Murphysboro, IL 62966

FEE RECEIPT NO.

Illinois Department of PUBLIC HEALTH

HF116760

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.

Nirav D. Shah, M.D.,J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/2/2019		7003128

Ambulatory Surgery Treatment Center

Effective: 12/03/2018

Physicians Surgery Center, LLC
2601 W Main Street
Carbondale, IL 62901

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 12/2/2019

Lic Number 7003128

Date Printed 10/17/2018

Physicians Surgery Center, LLC

2601 W Main Street
Carbondale, IL 62901-1031

FEE RECEIPT NO.

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

ACCREDITATION NOTIFICATION

June 19, 2017

Organization #	4398		
Organization Name	Physicians' Surgery Center, LLC		
Address	2601 W Main St.		
City | State | Zip	Carbondale	IL	62901-1031
Decision Recipient	Mr. Stephen Renfro, RN, MS HP/A		
Survey Date	5/9/2017-5/10/2017	**Type of Survey**	Re-Accreditation
Accreditation Type	Full Accreditation		
Accreditation Term Begins	5/21/2017	**Accreditation Term Expires**	5/20/2020
Accreditation Renewal Code		6037BFA24398	
Complimentary AAAHC Institute study participation code		4398FREEIQI	

As an ambulatory health care organization that has undergone the AAAHC Accreditation Survey, your organization has demonstrated its substantial compliance with AAAHC Standards. The AAAHC Accreditation Committee recommends your organization for accreditation.

Next Steps

1. Members of your organization should take time to thoroughly review your Survey Report.
   - Any Standard marked "PC" (Partially Compliant) or "NC" (Non-compliant) must be corrected promptly. Subsequent surveys by AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
   - The Summary Table provides an overview of compliance for each chapter applicable to your organization.

2. AAAHC Standards, policies and procedures are reviewed and revised annually. You are invited to participate in the review through the public comment process each fall. Your organization will be notified when the proposed changes are available for review. You may also check the AAAHC website in late summer for details.

3. Accredited organizations are required to maintain operations in compliance with the current AAAHC Standards and policies. Updates are published annually in the AAAHC *Handbooks*. Mid-year updates are announced and posted to the AAAHC website, www.aaahc.org.

4. In order to ensure uninterrupted accreditation, your organization should submit the *Application for Survey* approximately five months prior to the expiration of your term of accreditation. In states for which accreditation is mandated by law, the *Application* should be submitted six months in advance to ensure adequate time for scoping and scheduling the survey.

   NOTE: You will need the Accreditation Renewal Code found in the table at the beginning of this document to submit your renewal application.

Additional Information

The complimentary AAAHC Institute study participation code on the first page of this document may be used to register for one six-month, AAAHC Institute for Quality Improvement benchmarking study. Please visit www.aaahc.org/institute for more information.

Throughout your term of accreditation, AAAHC will communicate announcements via e-mail to the primary contact for your organization. Please be sure to notify us (notify@aaahc.org) should this individual or his/her contact information change.

If you have questions or comments about the accreditation process, please contact AAAHC Accreditation Services at 847.853.6060. We look forward to continuing to partner with you to deliver safe, high-quality health care.

CERTIFICATE OF ACCR[illegible]ON

PHYSICIANS' SURGERY CENTER, LLC

[illegible] W MAIN ST
CARBONDALE, IL 62901

[illegible]

[illegible]

[illegible]

[illegible]

SOUTHERN ILLINOIS HEALTHCARE

January 15, 2019

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

Dear Ms. Avery:

Memorial Hospital of Carbondale is a licensed, JCAHO-accredited hospital in Carbondale, Illinois, and is owned and operated by Southern Illinois Hospital Services, an Illinois not for profit corporation ("SIHS"). Southern Illinois Healthcare Enterprises, Inc., is the sole corporate member of SIHS.

SIHS also owns and operates the following health care facilities, as defined under the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

Herrin Hospital, Herrin;
St. Joseph Memorial Hospital, Murphysboro.

In addition, SIHS owns fifty-five percent (55%) of Physicians' Surgery Center, LLC, which is located in Carbondale, Illinois, and thirty-four percent (34%) of Southern Illinois Orthopedic Center, LLC, which is located in Herrin, Illinois.

We hereby certify that there has been no adverse action taken against any health care facility owned and/or operated by SIHS during the three years prior to the filing of this application.

This letter is also authorizes the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health (IDPH) to access any documents necessary to verify the information submitted, including but not limited to the following: official records of IDPH or other state agencies; the licensing or certification records of other states, where applicable; and the records of nationally recognized accreditation organizations, as identified in the requirements specified in 77 Ill. Adm. Code 1110.230.a).

Sincerely,

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

Valerie K. Cawvey

Rex P. Budde
President and CEO
Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale

1239 East Main Street | PO Box 3988
Carbondale, IL 62902-3988
TEL 618-457-5200
FAX 618-529-0568
www.sih.net

III.
Criterion 1110.110(b) - Purpose of Project

1. Memorial Hospital of Carbondale (MHC) is a hospital that provides health care to residents of Southern Illinois with a wide range of services.

This project will improve MHC's ability to provide health care and increase the well-being of its market area population by increasing the number of Medical/Surgical beds and increasing the number of single-occupancy (private) Medical/Surgical patient in the hospital.

This purpose will be accomplished by building out the shell space that was approved as part of Project #13-069. The construction of that shell space was approved for the use proposed in this project: the future expansion of MHC's Medical/Surgery Category of Service with the intention of increasing the hospital's authorized Medical/Surgical beds.

This project is designed to accomplish the following:

- Increase MHC's authorized Medical/Surgical beds by 8, all of which will be located in single-occupancy (private) rooms, resulting in 99 authorized Medical/Surgical beds at the hospital;

- Construct 5 additional single-occupancy (private) rooms for Medical/Surgical patients to increase the number of Medical/Surgical beds in privatized rooms by relocating those 5 beds from existing double-occupancy Medical/Surgical patient rooms. The construction of these 5 rooms will result in 10 additional single-occupancy Medical/Surgical patient rooms at MHC because of the resulting privatization of the 5 patient rooms that are currently double-occupancy rooms.

This new nursing unit will be a step-down (intermediate care unit) designed to serve Neurological and Neurosurgical patients.

This nursing unit will replace and expand services that have been provided to Neurological and Neurosurgical patients in a six-bed Neuroscience step-down unit since 2014. The space currently occupied by the existing Neuroscience Unit will remain in service as a Medical/Surgical step-down unit, with those Medical/Surgical beds available to serve other Medical/Surgical patients requiring step-down care.

As a result, this project will improve MHC's ability to provide essential inpatient services to Medical/Surgical patients it serves, including the uninsured and underinsured residents of Planning Area F-07, the State-defined planning area in

which the hospital is located.

Planning Area F-07 includes Randolph, Perry, Jackson, Union, Alexander, and Pulaski Counties and the following precincts of Monroe County: 1, 6, 7, 8, 9, 12, 13, 15, 20, and 23.

As discussed later in this section and under Item 2. below, Memorial Hospital of Carbondale's market area is a 7-county area in Southern Illinois (consisting of Franklin, Jackson, Johnson, Perry, Saline, Union and Williamson Counties) that includes part or all of the State-designated Planning Areas F-05, F-06, and F-07.

This project is a necessary modernization and expansion of existing Medical/Surgical services at MHC. This is the only Category of Service and the only Clinical Service Area that will be served by this project.

The need for this project is based upon the following.

- This project is needed to expand existing services for the steadily increasing number of Medical/Surgical patients who receive care at MHC.

- This project is needed to increase the number of single-occupancy Medical/Surgical patient rooms at MHC.

- This project is needed to expand existing services for Medical/Surgical patients who reside in MHC's market area but who currently travel outside the market area, often leaving the State of Illinois to travel to Missouri, Kentucky, and Indiana to receive medical care.

- This project is needed to expand existing Medical/Surgical services for residents of MHC's 7-county market area in Southern Illinois, all of which has been designated as Health Professional Shortage Areas and much of which has been designated as Medically Underserved Areas.

- Many of the patients that receive care at MHC are low-income and otherwise vulnerable, as documented by their residing in Health Professional Shortage Areas for Primary Medical Care.

  There are a number of federally-designated Health Professional Shortage Areas in MHC's market area, as identified below.

  Health Professional Shortage Areas are designated by the federal government because they have a shortage of primary medical care providers (http://bhpr.hrsa.gov/shortage/Health Resources and Services Administration, U.S. Department of Health and Human Services).

The federal criteria for HPSA designation are found on Pages 9 through 11 of this Attachment.

- As of January, 2019, all 7 counties in the market area have been designated by the federal government as Health Professional Shortage Areas (HPSAs).

  Franklin County
  Jackson County
  Johnson County
  Perry County
  Saline County
  Union County
  Williamson County

  Documentation of these Health Professional Shortage Areas is found on Pages 12 through 18 of this Attachment.

- Many of the patients that receive care at MHC are low-income and otherwise vulnerable, as documented by their residing in Medically Underserved Areas or being part of Medically Underserved Populations.

  As of January, 2019, 5 counties in the market area have been designated by the federal government as Medically Underserved Areas (MUAs), and several areas in the remaining 2 counties have been designed as MUAs.

  The designation of a Medically Underserved Area (MUA) by the federal government is based upon the Index of Medical Underservice (IMU), which generates a score from 0 to 100 for each service area (0 being complete underservice and 100 being best served), with each service area with an IMU of 62.0 or less qualifying for designation as an MUA. The IMU involves four weighted variables (ratio of primary medical care physicians per 1,000 population, infant mortality rate, percentage of the population with incomes below the poverty level, and percentage of the population aged 65 or over).

  The federal criteria for designation of Medically Underserved Areas are found on Page 19 of this Attachment.

- The federal government has designated the following Medically Underserved Areas (MUAs) in the market area for this project.

  Franklin County
  Jackson County
  Johnson County
  Beaucoup and Cutler Precincts in Perry County
  Saline County
  Union County
  Blairsville/Carterville and Williamson Service Areas
  in Williamson County

  Documentation of these Medically Underserved Areas is found on Pages 20 through 26 of this Attachment.

- This project will have a positive impact on essential safety net services in MHC's market area, which includes part or all of Planning Areas F-05, F-06, and F-07, because the patients that will be served by this facility, a significant percentage of whom are elderly and/or low income, uninsured, and otherwise vulnerable, will be able to receive care in modernized and expanded facilities.

- This project is needed to modernize and expand MHC's facilities, which serve a major role in training health care professionals as a teaching affiliate of SIU School of Medicine

- MHC must address the standards found in the Illinois Health Care Facilities Plan, 77 Ill. Adm. Code 1100.310(a), 1100.360, 1100.370, 1100.380, 1100.390, 1100.400, 1100.410, 1100.430, 1110.120, 1110.200, 1110.APPENDIX B State Guidelines - Square Footage and Utilization, 1120.140, and 1120.APPENDIX A Economic Review Standards for the Medical/Surgical Category of Service.

- MHC needs to comply with the standards found in the Illinois Health Care Facilities Plan, 77 Ill. Adm. Code 1100.520, 1100.540, 1110.120, 1110.200(b), (e)-(g), 1110.APPENDIX B State Guidelines - Square Footage and Utilization, 1120.140, and 1120.APPENDIX A Economic Review Standards for the Medical/Surgical Category of Service.

Specific information regarding the need to expand MHC's Medical/Surgical Category of Service is presented in Attachment 18.

The project will be sized to accommodate MHC's current utilization in the Medical/Surgical Service, although it is projected to increased through the second full year of operation after this project becomes operational.

Population statistics for the zip codes that constitute the market area for MHC were reviewed to identify recent population figures and five-year projections. .

This review revealed that the population in the market area is expected to decline by approximately half of 1% from 2018 to 2018, with a projected net decrease of 1,522 (0.6%) over this five-year period.

2. MHC is located in Planning Area F-07.

MHC's market area, which is also its market area for this project, consists of the following counties in Southern Illinois.

Franklin County
Jackson County
Johnson County
Perry County
Saline County
Union County
Williamson County

These counties constitute parts of Planning Areas F-05, F-06, and F-07.

The patient origin data, found on Page 27 of this Attachment, demonstrate that MHC serves Planning Area F-07, the hospital planning area in which it is located, and the market area population. Nearly 59% of the Medical/Surgical inpatients and observation patients during the recent one-year period of August, 2017, through July, 2018, resided in Planning Area F-07.

During this recent-one year period, 75% of MHC's Medical/Surgical inpatients and observation patients resided in zipcodes in which 1% or more of the year's discharges resided. Most of these zipcodes are located in Planning Area F-07.

In addition to MHC, Southern Illinois Hospital Services owns and operates part or all the following facilities: Physicians Surgery Center, LLC, and Memorial Hospital Breast Center, both of which are located in Carbondale; St. Joseph Memorial Hospital, which is located in Murphysboro; Herrin Hospital and Southern Illinois Orthopedic Center, LLC, both of which are located in Herrin; and SIH Cancer Institute, which is located in Carterville.

MHC and Physicians Surgery Center in Carbondale, as well as St. Joseph Memorial Hospital in Murphysboro, are located in Jackson County, which is part of Planning Area F-07.

Herrin Hospital and Southern Illinois Orthopedic Center in Herrin and SIH Cancer Institute in Carterville are located in Williamson County, which is part of Planning Area F-06.

These patient origin data demonstrate that MHC serves its market area. During the recent one-year period of August, 2017, through July, 2018, at least 90% of MHC's Medical/Surgical inpatients and observation patients resided within its market area.

The patient origin data also demonstrate that 72% of MHC's Medical/Surgical inpatients and observation patients resided within the State-defined "normal travel radius" for hospitals in this area, which consists of zipcodes located within 21 miles of MHC, as defined in 77 Ill. Adm. Code 1100.510(d)(3). These zipcodes are all within MHC's market area.

MHC's 7-county market area had a 2018 population of 239,282.

3. The following problems need to be addressed by this project. These needs are discussed in Attachment 18.

   a. MHC has an inadequate number of Medical/Surgical beds to accommodate its historic caseload for this Category of Service, and the shortage of beds in this category of service will continue to increase in the next few years due to the projected increased utilization of the Medical/Surgical Service.

   b. MHC has an insufficient number of single-occupancy (private) rooms on its Medical/Surgical nursing units, and the number of single-occupancy rooms can only be increased by building additional patient rooms for this service.

   c. As MHC has continued to implement its Physician Development Plan, the recruitment of additional physicians has resulted in additional Medical/Surgical admissions to the hospital, which increased inpatient utilization.

      Since the CON permit for Project #13-069 was approved in March, 2014, MHC recruited 18 surgeons as well as additional physicians representing a wide range of medical and surgical specialties.

      This followed the recruitment of 32 physicians during the two-year period prior to the approval of Project #13-069.

      The implementation of the Physician Development Plan and MHC's physician recruitment efforts are continuing.

d The recruitment of additional physicians to MHC has helped to meet the needs identified by the federal government in its designation of the state-designated planning area and the hospital's market area as Health Professional Shortage Areas and Medically Underserved Areas.

As a result of these efforts, MHC is providing much-needed services to the market area and, in doing so, providing health care services to the low income and uninsured.

Documentation of this project's ability to address this issue is found in Item 5. below.

4. The sources of information provided as documentation are the following:

a. Hospital records;

b. Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250);

c. Reports by the hospital's architects;

d. The Facilities Guidelines Institute with assistance from the U.S. Department of Health and Human Services, Guidelines for Design and Construction of Health Care Facilities, 2010, 2014, and 2018 Editions. ASHE (American Society for Healthcare Engineering).

e. Standards for Accessible Design: ADA Accessibility Guidelines for Buildings and Facilities, 28 Code of Federal Regulations, 36.406.ADAAG (Americans with Disabilities Act [ADA]);

f. National Fire Protection Association, NFPA 101: Life Safety Code, 2012 and 2018 Editions.

g. Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS), Health Professional Shortage Areas, (http://hpsafind.hrsa.gov/HPSASearch.aspx, https://bhw.hrsa.gov/shortage-designation/hpsa-process, https://data.hrsa.gov/tools/shortage-area/hpsa-find), for all the counties in MHC's market area: Franklin County; Jackson County; Johnson County; Perry County; Saline County; Union County; and Williamson County.

A print–out of this information and a discussion of Health Professional Shortage Areas is found on Pages 9 through 18 of this Attachment.

h. Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS), Medically Underserved

Areas and Populations by State and County, (http://muafind.hrsa.gov/index.aspx, https://bhw.hrsa.gov/shortage-designation/muap-process, https://data.hrsa.gov/tools/shortage-area/mua-find) for the following areas in MHC's market area: Franklin County; Jackson County; Johnson County; Beaucoup and Cutler Precincts in Perry County; Union County; and Blairsville, Carterville, Corinth, Creal Springs, East Marion, and Lake Creek Townships in Williamson County as Medically Underserved Areas and the Low Income Population in Saline county as the Medically Underserved Population.

A print–out of this information and a discussion of Medically Underserved Areas and Medically Underserved Populations is found on Pages 19 through 26 of this Attachment.

i. Illinois Department of Public Health and Illinois Health Facilities and Services Review Board, Inventory of Health Care Facilities and Services and Need Determination for Hospital Planning Areas F-05, F-06, F-07, September 1, 2017, and December 5, 2018, Update.

5. This project will address and improve the health care and well-being of residents of MHC's market area, including Planning Area F-07, because it will enable the hospital to increase its authorized Medical/Surgical beds to meet its needs based on historic utilization and to provide an adequate number of Medical/Surgical beds in facilities that meet contemporary standards.

By implementing this project and building out the shell space that was designed for increase MHC's authorized Medical/Surgical beds and to increase the number of its single-occupancy Medical/Surgical patient rooms, this project will improve the quality of health care services for all residents of the market area, including the low income and uninsured.

In that way, this project will have a particular impact on those areas within Planning Area F-07 and MHC's market area that are identified by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) as Health Professional Shortage Areas and Medically Underserved Areas and Populations.

These designated areas are identified in charts on Pages 12 through 18 and 20 through 26 of this Attachment.

6. This project will address and improve the health care of residents of the market area and fulfill MHC's goal to continue providing quality health care to residents of its market area.

Health Professional Shortage Area (HPSA) Application and Scoring Process

Shortage Designation Modernization Project
We are modernizing the shortage designation process with automated procedures and standardized data sets.

A Health Professional Shortage Area (HPSA) is a geographic area, population, or facility with a shortage of primary care, dental, or mental health providers and services.

The Health Resources and Services Administration (HRSA) and State Primary Care Offices (PCOs) work together using public, private, and state-provided data to determine when such a shortage qualifies for designation as a HPSA.

What happens during the application process?

State PCOs submit applications for geographic, population, and certain facility HPSAs[1] in the Shortage Designation Management System (SDMS) for primary care, dental, and mental health.

For geographic and population designations, the PCOs must identify a geographic area for designation. Depending on the type of designation, they may need to provide additional health or demographic data.

Examples

- Fluoridation rates for an area proposed for dental designations
- Alcohol and substance abuse rates for mental health designations
- Medicaid eligible, homeless, migrant worker, and other special population data

What happens during the review process?

Once a PCO submits an application for review, all interested parties are given 30 days to comment on the request. We make every effort to review and make a final decision on each designation request within 90 days of the date the PCO submits it.

How does the scoring process work?

For most designated HPSAs, we calculate a score based on discipline-specific methodology.[2] We use this score to identify areas of greatest need. We also use it for the National Health Service Corps and NURSE Corps when determining awards.

What are the scoring criteria?

Three scoring criteria are common across all HPSA disciplines:

- Population to provider ratio
- Percentage of the population below 100% of the Federal Poverty Level (FPL)
- Travel time to the nearest source of care (NSC) outside the HPSA designation

Sign Up

Get email updates about the Shortage Designation Modernization Project

Contact Us

Shortage designation questions? Email us, or call 301-594-5168

Shortage Designation Modernization Project questions? Email us

Additional Contacts

State Primary Care Offices

Centers for Medicare and Medicaid Services (CMS)

Modernization Project Technical Assistance

Update Preview TA Session (Recorded November 15, 2018)

Update Preview TA Session (Recorded November 6, 2018)

Community Health Centers (Recorded August 6, 2018)

General Webinar (Recorded August 6, 2018)

Indian, Tribal, & Urban Clinics (Recorded June 28, 2018)

Primary Care Associations (Recorded April 20, 2018)

Rural Health Clinics (Recorded April 10, 2018)

You can review the HPSA scoring methodology, differentiated by discipline, below:

I. Primary Care HPSA Scoring

Primary Care HPSAs can receive a score between 0-25.

The following figure provides a broad overview of the four components used in Primary Care HPSA scoring:

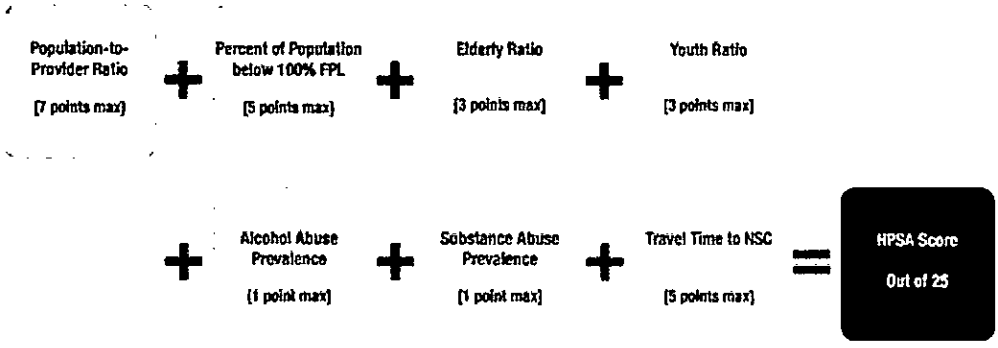
The Infant Health Index looks at both Infant Mortality Rate (IMR) and the rate of low birth weight (LBW), and awards points based on whichever of these indicators provide the higher score.

II. Dental Health HPSA Scoring

We calculate a score between 0-26 for Dental Health HPSAs. The following figure provides a broad overview of the four components used in Dental HPSA scoring:

III. Mental Health Scoring

We calculate a score between 0-25 for Mental Health HPSAs. The following figure provides a broad overview of the seven components used in Mental Health HPSA scoring:



Auto-HPSAs

Based on the statutes and regulations governing shortage designation, we automatically designate certain facilities as HPSAs. These Auto-HPSAs do not need to submit an application for designation, but may need to submit data to us to calculate their facility's HPSA score.

How do we score Auto-HPSAs?

While we calculate scores for other HPSAs in SDMS as part of the application process; we currently score Auto-HPSAs manually using the scoring criteria described above.

To request an initial score or re-score of an Auto-HPSA, email our Shortage Designation Branch. We may request data to assist with scoring Auto-HPSA facilities.

A score of "0" for any Auto-HPSA can mean that data was provided and resulted in a score of "0," or that we have not received the data necessary to score the site.

For the purposes of the National Health Service Corps, any Auto-HPSA-designated facility physically located in a geographic or population-HPSA can use either their facility Auto-HPSA score or the geographic or population HPSA score.

Federally Qualified Health Centers (FQHCs) and Health Center Look-Alikes

Primary Care Offices
(Recorded February 28, 2018)

Resources & Tools

HRSA Data Warehouse

HPSA Find / MUA/P Find

FQHCs and Health Center Look-Alikes have multiple sites under one organization have a unique scoring structure. We calculate a score for each site in the organization using the criteria above and then we calculate the average of all these scores. The average becomes the Auto-HPSA score for all of the sites within the organization.

Indian Health Service Clinics, Tribally-Run Clinics, Dual-Funded Tribal Health Centers, or Urban Indian Organizations

Any request asking us to score or re-score any of these facilities should include site data on the Indian Health Service Scoring Form (PDF - 98 KB). Learn more about IHS site scores.

Centers for Medicare & Medicaid Services-certified Rural Health Clinics (RHCs)

Submit a completed Certificate of Eligibility Form (PDF - 103 KB). This form certifies that the RHC meets all NHSC site requirements, including that the RHC:

- Cannot deny requested health care services, or discriminate in the provision of services to an individual whose services are paid by Medicare, Medicaid, or Children's Health Insurance Program (CHIP);
- Has a schedule of fees or payments consistent with locally prevailing rates or charges;
- Has a corresponding schedule of discounts (including waivers) to be applied to such fee or payments, with adjustments made on the basis of the patient's ability to pay; and,
- Accepts assignment for Medicare beneficiaries, and enters into agreements with state agencies that administer Medicaid and CHIP to assure coverage of beneficiaries of these programs.

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[1]PCOs may submit HPSA applications for state correctional facilities, state mental hospitals, and other public or non-profit facilities that serve the population of a geographic or population HPSA (OFACs). However, based on statutes and regulations, we automatically designate a number of facilities as HPSAs without an application from the State PCO.

[2] Correctional facilities have their own scoring criteria while OFACs are given the same score as the geographic or population HPSA they serve.

Date Last Reviewed: July 2018

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1176246527	Low Income-Franklin County	Low Income Population HPSA	Illinois	0.19	17	Designated	Rural	06/21/2006	10/2
Component State Name		Component County Name	Component Name	Component Type		Component GEOID			Component Rural	
Illinois		Franklin County	Franklin	Single County		17055			Rural	
Primary Care	117999171R	Christopher Greater Area Rural Health Planning Corporation	Federally Qualified Health Center	Illinois	0	19	Designated	Rural	11/21/2003	12/1
Primary Care	117999177K	Franklin Rural Health Clinic II	Rural Health Clinic	Illinois	0	0	Designated	Rural	11/18/2003	11/1

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1178155551	Low Income - Jackson County	Low Income Population HPSA	Illinois	1.33	19	Designated	Partially Rural	03/25/1988	10/2
Component State Name		Component County Name	Component Name	Component Type		Component GEOID			Component Rural	
Illinois		Jackson County	Jackson	Single County		17077			Partially Rural	
Primary Care	117999175B	Community Health and Emergency Services	Federally Qualified Health Center	Illinois	0	19	Designated	Non-Rural	10/26/2002	02/2
Primary Care	117999177F	Southern Illinois University Family Practice Cente	Rural Health Clinic	Illinois	0	0	Designated	Non-Rural	03/01/2004	03/0

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1173807417	Johnson County	Geographic HPSA	Illinois	2	12	Designated	Rural	05/12/1978	10/2

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural
Illinois	Johnson County	Johnson	Single County	17087	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1178798538	Low Income - Perry County	Low Income Population HPSA	Illinois	0.08	17	Designated	Rural	02/04/1999	11/0

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural
Illinois	Perry County	Perry	Single County	17145	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1174435275	Pinckneyville Correctional Center	Correctional Facility	Illinois	1.2	3	Designated	Rural	06/25/2007	08/2

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1173561387	Low Income - Saline County	Low Income Population HPSA	Illinois	0	19	Designated	Rural	09/10/2001	10/2

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural
Illinois	Saline County	Saline	Single County	17165	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1177321447	Low Income - Union County	Low Income Population HPSA	Illinois	0.48	16	Designated	Rural	09/17/2001	12/2

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural
Illinois	Union County	Union	Single County	17181	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	117999175Q	Rural Health, Inc.	Federally Qualified Health Center	Illinois	0	18	Designated	Rural	10/26/2002	12/1

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	HPSA FTE	HPSA Score	Status	Rural Status	Designation Date	Upd
Primary Care	1179592070	Low Income - Williamson County	Low Income Population HPSA	Illinois	0	17	Designated	Non-Rural	10/26/2001	10/2
	Component State Name	**Component County Name**	**Component Name**	**Component Type**		**Component GEOID**			**Component Rural**	
	Illinois	Williamson County	Williamson	Single County		17199			Non-Rural	
Primary Care	117999174Z	Shawnee Health Services Corporation	Federally Qualified Health Center	Illinois	0	15	Designated	Non-Rural	10/26/2002	11/3
Primary Care	117999177T	Marion Rural Health Clinic	Rural Health Clinic	Illinois	0	0	Designated	Non-Rural	11/18/2003	11/1

Medically Underserved Area/Population (MUA/P) Application Process

State Primary Care Offices (PCOs) use the Shortage Designation Management System (SDMS) to submit MUA and MUP applications to us for review.

Eligibility for MUA/P designation depends on the Index of Medical Underservice (IMU) calculated for the area or population proposed for designation. Under the established criteria, an area or population with an IMU of 62.0 or below qualifies for designation as an MUA/P.

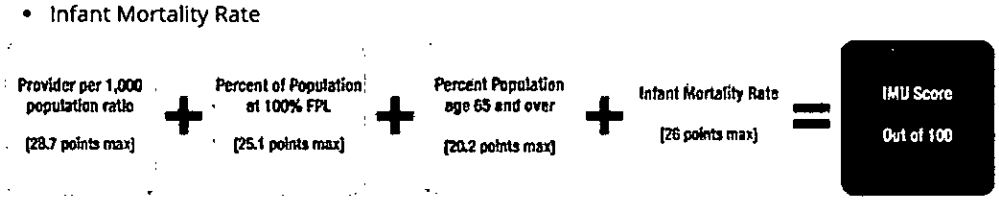
What is the Index of Medical Underservice (IMU)?

The IMU scale is from 0 to 100, where 0 represents completely underserved and 100 represents best served or least underserved.

We calculate the IMU by assigning a weighted value to an area or population's performance on four demographic and health indicators, then adding the weighted values together.

We use the following indicators:

- Provider per 1,000 population ratio
- % Population at 100% of the Federal Poverty Level (FPL)
- % Population age 65 and over
- Infant Mortality Rate



What is the Application Process for Exceptional Medical Underserved Populations (MUPs)?

A state governor can recommend, and a PCO can then request, an exceptional MUP for a population that demonstrates need but does not meet the regular criteria for designation.

Applications for these designation requests should describe in detail the unusual local conditions, access barriers, and other demonstrated needs which led to the recommendation for exceptional designation.

Such requests must also include a written recommendation for designation from the governor or other chief executive officer of the state (or state-equivalent) and local health official, as well as any supporting data.

Date Last Reviewed: October 2016

Contact Us

Shortage designation questions? Email us, or call 301-594-5168

Shortage Designation Modernization Project questions? Email us

Additional Contacts

State Primary Care Offices

Centers for Medicare and Medicaid Services (CMS)

Resources & Tools

HRSA Data Warehouse

HPSA Find / MUA/P Find

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
00805	Franklin County	Medically Underserved Area	Illinois	55.6	Designated	Rural	1981/04/10	1981/0

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
00808	Jackson County	Medically Underserved Area	Illinois	45.7	Designated	Partially Rural	1994/04/12	1994/0

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
00810	Johnson County	Medically Underserved Area	Illinois	57.0	Designated	Rural	1978/11/01	1978/1

County Name	County FIPS Code Perry County	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
05001	Beaucoup Precinct - County	Medically Underserved Area	Illinois	61.1	Designated	Rural	1998/08/31	1998/0
MCD (90342) Beaucoup precinct								
05002	Cutler Precinct - County	Medically Underserved Area	Illinois	51.7	Designated	Rural	1998/08/31	1998/0
MCD (90936) Cutler precinct								

03

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
07098	Low Income - Saline	Medically Underserved Area	Illinois	56.6	Designated	Rural	2001/05/11	2001/0

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/P Date
00819	Union County	Medically Underserved Area	Illinois	58.2	Designated	Rural	1978/11/01	1978/1

County Name	County FIPS Code	Service Area Name	MUA/P Source Identification Number	Designation Type	Population Type	Index of Medical Underservice Score	MUA/P Designation Date	MUA/F Date
	Williamson County							
00865	Blairsville/ Carterville Service Area	Medically Underserved Area	Illinois	60.9	Designated	Non-Rural	1994/05/18	1994/0
MCD (90432) Blairsville precinct								
MCD (90648) Carterville precinct								
00866	Williamson Service Area	Medically Underserved Area	Illinois	59.0	Designated	Non-Rural	1994/05/11	1994/0
MCD (90846) Corinth precinct								
MCD (90918) Creal Springs precinct								
MCD (91062) East Marion precinct								
MCD (91836) Lake Creek precinct								

MEMORIAL HOSPITAL OF CARBONDALE

Patient Origin for Medical/Surgical Inpatients & Observation Patients

August 1, 2017-July 31, 2018

Community	Zip Code	Admissions	Percentage of Admissions	Cumulative %	County	In PA F-07?	In Market Area?	Within 21 Miles of MHC?
Carbondale)	62901	2,201			Jackson	Yes	Yes	Yes
Carbondale)	62902	497			Jackson	Yes	Yes	Yes
Carbondale)	62903	166	0.2216	22.16%	Jackson	Yes	Yes	Yes
Murphysboro	62966	1,424	0.1102	33.17%	Jackson	Yes	Yes	Yes
Marion	62959	709	0.0549	38.66%	Williamson	No	Yes	Yes
DuQuoin	62832	705	0.0545	44.11%	Perry	Yes	Yes	Yes
Carterville	62918	513	0.0397	48.08%	Franklin	No	Yes	Yes
West Frankfort	62896	410	0.0317	51.25%	Franklin	No	Yes	Yes
Herrin	62948	389	0.0301	54.26%	Williamson	No	Yes	Yes
Anna	62906	382	0.0296	57.22%	Union	Yes	Yes	Yes
Pinckneyville	62274	310	0.0240	59.62%	Perry	Yes	Yes	No
Harrisburg	62946	306	0.0237	61.98%	Saline	No	Yes	No
De Soto	62924	298	0.0231	64.29%	Jackson	Yes	Yes	Yes
Benton	62812	271	0.0210	66.39%	Franklin	No	Yes	No
Elkville	62932	231	0.0179	68.17%	Jackson	Yes	Yes	Yes
Cobden	62920	219	0.0169	69.87%	Union	Yes	Yes	Yes
Makanda	62958	197	0.0152	71.39%	Jackson	Yes	Yes	Yes
Ava	62907	183	0.0142	72.81%	Jackson	Yes	Yes	Yes
Johnston City	62951	170	0.0132	74.12%	Williamson	No	Yes	Yes
Jonesboro	62952	125	0.0097	75.09%	Union	Yes	Yes	No
Christopher	62822	118	0.0091	76.00%	Franklin	No	Yes	No
Royalton	62983	118	0.0091	76.91%	Franklin	No	Yes	No
Goreville	62939	117	0.0091	77.82%	Johnson	No	Yes	Yes
ElDorado	62930	112	0.0087	78.69%	Saline	No	Yes	No
Creal Springs	62922	108	0.0084	79.52%	Franklin	No	Yes	No
Steelville	62888	99	0.0077	80.29%	Randolph	Yes	Yes	No
Sesser	62884	93	0.0072	81.01%	Franklin	No	Yes	No
Carrier Mills	62917	91	0.0070	81.71%	Saline	No	Yes	No
Cambria	62915	85	0.0066	82.37%	Williamson	No	Yes	No
Dongola	62926	84	0.0065	83.02%	Union	Yes	Yes	No
Vergennes	62994	75	0.0058	83.60%	Jackson	Yes	Yes	Yes
Mulkeytown	62865	73	0.0056	84.16%	Franklin	No	Yes	No
Vienna	62995	73	0.0056	84.73%	Johnson	No	Yes	No
Thompsonville	62890	72	0.0056	85.29%	Franklin	No	Yes	No
Chester/Energy	62233	67	0.0052	85.80%	Randolph	Yes	Yes	Yes
Hurst	62949	67	0.0052	86.32%	Williamson	No	Yes	No
Zeigler	62999	66	0.0051	86.83%	Franklin	No	Yes	Yes
Gorham	62940	58	0.0045	87.28%	Jackson	Yes	Yes	Yes
Dowell	62927	50	0.0039	87.67%	Jackson	Yes	Yes	No
Pittsburg	62974	49	0.0038	88.05%	Williamson	No	Yes	Yes
Grand Tower	62942	45	0.0035	88.40%	Jackson	Yes	Yes	Yes
Alto Pass	62905	38	0.0029	88.69%	Union	Yes	Yes	Yes
Campbell Hill	62916	37	0.0029	88.98%	Perry	Yes	Yes	No
Cutler	62238	32	0.0025	89.22%	Perry	Yes	Yes	No
Pomona	62975	31	0.0024	89.46%	Jackson	Yes	Yes	Yes
Jacob	62950	16	0.0012	89.59%	Jackson	Yes	Yes	Yes
Wolf Lake	62998	12	0.0009	89.68%	Union	Yes	Yes	Yes
Other Zipcodes*		1,334	0.1032	100.00%				
Total, All of These Zipcodes		**11,592**						
Total Patients		**12,926**						
Total These Zipcodes within PA F-07					**7,582**			
Total, These Zipcodes within Market Area					**11,592**			

III.
Criterion 1110.110(d) - Alternatives

1. The purpose of this project - the build-out of shell space constructed in a new addition to MHC - was identified in Project #13-069, which was approved on March 11, 2014.

That project included the construction of the 4th floor of a proposed new hospital addition as shell space, all of which would be used for the future expansion of MHC's Medical/Surgical Category of Service to meet increases in MHC's historic occupancy of the Medical/Surgical Category of Service that were expected to continue in future years.

This plan was identified in several attachments of that CON application, including Attachment 16, Project Scope, Utilization and Unfinished/Shell Space, and Attachment 17, Project Scope, Utilization and Unfinished/Shell Space: Assurances.

Since this project proposes to implement a plan that was approved by the Health Facilities and Services Review Board (HFSRB) in an existing CON permit, no alternatives to this project have been considered at this time.

Prior to the preparation and submission of Project #13-069, MHC considered the alternative of not constructing this shell space. That alternative was discussed in Attachment 13 of Project #13-069 and determined to be infeasible.

The key issues presented in that discussion that are relevant to this project, now that the shell space has been constructed, are summarized in this Attachment.

Project #13-069 considered the following alternative to that project.

> "Modernize and expand the departments included in this project [i.e., Project #13-069] as proposed, but do not construct a 4th floor of the addition as shell space for a future Medical/Surgical nursing unit at this time with the intention to build out the shell space in the future when it will be constructed as an additional Medical/Surgical nursing unit." (Attachment 13, Page 1, hand-stamped Page 95)

2. Now that this shell space has been constructed as the 4th floor of the addition constructed as part of Project #13-069, this alternative is no longer a possibility.

In fact, the increased utilization of MHC's Medical/Surgical Service since Project #13-069 was approved in March, 2014, makes it infeasible to abandon the build-

out of this Medical/Surgical nursing unit, which is justified under Illinois certificate of need review criteria and standards, as discussed in Attachments 14, 15 and 18.

3. This item is not applicable to this project.

The purpose of this project is to expand MHC's existing Medical/Surgical Category of Service at MHC in order to meet the needs generated by historic utilization, not to establish new categories of service or a new health care facility.

IV.
Criterion 1110.120 - Project Scope: Size of Project

This project includes both Clinical and Non-Clinical Service Areas.

The Medical/Surgical Service is the only Category of Service included in this project, as discussed in Attachment 18.

This project includes the expansion of the Medical/Surgical Service by adding 8 authorized beds and constructing 5 additional single-occupancy (private) patient rooms, which would result in privatizing 5 existing double-occupancy (two-bed) Medical/Surgical patient rooms.

The increased number of authorized Medical/Surgical beds is needed to accommodate historic utilization.

This project does not include any Clinical Service Areas Other than Categories of Service.

1. The Illinois certificate of need (CON) Rules include State Guidelines (77 Ill. Adm. Code 1110.APPENDIX B) for the Medical/Surgical Category of Service, based on both the number of beds and gross square footage of the Medical/Surgical nursing unit.

   An analysis of the proposed size (number of rooms and gross square footage) of the Medical/Surgical Category of Service in comparison to the State Guidelines is found below.

   This analysis is based upon historic utilization of MHC's Medical/Surgical Service during the 12-month period of July 1, 2017 through June 30, 2018, and projected utilization for the first full year of operation after this project is completed.

CLINICAL SERVICE AREA	STATE GUIDELINE
Medical/Surgical	80% occupancy of authorized beds for addition of beds in hospitals with 1-99 Medical/Surgical beds 500-660 DGSF per Bed

   Appended to Attachment 15 is the historic and projected utilization for MHC's Medical/Surgical Category of Service.

   The justification for the number of Medical/Surgical beds is presented in Attachment 18.

The square footage proposed for the Medical/Surgical nursing unit proposed for this project is presented below.

CLINICAL SERVICE AREA	STATE STANDARD	PROJECTED FY2022 VOLUME	TOTAL EXISTING BEDS/ ROOMS	TOTAL PROPOSED BEDS/ ROOMS
Medical/ Surgical	500-660 DGSF/Bed	30,665 patient days	91	99

The proposed number of authorized Medical/Surgical beds is justified.

It should be noted that this project includes the modernization and expansion of the Medical/Surgical Category of Service in the following manner:

The square footage proposed for the Medical/Surgical nursing unit is shown below.

CLINICAL SERVICE AREA	STATE GUIDELINE/ BED	PROPOSED BEDS	TOTAL DGSF JUSTIFIED FOR THIS NURSING UNIT	TOTAL PROPOSED DGSF
Medical/ Surgical	500-660 DGSF/Bed	13 beds in this project	6,500-8,580	8,491

The space program for the Medical/Surgical nursing unit that is the subject of this project is appended to this Attachment.

The following published data and studies identify the contemporary standards of care and the scope of services that MHC addressed in developing the proposed project .

- Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250.2440);
- Standards for Accessible Design: ADA Accessibility Guidelines for Buildings and Facilities (28 Code of Federal Regulations, 36.406.ADAAG, Sections 4.1 through 4.35 and 6.1 through 6.4);
- National Fire Protection Association, NFPA 101: Life Safety Code.

2. The proposed square footage for the Clinical Service Areas included in this project is less than the State Guideline for each department that is found in 77 Ill. Adm. Code 1110.APPENDIX B, as shown below.

CLINICAL SERVICE AREAS	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Medical/ Surgical	For this project: 8,491 DGSF, 653 DGSF/ Bed for 13 Beds	500-660 DGSF/Bed	under by 89 DGSF (7 DGSF/ Bed)	Yes

SPACE PROGRAM

MEDICAL/SURGICAL NURSING UNIT

THIS PROJECT ONLY

13 Private Medical/Surgical Patient Rooms, each with toilet room*, 5 of which have accessible showers
1 Patient-Accessible Toilet Room and Shower

1 Nursing Station with 8 workstations for staff and physicians, pneumatic tube station

1 combined Medication/Clean Supply Room with space for 3 pyxis towers, refrigerator, 2 supply carts, 1 closed linen cart, 8 storage lockers
1 Soiled Utility Room

1 Patient Nourishment Station

1 Equipment Storage Room
1 Data Closet

1 Staff Lounge
1 Staff Toilet Room

1 Manager's Office

2 Housekeeping Closets

1 Waiting Room - elevator opens onto this Waiting Room
2 Accessible Public Toilet Rooms
1 Water Cooler Alcove

*The new Medical/Surgical patient rooms with 13 authorized beds will replace 5 beds in semi-private rooms that will be converted to private rooms and add 8 authorized Medical/Surgical beds to Memorial Hospital of Carbondale.

IV.
Criterion 1110.120 - Project Services Utilization

The only Clinical Service Area included in this project is the Medical/Surgical Category of Service, which currently exists at MHC.

The Illinois certificate of need (CON) Rules includes State Guidelines (77 Ill. Adm. Code 1110.APPENDIX B) for the Medical/Surgical Category of Service.

The chart below identifies the State Guidelines that exist for the Medical/Surgical Category of Service.

CLINICAL SERVICE AREA	STATE GUIDELINE
Medical/Surgical	80% occupancy of authorized beds for addition of beds in hospitals with 1-99 Medical/Surgical beds 500-660 DGSF per Bed

As stated above and in other Attachments, the Medical/Surgical Service is the only Clinical Service Area included in this project, and there are State Guidelines for the addition of beds to this service.

Historic utilization for the last 2 years and projected utilization for the first 2 complete years of operation for the Medical/Surgical Service is found below.

	HISTORIC YEARS			PROJECTED YEARS		STATE GUIDELINE	MET STANDARD
	CY16	CY17	7/17-6/18	FY22	FY23		
Admissions	7,346	7,946	7,936	8,408	8,433	N/A	
Patient Days	28,668 incl. Observ. Days	29,124 incl. Observ. Days	29,338 incl. Observ. Days	30,665 incl. Observ. Days	30,777 incl. Observ. Days	80% for addition of beds to hospitals with 1-99 Medical/ Surgical beds	Yes

The number of authorized beds proposed for the Medical/Surgical Service is presented on the next page.

CLINICAL SERVICE AREA	STATE GUIDELINE UNITS/ROOM	PROJECTED FY23 VOLUME	TOTAL EXISTING BEDS/ ROOMS	TOTAL PROPOSED BEDS/ ROOMS
Medical/ Surgical	80% for addition of beds to hospitals with 1-99 Medical/ Surgical beds	30,777 patient days incl. Observ. Days	91	99

The proposed number of Medical/Surgical beds is justified based on historic utilization during 2017 and the 12-month period of July 1, 2017, through June 30, 2018, as well as based upon projected utilization for future years through FY2023, the second complete fiscal year during which this project will be operational.

MHC's historic utilization is projected to continue to increase in future years, as identified in the assumptions presented below and in Attachment 18.

- MHC's Medical/Surgical admissions are projected to continue to increase, based on the following factors.
    - MHC's Medical/Surgical admissions will continue to increase based on historic growth.

      During the 4-year period of CY2014 through CY2017, MHC's Medical/Surgical admissions continued their historic increase, increasing by a total of 11%, from 7,176 to 7,946.

      This represented an average increase of 3.58% Medical/Surgical admissions annually.

    - The historic trend of increasing Medical/Surgical admissions at MHC is expected to continue in future years insofar as Medical/Surgical beds are available due to continued implementation of MHC's Physician Recruitment Plan, which has already resulted in the recruitment of 55 physicians representing a wide range of medical and surgical specialties, including extensive representation of sub-specialists, since 2017 as well as the establishment of sub-specialty nursing units, such as the Neuroscience step-down unit that is proposed for construction in this shell space.

      As of January, 2019, the following physicians have been recruited to MHC's medical staff since 2017.

      3 Anesthesiologists
      1 Breast Surgeon
      1 Cardiothoracic Surgeon
      1 Colorectal Surgeon
      6 Emergency Medicine Physicians
      2 Endocrinologists
      2 Family Medicine Physicians

2 Gastroenterologists
3 Hematologists/Oncologists
16 Hospitalists
3 Infectious Disease Specialists
2 Neurologists
1 Pain Management Specialist
2 Podiatrists
1 Pulmonologist
1 Rheumatologist
4 Trauma Surgeons
2 Urologists
2 Wound Care Specialists

- As a result of recruiting additional physicians to MHC's medical staff, MHC and its SIH Cancer Institute have been able to reduce outmigration from Southern Illinois Healthcare's (SIH's) market area for both inpatient and outpatient care. This trend will continue in the future as recently-recruited physicians establish their practices and as physicians continue to be recruited to this healthcare system.

  This result is particularly important because of the designation of MHC's entire market area as a Health Professional Shortage Area and the designation of much of its market area as Medically Underserved Areas.

- As a result of these factors, Medical/Surgical admissions at MHC are projected to increase by a total of 5.8% from CY2017 to FY2022, which is an average annual increase of 1.4% during this 4 1/4 year period.

  The estimated growth in Medical/Surgical admissions is based upon projections from IBM Watson (formerly Truven Health Analytics and Thomson Reuters) and information generated by The Advisory Board Company and the American Hospital Association.

- MHC's Medical/Surgical patient days, including its observation days, are projected to continue to increase, based on the following factors.

  - MHC's Medical/Surgical patient days, including observation days, will continue to increase based on historic growth.

  - MHC's average length of stay (ALOS) for the Medical/Surgical Service will remain constant in future years for both inpatients and outpatients plus observation patients, as it has since 2015, despite an increase in the acuity of patients due to MHC's successful recruitment of sub-specialty physicians.

    An increased number of specialty and sub-specialty physicians on MHC's medical staff are able to care for patients who currently out-migrate from MHC's market area as they seek medical care that has traditionally been difficult to access within the market area.

- As a result of these factors, MHC's Medical/Surgical patient days, including Observation days, are projected to increase by a total of 5.3% from CY2017 to FY2022, which is an average annual increase of 1.25% during this 4 1/4 year period.

  The estimated growth in Medical/Surgical admissions is based upon projections from IBM Watson (formerly Truven Health Analytics and Thomson Reuters) and information generated by The Advisory Board Company and the American Hospital Association.

- After this project is completed and operational, Medical/Surgical patient days, including observation days at MHC are projected to increase by 0.5% from FY2022, the first complete year of operation, to FY2023, the second full year of operation of the new Medical/ Surgical unit. These patient days will continue to reflect an ALOS of 3.65 days for all Medical/Surgical patients, including Observation days as well as inpatient days.

V.A. - Service Specific Review Criteria
Criterion 1110.200 - Medical/Surgical

This application proposes the expansion of MHC's Medical/Surgical Service by building out shell space constructed as the 4th floor of a hospital addition that was approved as Project #13-069. As stated in that CON application, this project proposes to build out the shell space in order to increase the hospital's authorized Medical/Surgical beds and to increase the number of single-occupancy (private) Medical/Surgical patient rooms.

This shell space was justified in the application for Project #13-069 as necessary to accommodate projected increases in MHC's medical/surgical utilization. As part of that CON project, MHC provided an assurance from Rex P. Budde, President and CEO of Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale, documenting that the hospital would submit a CON application "to develop and utilize the shell space, regardless of the capital thresholds in effect at that time or the categories of service involved." (CON Application for Project #13-069, Attachment-17, hand-stamped Pages 129-130)

As a result of this project, MHC's Authorized Beds in the Medical/Surgical Category of Service will increase from 91 to 99, an increase of 8 beds.

Nearly all of the capital costs associated with this project are for the build-out of the shell space into a new Medical/Surgical nursing unit with 13 step-down (intermediate care) beds, with the remaining costs being required for Non-Clinical Service Areas (i.e., Connector Corridor to the adjacent existing Medical/Surgical nursing unit; Elevator Lobby, Waiting, and Public Toilets; Mechanical/Electrical/Data Shafts; and a Housekeeping Closet that will serve all of these areas as well as the Medical/Surgical nursing unit).

1. Criterion 1110.200(b)(1) Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)

   This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

2. Criterion 1110.200(b)(2) Planning Area Need - Service to Planning Area Residents

   a. As discussed in Attachment 12, the primary purpose of this project is to provide necessary health care to residents of Planning Area F-07, the planning area in which MHC is located.

During the recent 12-month period of August, 2017, through July, 2018, nearly 59% of MHC's Medical/Surgical inpatients and observation patients resided in Planning Area F-07.

In addition, during this period, 90% of MHC's Medical/Surgical inpatients and observation patients resided within its market area, which includes the following counties in Southern Illinois.

Franklin County
Jackson County
Johnson County
Perry County
Saline County
Union County
Williamson County

These counties constitute parts of Planning Areas F-05, F-06, and F-07.

In addition to MHC, Southern Illinois Hospital Services owns and operates parts or all of the following facilities which are located in Planning Areas F-06 and F-07:

Physicians Surgery Center, LLC, Carbondale;

Memorial Hospital Breast Center, Carbondale;

St. Joseph Memorial Hospital, Murphysboro;

Herrin Hospital, Herrin;

Southern Illinois Orthopedic Center, LLC, Herrin; and

SIH Cancer Institute, Carterville.

This project is needed to provide necessary health care to residents of both Planning Area F-07 and the balance of MHC's market area because of the need for health care services in this area, as discussed below and in Attachment 12.

All 7 of the counties in MHC's market area have been designated as Health Professional Shortage Areas (HPSAs) by the federal government.

Jackson County, the county in which MHC is located, as well as all or part of 4 of the other counties in this market area have been designated as Medically Underserved Areas (MUAs) by the federal government.

b. MHC's patient origin information for the recent 12-month period of August, 2017, through July, 2018, will be found on Page 11 of this Attachment as well as in Attachment 12.

3. Criterion 1110.200(b)(3) Planning Area Need - Service Demand - Establishment of Category of Service

This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

4. Criterion 1110.200(b)(4) Planning Area Need - Service Demand - Expansion of Existing Category of Service

The expansion of the Medical/Surgical nursing units is necessary in order to accommodate MHC's experienced high occupancy and to meet a projected demand for increased utilization.

MHC's experienced high utilization in its Intensive Care and Medical/Surgical Services during the past 2 calendar years and during the first 2 years after this project becomes operational will be found in the table below and on the next page.

	Medical/Surgical Service				
	CY2016	**CY2017**	**7/1/17-6/30/18**	**FY2022**	**FY2023**
Patient Days including Observation Days	28,668	29,124	29,338	30,665	30,777
Authorized Beds	91	91	91	99	99
Average Daily Census	78.3*	79.8	80.4	84.0	84.3
Occupancy	86%	88%	88%	85%	85%

*2016 was a leap year

The proposed number of Medical/Surgical beds is justified based on historic utilization during 2017 and the 12-month period of July 1, 2017, through June 30, 2018, as well as based upon projected utilization for future years through FY2023, the second complete fiscal year during which this project will be operational.

MHC's historic utilization is projected to continue to increase in future years, as identified in the assumptions presented below and in Attachment 15.

- MHC's Medical/Surgical admissions are projected to continue to increase, based on the following factors.

  - MHC's Medical/Surgical admissions will continue to increase based on historic growth.

    During the 4-year period of CY2014 through CY2017, MHC's Medical/Surgical admissions continued their historic increase, increasing by a total of 11%, from 7,176 to 7,946.

    This represented an average increase of 3.58% Medical/Surgical admissions annually.

  - The historic trend of increasing Medical/Surgical admissions at MHC is expected to continue in future years insofar as Medical/Surgical beds are available due to continued implementation of MHC's Physician Recruitment Plan, which has already resulted in the recruitment of 55 physicians representing a wide range of medical and surgical specialties, including extensive representation of sub-specialists, since 2017 as well as the establishment of sub-specialty nursing units, such as the Neuroscience step-down unit that is proposed for construction in this shell space.

    As of January, 2019, the following physicians have been recruited to MHC's medical staff since 2017.

    3 Anesthesiologists
    1 Breast Surgeon
    1 Cardiothoracic Surgeon
    1 Colorectal Surgeon
    6 Emergency Medicine Physicians
    2 Endocrinologists
    2 Family Medicine Physicians
    2 Gastroenterologists
    3 Hematologists/Oncologists
    16 Hospitalists
    3 Infectious Disease Specialists
    2 Neurologists
    1 Pain Management Specialist
    2 Podiatrists
    1 Pulmonologist
    1 Rheumatologist
    4 Trauma Surgeons
    2 Urologists
    2 Wound Care Specialists

- As a result of recruiting additional physicians to MHC's medical staff, MHC and its SIH Cancer Institute have been able to reduce outmigration from Southern Illinois Healthcare's (SIH's) market area for both inpatient and outpatient care, and this trend will continue in the future as recently-recruited physicians establish their practices and as physicians continue to be recruited to this healthcare system.

  This result is particularly important because of the designation of MHC's entire market area as a Health Professional Shortage Area and the designation of much of its market area as Medically Underserved Areas.

- As a result of these factors, Medical/Surgical admissions at MHC are projected to increase by a total of 5.8% from CY2017 to FY2022, which is an average annual increase of 1.4% during this 4 1/4 year period.

  The estimated growth in Medical/Surgical admissions is based upon projections from IBM Watson (formerly Truven Health Analytics and Thomson Reuters) and information generated by The Advisory Board Company and the American Hospital Association.

- MHC's Medical/Surgical patient days, including its observation days, are projected to continue to increase, based on the following factors.

  - MHC's Medical/Surgical patient days, including observation days, will continue to increase based on historic growth.

  - MHC's average length of stay (ALOS) for the Medical/Surgical Service will remain constant in future years for both inpatients and inpatients plus observation patients, as it has since 2015, despite an increase in the acuity of patients due to MHC's successful recruitment of sub-specialty physicians.

    An increased number of specialty and sub-specialty physicians on MHC's medical staff are able to care for patients who currently out-migrate from MHC's market area as they seek medical care that has traditionally been difficult to access within the market area.

  - As a result of these factors, MHC's Medical/Surgical patient days, including Observation days, are projected to increase by a total of 5.3% from CY2017 to FY2022, which is an average annual increase of 1.25% during this 4 1/4 year period.

The estimated growth in Medical/Surgical admissions is based upon projections from IBM Watson (formerly Truven Health Analytics and Thomson Reuters) and information generated by The Advisory Board Company and the American Hospital Association.

- After this project is completed and operational, Medical/Surgical patient days, including observation days at MHC are projected to increase by 0.5% from FY2022, the first complete year of operation, to FY2023, the second full year of operation of the new Medical/ Surgical unit. These patient days will continue to reflect an ALOS of 3.65 days for all Medical/Surgical patients, including Observation days as well as inpatient days.

5. Criterion 1110.200(b)(5) Planning Area Need - Service Accessibility

This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

6. Criterion 1110.200(c)(1) Unnecessary Duplication of Services

This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

7. Criterion 1110.200(c)(2) Maldistribution -

This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

8. Criterion 1110.200(c)(3) Impact of Project on Other Area Providers

This criterion is not applicable to this project because MHC is not proposing to establish a new category of service.

9. Criterion 1110.200(d)(1) Deteriorated Facilities

This criterion is not applicable to this project because MHC is not proposing to modernize any of its Medical/Surgical nursing units.

However, the build-out of the shell space will include the construction of 5 single-occupancy (private) patient rooms to privatize 5 existing semi-private (two-bed) patient rooms.

This construction is necessary in order to address changes in standards of care.

a. MHC has too few private Medical/Surgical patient rooms.

Private rooms, also known as single occupancy rooms, have become the standard for patient rooms for a number of reasons, which result in improved flexibility as well as patient satisfaction.

In fact, the Facilities Guidelines Institute has recommended single occupancy rooms since the 2010 edition of Guidelines for Design and Construction of Health Care Facilities, a reference source for hospital licensure written with assistance from the U.S. Department of Health and Human Services (HHS).

1) Additional private rooms will increase the hospital's ability to maintain infection control.

2) Private rooms reduce problems of gender and age cohorting in making room assignments.

3) Private rooms enhance patient privacy, which is of increased importance due to the federal Health Insurance Portability and Accountability Act (HIPAA) requirements for patient confidentiality.

b. Some of MHC's patient rooms with 2 authorized beds meet minimum size standards for 2-bed rooms, but are too small to accommodate contemporary medical equipment and to permit medical teams to efficiently provide care to acutely ill patients when they are used as semi-private rooms.

10. Criterion 1110.200(d)(2) Documentation

This criterion is not applicable to this project because MHC is not proposing to modernize any of its Medical/Surgical nursing units.

11. Criterion 1110.200(d)(3) Documentation Related to Cited Problems

This criterion is not applicable to this project because MHC is not proposing to modernize any of its Medical/Surgical nursing units.

12. Criterion 1110.200(d)(4) Occupancy

The applicable occupancy target for this project is 80% occupancy for the addition of Medical/Surgical beds in hospitals with between 1 and 99 beds in this Category of Service.

MHC's utilization for the Medical/Surgical Category of Service for recent years and for the first 2 years after this project becomes operational is shown below.

	Medical/Surgical Category of Service				
	CY2016	CY2017	7/1/17-6/30/18	FY2022	FY2023
Admissions	7,346	7,946	7,936	8,408	8,433
Patient Days including Observation Days	28,668	29,124	29,338	30,665	30,777
Average Daily Census	78.3*	79.8	80.4	84.0	84.3
Average Length of Stay including Observation Days	3.9	3.7	3.7	3.6	3.6
Authorized Beds	91	91	91	99	99
Occupancy (%)	86%	88%	88%	85%	85%

*2016 was a leap year

MHC's historic utilization for the Medical/Surgical Category of Service has exceeded the target occupancy levels for this service, and its projected utilization for FY2022 and FY2023 is projected to exceed the target occupancy levels for this Category of Service as well.

13 Criterion 1110.200(e) Staffing Availability

MHC considered relevant clinical and professional staffing needs when it planned this project. As noted earlier in this Attachment and in other Attachments to this CON application, this project will result in a net increase of 8 Medical/Surgical beds since 5 of the 13 beds that will be built in this project are a relocation of beds from rooms that are currently semi-private rooms, with the resulting conversion of those rooms to private patient rooms.

This project will result in a need for 13 FTE Registered Nurses (RNs) and 6. FTE Patient Care Technicians (PCTs).

As the owner and operator of MHC as well as 2 other hospitals in near-by communities in Southern Illinois, Southern Illinois Hospital Services (SIHS) is experienced in the planning for the staffing for the expansion of a general acute care hospital in this area.

SIHS will utilize its regular staff recruitment procedures to recruit the staff that will be required to operate the increased authorized Medical/Surgical beds and the projected increase in Medical/Surgical utilization that is proposed for this project.

SIHS maintains a reputation as a great place to work. That is evidenced by the fact that SIHS receives an average of 55 applications for Registered Nurses' (RN) positions each month and more than 50 applications for each Technician position.

- Advertising
  - Online, using www.sih.net, monster.com, LinkedIn.com, glassdoor.com, indeed.com, ziprecruiter.com, and specialty websites based on the available positions
  - In newspapers in Southern Illinois, Western Kentucky, Southern Indiana, and Southeast Missouri
- RN Open Houses
- Job Fairs
- Versant Residency Training Program
- University/College Outreach Program
- Clinical affiliations with Universities/Colleges
- Job Shadowing participants
- Successful Internship participants

SIHS is confident that it will be able to recruit the additional staff that is needed without creating a staffing burden for any of the existing health care facilities in the region.

14. Criterion 1110.200(f) - Performance Requirements - Bed Capacity Minimum

This project does not establish a new Medical/Surgical Category of Service. The purpose of this project is to modernize and expand clinical services within an existing hospital that has 91 authorized Medical/Surgical beds. Therefore, the minimum bed capacity for a Medical-Surgical Category of Service within a Metropolitan Statistical Area (MSA) is not applicable to this project.

15. Criterion 1110.200(g) - Assurances

A signed and dated statement attesting to the applicants' understanding that, by the second year of operation after the project completion, MHC will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the Medical-Surgical Category of Service is found on Page 12 of this Attachment.

MEMORIAL HOSPITAL OF CARBONDALE

Patient Origin for Medical/Surgical Inpatients & Observation Patients

August 1, 2017-July 31, 2018

Community	Zip Code	Admissions	Percentage of Admissions	Cumulative %	County	In PA F-07?	In Market Area?	Within 21 Miles of MHC?
Carbondale}	62901	2,201			Jackson	Yes	Yes	Yes
Carbondale}	62902	497			Jackson	Yes	Yes	Yes
Carbondale}	62903	166	0.2216	22.16%	Jackson	Yes	Yes	Yes
Murphysboro	62966	1,424	0.1102	33.17%	Jackson	Yes	Yes	Yes
Marion	62959	709	0.0549	38.66%	Williamson	No	Yes	Yes
DuQuoin	62832	705	0.0545	44.11%	Perry	Yes	Yes	Yes
Carterville	62918	513	0.0397	48.08%	Franklin	No	Yes	Yes
West Frankfort	62896	410	0.0317	51.25%	Franklin	No	Yes	Yes
Herrin	62948	389	0.0301	54.26%	Williamson	No	Yes	Yes
Anna	62906	382	0.0296	57.22%	Union	Yes	Yes	Yes
Pinckneyville	62274	310	0.0240	59.62%	Perry	Yes	Yes	No
Harrisburg	62946	306	0.0237	61.98%	Saline	No	Yes	No
De Soto	62924	298	0.0231	64.29%	Jackson	Yes	Yes	Yes
Benton	62812	271	0.0210	66.39%	Franklin	No	Yes	No
Elkville	62932	231	0.0179	68.17%	Jackson	Yes	Yes	Yes
Cobden	62920	219	0.0169	69.87%	Union	Yes	Yes	Yes
Makanda	62958	197	0.0152	71.39%	Jackson	Yes	Yes	Yes
Ava	62907	183	0.0142	72.81%	Jackson	Yes	Yes	Yes
Johnston City	62951	170	0.0132	74.12%	Williamson	No	Yes	Yes
Jonesboro	62952	125	0.0097	75.09%	Union	Yes	Yes	No
Christopher	62822	118	0.0091	76.00%	Franklin	No	Yes	No
Royalton	62983	118	0.0091	76.91%	Franklin	No	Yes	No
Goreville	62939	117	0.0091	77.82%	Johnson	No	Yes	Yes
ElDorado	62930	112	0.0087	78.69%	Saline	No	Yes	No
Creal Springs	62922	108	0.0084	79.52%	Franklin	No	Yes	No
Steelville	62888	99	0.0077	80.29%	Randolph	Yes	Yes	No
Sesser	62884	93	0.0072	81.01%	Franklin	No	Yes	No
Carrier Mills	62917	91	0.0070	81.71%	Saline	No	Yes	No
Cambria	62915	85	0.0066	82.37%	Williamson	No	Yes	No
Dongola	62926	84	0.0065	83.02%	Union	Yes	Yes	No
Vergennes	62994	75	0.0058	83.60%	Jackson	Yes	Yes	Yes
Mulkeytown	62865	73	0.0056	84.16%	Franklin	No	Yes	No
Vienna	62995	73	0.0056	84.73%	Johnson	No	Yes	No
Thompsonville	62890	72	0.0056	85.29%	Franklin	No	Yes	No
Chester/Energy	62233	67	0.0052	85.80%	Randolph	Yes	Yes	Yes
Hurst	62949	67	0.0052	86.32%	Williamson	No	Yes	No
Zeigler	62999	66	0.0051	86.83%	Franklin	No	Yes	Yes
Gorham	62940	58	0.0045	87.28%	Jackson	Yes	Yes	Yes
Dowell	62927	50	0.0039	87.67%	Jackson	Yes	Yes	No
Pittsburg	62974	49	0.0038	88.05%	Williamson	No	Yes	Yes
Grand Tower	62942	45	0.0035	88.40%	Jackson	Yes	Yes	Yes
Alto Pass	62905	38	0.0029	88.69%	Union	Yes	Yes	Yes
Campbell Hill	62916	37	0.0029	88.98%	Perry	Yes	Yes	No
Cutler	62238	32	0.0025	89.22%	Perry	Yes	Yes	No
Pomona	62975	31	0.0024	89.46%	Jackson	Yes	Yes	Yes
Jacob	62950	16	0.0012	89.59%	Jackson	Yes	Yes	Yes
Wolf Lake	62998	12	0.0009	89.68%	Union	Yes	Yes	Yes
Other Zipcodes*		1,334	0.1032	100.00%				
Total, All of These Zipcodes		**11,592**						
Total Patients		**12,926**						
Total These Zipcodes within PA F-07					**7,582**			
Total, These Zipcodes within Market Area					**11,592**			

SOUTHERN ILLINOIS HEALTHCARE

January 15, 2019

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

Dear Ms. Avery:

I am the applicant representative of the co-applicants for this project (i.e., Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale and Southern Illinois Healthcare Enterprises, Inc.), who has signed the CON application that includes an increase in Memorial Hospital of Carbondale's authorized Medical/Surgical beds.

In accordance with 77. Ill. Adm. Code 1110.200.g., I hereby attest to the understanding of the co-applicants for this project that, by the second year of operation after this project is completed, Memorial Hospital of Carbondale will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the Medical/Surgery Category of Service.

The occupancy standard for the addition of Medical/Surgical beds to a hospital with 1 to 99 authorized Medical/Surgical beds is 80% occupancy of the authorized beds on an annual basis (77 Ill. Adm. Code 1100.520(c)(2)(A)).

Sincerely,

"OFFICIAL SEAL"
Valerie K Cawvey
Notary Public, State of Illinois
My Commission Expires 11/9/21

Valerie K. Cawvey

Rex P. Budde
President and CEO
Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale

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Illinois Finance Authority Southern Illinois Healthcare Enterprises; Hospital

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Illinois Finance Authority
Southern Illinois Healthcare Enterprises; Hospital

Credit Profile		
Illinois Finance Authority, Illinois		
Southern Illinois Healthcare Enterprises, Illinois		
Illinois Finance Authority (Southern Illinois Healthcare Enterprises) rev bnds (Southern Illinois Healthcare Enterprises) ser 2017A due 3/1/2045		
Long Term Rating	A+/Stable	Affirmed
Illinois Finance Authority (Southern Illinois Healthcare Enterprises) rev bnds (Southern Illinois Healthcare Enterprises) ser 2017B due 3/1/2045		
Long Term Rating	A+/Stable	Affirmed

Rationale

S&P Global Ratings affirmed its 'A+' long-term rating on the Illinois Finance Authority's series 2017A, 2017B, and 2017C bonds issued for Southern Illinois Healthcare Enterprises (SIHE or the system). The outlook is stable.

The rating and outlook reflect our expectation that operating margins will rebound following operating challenges in fiscal 2018. Installation of an electronic medical record (EMR) and the resultant increase in salary and benefit costs primarily drove the operating loss. The first quarter of fiscal 2019 shows marked improvement, and although margins over the next couple of years might not be as strong as they have been historically, we do not expect them to be as weak as in fiscal 2018. Also supporting the rating are SIHE's solid market presence with some revenue diversity across its three acute care hospitals, very healthy maximum annual debt service (MADS) coverage supported partially by good investment returns, and maintenance of a strong balance sheet despite the operating headwinds. However, in our view, the tightened operating margins, coupled with the more moderate debt levels, have reduced the system's financial flexibility at the current rating for any continued operating challenges, issuance of significant additional debt, or deterioration in unrestricted reserves.

The rating further reflects our view of SIHE's credit strengths, including:

- Dominant market share in both its three-county primary service area (PSA) and its larger regional service area, providing key tertiary services to a broad area and successfully reducing outmigration for areas such as cancer services;
- Historically robust MADS coverage of over 5x for the past few years;
- Solid operating liquidity, as measured by days' cash on hand, that has remained stable over the past few years as unrestricted reserves have grown incrementally year over year;
- Forward-looking and strategic management team that has an eye toward protecting SIHE's competitive position, managing expense growth, and preparing for the future of health care delivery.

The rating also reflects our view of the following credit risks:

- Operating margins that were challenged in fiscal 2018 due to SIHE's EMR implementation, and our expectation that they could remain pressured by higher operating expenses related to maintaining the EMR along with ongoing industry pressures;
- Moderate debt levels after the series 2017 issuance with cash-to-debt levels and leverage that, while improving, are below medians; and
- Weak economic and demographic fundamentals, with a largely rural market outside the main city of Carbondale where Southern Illinois University (SIU) is located.

Outlook

The stable outlook reflects our view that SIHE will maintain its very strong financial profile following the operating loss in fiscal 2018 by sustaining its balance sheet and returning to positive operating margins. Our view is supported by positive first-quarter fiscal 2019 operating results and management's demonstrated history of typically meeting or exceeding its budget. The outlook also reflects our view of SIHE's market leading share within a large, geographically expansive area, which we expect it will maintain.

Downside scenario

We would likely lower the rating or assign a negative outlook in the two-year outlook horizon if recent operating losses persist in fiscal 2019, or if balance-sheet metrics deteriorate through a material debt issuance or a reduction in unrestricted reserves. Although not expected, any considerable weakening to SIHE's market presence could also negatively pressure the rating.

Upside scenario

A higher rating is unlikely within the two-year outlook period. We could consider a higher rating if the system saw substantial improvement in its operations and debt profile, while bolstering unrestricted reserves and maintaining stable economic fundamentals and its strong market position.

Enterprise Profile: Strong

Dominant competitive position enables success despite weak regional economic fundamentals

SIHE, through its Southern Illinois Hospital Services division, operates three hospitals within its PSA. Its PSA encompasses three counties in southern Illinois (Franklin, Jackson, and Williamson) and has an estimated population of about 165,000 residents. Within this area, SIHE maintains an extremely strong 75% market share. It also draws patients from a wider service area of 240,000 residents encompassing Johnson, Perry, Saline, and Union counties. It maintains a strong 52% market share even in this more expansive area, demonstrating its dominance in the regional market. The system's market share has been stable-to-slightly growing for years, keeping pace with its inpatient volume that has grown by about 2% each year for the past several years. SIHE's primary competitor is Heartland Regional Medical Center, which is about two-thirds the size of SIHE's largest hospital in Carbondale and holds a low 11% market share in the seven-county area.

Management is working to protect SIHE's extremely strong market share in several ways. It continues to focus on

stemming outmigration in its markets through the hiring of specialty physicians (particularly in neurosurgery and cancer services) as well as the maintenance and possible expansion of its cancer care center, which opened in 2015 and has been a success. Management indicates that there are no new service lines the system should pursue; however, management is pursuing a Level II trauma designation for its Carbondale hospital that it plans to gain in the next year. SIHE maintains good relationships and loose affiliations with some of the smaller hospitals in the market area that refer higher acuity patients to SIHE, which also helps support market share.

While the system's more rural location gives SIHE a significant competitive advantage, it also creates some concerns regarding its weak economic fundamentals. The area has higher unemployment, more population decline, and lower per capita income relative to national averages. Somewhat mitigating our view of the weaker fundamentals is the stabilizing institutional influence of SIU, which has an enrollment of approximately 13,000 students at its Carbondale campus and is the largest employer in the service area with more than 4,000 employees. SIU has a somewhat weakened competitive position with regard to faculty, staff, and student recruitment due to the state's failure to provide consistent funding support and the resultant negative publicity surrounding Illinois public universities, but we do not yet see evidence that this has meaningfully affected SIHE's service area dynamics. However, we will continue to monitor the impact.

Market-specific considerations include healthy payer mix and initial steps toward performance-based contracts

We view SIHE's payer mix as relatively diverse on a net revenue basis, with modest concentration in Medicaid. In the past, state-related budget issues have resulted in late payments for the system's many state-insured patients, causing a spike in the amount of cash tied up in accounts receivable; however, with the passage of the state budget, SIHE is now receiving more timely payments.

While the vast majority of contracts remain fee-for-service, management has been engaging in modest upside risk-sharing tied to quality outcomes through some of its contracts with Blue Cross Blue Shield, which has resulted in about $2 million in quality and incentive payments annually. Beginning in 2020, SIHE will begin taking some very modest downside risk, with management indicating that the maximum loss would be $1 million annually. These contracts cover approximately 9,000 lives. The system is also a member of the BJC Collaborative, an eight-hospital multistate collaborative that covers mostly Missouri and southern Illinois, which is preparing for some of the changes related to health care reform through a collaborative effort. In 2017, SIHE joined four other BJC Collaborative-affiliated health systems in BJC's Collaborative Care Management Resources (CCMR) endeavor. CCMR aims to build IT infrastructure and data analytics capabilities to enhance patient care coordination and improve population health. While these steps are modest, we view management's preparation for a shift to value-based reimbursement positively.

Table 1

Southern Illinois Healthcare Enterprises -- Enterprise Statistics

	--Three months ended June 30--	--Fiscal year ended March 31--	
	2018	2018	2017
PSA population	N.A.	164,648	164,516
PSA market share (%)	N.A.	75.0	73.8
Inpatient admissions	4,181	17,687	17,206
Equivalent inpatient admissions	12,619	49,020	49,808

Table 1

Southern Illinois Healthcare Enterprises -- Enterprise Statistics (cont.)			
	--Three months ended June 30--	--Fiscal year ended March 31--	
	2018	2018	2017
Emergency visits	17,784	72,788	72,772
Inpatient surgeries	925	3,846	4,203
Outpatient surgeries	1,999	6,618	6,985
Medicare case mix index	1.7246	1.6141	1.6537
FTE employees	3,402	3,437	3,252
Active physicians	285	293	298
Top 10 physicians admissions (%)	N/A	N/A	N/A
Based on net/gross revenues	Net	Net	Net
Medicare (%)	33.4	31.8	32.9
Medicaid (%)	12.7	13.0	12.8
Commercial/Blues (%)	52.3	53.7	53.0

PSA--Primary service area. N/A--Not applicable. N.A.--Not available. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Financial Profile: Very Strong

Balance sheet and debt service coverage hold strong despite tightened operating margins

In fiscal 2018, after several years of operating margins in the 3% to 4% range, SIHE experienced an operating loss, falling short of its budgeted 1.3% operating margin. Heightened expenses related to the Epic EMR installation, higher agency and locum use, and lower-than-expected surgery volumes (which were partially depressed by the EMR implementation) drove the operating loss. However, excluding the one-time costs related to the EMR installation, fiscal 2018 closed with near break-even operating results. The fiscal 2019 budget calls for a 1.6% operating margin, and the first three months of fiscal 2019 met the budget (even after excluding interest payments received from the state for its backlog of employee health claim payments), demonstrating marked improvement from fiscal 2018. Management believes that operating margins will be a tighter 1% to 2% for the next couple of years, rather than the stronger 3% to 4% SIHE has achieved historically, as it manages heightened operational expenses related to maintaining and optimizing its EMR. Given management's history of exceeding budgeted expectations (excluding the EMR installation year), as well as the expense management targets and tools it developed with the assistance of Huron consultants in fiscal 2016, we believe margins in the 1% to 2% range are achievable. Also supporting our assessment that the financial profile is very strong is SIHE's revenue diversity. Each of its three hospitals contribute a substantial portion to revenues. The system is somewhat dependent on the state provider fee program and disproportionate share funds for positive operating income, but these payments have been stable. In addition, although operating margins are tightening and light for the current rating, SIHE continues to post solid non-operating income, generating strong EBIDA margins and solid MADS coverage for the rating.

Unrestricted reserves, as measured by days' cash on hand, remain healthy despite the operating loss in fiscal 2018. While we have not included funds designated by the board for self-insurance in our measurement of unrestricted reserves, we note that SIHE has $35 million designated for self-insurance, which equals about 33 days' cash on hand.

Over the next few years, management plans to fund capital projects through unspent 2017 bond proceeds and routine capital spending. Given our anticipation of tightened operating margins, coupled with cash-to-debt levels that are somewhat light and leverage that is somewhat high for the rating, we think the issuance of significant new debt would likely pressure the rating.

Significant but manageable contingent liabilities

SIHE has three series of direct purchase debt: series 2011 ($2.3 million outstanding), series 2014A ($73.9 million outstanding), and series 2014B ($44.2 million outstanding). This debt has financial covenants carved outside the Master Trust Indenture (MTI), including minimum historical debt service coverage of 1.15x, maintenance of 75 days' cash on hand, and a maximum debt-to-capitalization ratio of 65%. Noncompliance with any of these covenants is considered an event of default. The 2011 loan agreement provides for a 30-day cure period, and, to the extent the violation cannot be corrected within 30 days, it provides another 30-day period before an event of default. The 2014A and 2014B continuing covenant agreements do not provide a cure period for financial covenant violations, but the event of default from a financial covenant violation is up to the purchaser to exercise and the purchaser has the option to allow the system to cure the default. SIHE would not have the same-day liquidity necessary to cover an immediate acceleration, but it does have ample liquidity accessible within seven days of 3.8x the total outstanding contingent liability amount.

The system also has two interest rate swap agreements: one with the Royal Bank of Canada (RBC) and one with Morgan Stanley. As of the end of fiscal 2018, the total notional amount of the swaps was $69.3 million, with a total mark-to-market value of negative $10.8 million. The swap documents contain a termination if the rating on SIHE is lowered below 'BBB' for the RBC swap and 'BBB-' for the Morgan Stanley swap, as well as a ratings-based collateral support annex. There is no collateral posted currently.

We view positively the fact that SIHE does not have a defined benefit pension plan.

Table 2

Southern Illinois Healthcare Enterprises -- Financial Statistics

	--Three months ended June 30--	--Fiscal year ended March 31--		Medians for 'A+' rated stand-alone hospital
	2018	2018	2017	2017
Financial performance				
Net patient revenue ($000s)	160,134	611,348	583,508	625,924
Total operating revenue ($000s)	166,556	625,498	596,539	MNR
Total operating expenses ($000s)	160,194	629,438	572,982	MNR
Operating income ($000s)	6,362	(3,940)	23,557	MNR
Operating margin (%)	3.82	(0.63)	3.95	3.10
Net nonoperating income ($000s)	7,140	46,187	14,327	MNR
Excess income ($000s)	13,502	42,247	37,884	MNR
Excess margin (%)	7.77	6.29	6.20	6.30
Operating EBIDA margin (%)	11.91	7.32	11.20	10.10
EBIDA margin (%)	15.53	13.70	13.28	13.00
Net available for debt service ($000s)	26,983	92,002	81,143	76,584

Table 2

Southern Illinois Healthcare Enterprises -- Financial Statistics (cont.)

	--Three months ended June 30--	--Fiscal year ended March 31--		Medians for 'A+' rated stand-alone hospital
	2018	2018	2017	2017
Maximum annual debt service ($000s)	15,799	15,799	15,799	MNR
Maximum annual debt service coverage (x)	6.83	5.82	5.14	5.00
Operating lease-adjusted coverage (x)	6.27	5.30	4.58	3.90
Liquidity and financial flexibility				
Unrestricted reserves ($000s)	468,477	476,014	413,537	472,736
Unrestricted days' cash on hand	285.8	294.6	280.7	304.40
Unrestricted reserves/total long-term debt (%)	176.1	178.9	159.3	227.00
Unrestricted reserves/contingent liabilities (%)	389.1	395.3	343.4	739.50
Average age of plant (years)	8.2	8.5	8.6	10.30
Capital expenditures/depreciation and amortization (%)	118.0	170.1	217.1	136.80
Debt and liabilities				
Total long-term debt ($000s)	266,075	266,150	259,530	MNR
Long-term debt/capitalization (%)	29.8	30.0	30.5	23.80
Contingent liabilities ($000s)	120,415	120,415	120,420	MNR
Contingent liabilities/total long-term debt (%)	45.3	45.2	46.4	36.90
Debt burden (%)	2.27	2.35	2.59	2.60
Defined-benefit plan funded status (%)	N/A	N/A	N/A	78.90

N/A--Not applicable. MNR--Median not reported.

Credit Snapshot

- Security pledge: The bonds are secured by a pledge of the system's gross revenues
- Group rating methodology: We view SIHE as core to the consolidated group credit profile.
- Organizational overview: SIHE, through its Southern Illinois Hospital Services division, operates three hospitals: (1) Memorial Hospital of Carbondale, a 154-staffed-bed, acute care hospital in Carbondale; (2) Herrin Hospital, a 114-staffed-bed, acute care hospital in Herrin that includes 29 rehabilitation beds through a joint venture with the Shirley Ryan AbilityLab; and (3) St. Joseph Memorial Hospital, a 25-staffed-bed, critical access hospital in Murphysboro.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE							
	A	B	C	D	E	F	G
	Cost/Sq. Foot		Gross Sq. Ft.	Gross Sq. Ft.	Const. $	Mod. $	Total Costs
Department	New	Mod.	New	Mod.	(A x C)	(B x D)	(E +F)
Clinical Service Areas:							
4th Floor New Medical/Surgical Nursing Unit (this project)	$0.00	$332.35	0	8,491	$0	$2,822,026	$2,822,026
SUBTOTAL CON COMPONENTS	$0.00	$332.35	0	8,491	$0	$2,822,026	$2,822,026
Contingency	$0.00					$277,766	$277,766
TOTAL - CLINICAL SERVICE AREAS	$0.00	$365.07	0	8,491	$0	$3,099,792	$3,099,792
Non-Clinical Service Areas:							
Egress Corridor from Existing Medical/Surgical Nursing Unit	$0.00	$233.00	0	1,231	$0	$286,823	$286,823
Mechanical Shafts	$0.00	$125.93	0	29	$0	$3,652	$3,652
SUBTOTAL NON-CON COMPONENTS	$0.00	$230.54	0	1,260	$0	$290,475	$290,475
Contingency	$0.00					$28,582	$28,582
TOTAL NON-CLINICAL SERVICE AREAS	$0.00	$253.22	0	1,260	$0	$319,057	$319,057
PROJECT TOTAL	$0.00	$350.62	0	9,751	$0	$3,418,849	$3,418,849

Factors Influencing Additional Construction Costs for this Project

This project has several factors which result in higher construction costs that would be expected for a routine hospital modernization project.

1. Memorial Hospital of Carbondale (MHC) is located on the New Madrid Earthquake Fault, as a result of which both new construction and modernization of existing hospital buildings must meet the current seismic codes for buildings located in an earthquake area.

   The addition in which the shell space is located was designed to meet the current seismic codes which have unique requirements for buildings located in an earthquake area.

   The build-out of the shell space must comply with the current standards of the seismic code. This means that structural upgrades are necessary for the bracing and ties of the partitions and ceilings. In order to comply with the current seismic codes, both the partitions and the ceilings in the space being built-out in this project must be anchored differently than in other hospital construction or modernization projects.

   These unique structural requirements result in construction that is more expensive than in non-earthquake fault zones.

2. The construction required to build-out this shell space is more extensive than would be required to modernize space within an existing hospital building. With the exception of building an exterior structure, which already exists because it was constructed as part of Project #13-069, this project more closely resembles new construction than modernization.

   Some examples of necessary project components which do not exist in the shell space are the following.

   - The shell space does not have medical gases.
   - The shell space does not have dampers.
   - The shell space does not have a patient toilet exhaust fan system.
   - The roof of the shell space must undergo roofing work to accommodate penetrations for systems that must be installed.
   - The floor of the shell space is concrete and lacks the flooring that would exist in finished hospital space.
   - There are no corridor walls except for the egress corridor, which needs to be relocated from the area where it was originally constructed.

   The construction required to add these project components will result in higher construction costs than seen in other modernization projects.

VIII.D. **Projected Operating Costs**

Projected Operating Costs Per EPD = F22 Operating Expenses/FY22 EPD

FY22 Operating Expenses:	
Salaries	$ 81,736,000
Benefits	30,445,000
Supplies	60,508,000
	$172,689,000

FY22 Equivalent Patient Days (EPD) =
[1 + (Outpatient + Emergency Revenue)] x Total Projected FY22 Inpatient Days =
[(Inpatient Revenue]

[1 + $573,812,417] x 38,212 =
[$425,186,358]

[1 + 1.3496] x 38,212 =

2.3496 x 38,212 = 89,783

Projected Operating Costs Per EPD = FY22 Operating Expenses/FY22 EPD =
$172,689,000 = $1,923.40
89,783

VIII.E. **Total Effect of the Project on Capital Costs**

Projected Capital Costs Per EPD = FY22 Capital Costs/FY22 EPD

FY22 Capital Costs:	
Depreciation	$18,850,000
Amortization	51,800
Interest	5,205,000
	$24,106,800

FY22 Equivalent Patient Days (EPD) =
[1 + (Outpatient + Emergency Revenue)] x Total Projected FY22 Inpatient Days =
[(Inpatient Revenue]

[1 + $573,812,417] x 38,212 =
[$425,186,358]

[1 + 1.3496] x 38,212 =

2.3496 x 38,212 = 89,783

Projected Capital Costs Per EPD = FY22 Capital Costs/FY22 EPD =
$24,106,800 = $ 268.50
89,783

XII.
Charity Care Information

1. The amount of charity care for the last 3 audited fiscal years for Memorial Hospital of Carbondale, the cost of charity care, and the ratio of that charity care cost to net patient revenue are presented below.

MEMORIAL HOSPITAL OF CARBONDALE

	FY2016	FY2017	FY2018
Net Patient Revenue	$258,229,548	$285,176,982	$293,268,000
Amount of Charity Care (charges)	$9,189,530	$11,345,939	$13,604,469
Cost of Charity Care	$2,627,241	$2,862,683	$3,498,770

2. This chart reports data for Memorial Hospital of Carbondale, which is an assumed name (d/b/a) of Southern Illinois Hospital Services.

   The charity costs and patient revenue are only for Memorial Hospital of Carbondale and are not consolidated with any other entities that are part of Southern Illinois Hospital Services or its parent, Southern Illinois Healthcare.

3. Because Memorial Hospital of Carbondale is an existing facility, the data are reported for the latest three audited fiscal years.

DIVERSIFIED HEALTH RESOURCES INC.
65 E. Scott Street, Suite 9A, Chicago, IL 60610
312/266-0466 Fax 312/266-0715

February 4, 2019

Mr. Michael Constantino
Project Review Supervisor
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, Illinois 62761

Dear Mr. Constantino:

On behalf of the co-applicants for this project, Southern Illinois Hospital Services d/b/a Memorial Hospital of Carbondale and Southern Illinois Healthcare, I am enclosing a check for $2,500 and two copies of a CON application to build-out the shell space at Memorial Hospital of Carbondale that was constructed as part of HFSRB Project #13-069.

The Medical/Surgical Category of Service is the only Clinical Service Area that is included in this project.

This project will result in an increase of 8 Authorized Medical/Surgical Beds at Memorial Hospital of Carbondale, which is an increase of less than 10% in authorized bed capacity.

Please feel free to contact either Cathy Blythe, System Manager, Planning and Physician Recruitment, (618-457-5200 Extension 67963 or cathy.blythe@sih.net) or me (312-266-0466 or arozran@diversifiedhealth.net) if you have any questions.

Sincerely,

Andrea R. Rozran
Principal

Enclosures

cc: Cathy Blythe
Philip L. Schaefer