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: Quincy Medical Group Hospital
Street Address: 3347 Quincy Mall (See Attachment 2 for additional information)
City and Zip Code: Quincy, Illinois 62301
County: Adams Health Service Area: 3 Health Planning Area: E-05

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

Exact Legal Name: Quincy Medical Group Hospital, Inc.
Street Address: 1025 Maine Street
City and Zip Code: Quincy, Illinois 62301
Name of Registered Agent: Patricia A. Williamson
Registered Agent Street Address: 1025 Maine Street
Registered Agent City and Zip Code: Quincy, Illinois 62301
Name of Chief Executive Officer: Carol Brockmiller
CEO Street Address: 1025 Maine Street
CEO City and Zip Code: Quincy, Illinois
CEO Telephone Number: 217-222-6550

Type of Ownership of Applicants

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

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which 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: Patricia A. Williamson
Title: Vice President and Chief Financial Officer
Company Name: Quincy Medical Group Hospital
Address: 1025 Maine Street, Quincy, Illinois 62301
Telephone Number: 217-222-6550
E-mail Address: pwilliamson@quincymedgroup.com
Fax Number: 217-228-6891

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

Name: Anne M. Cooper
Title: Attorney
Company Name: Polsinelli PC
Address: 150 North Riverside Plaza, Suite 3000, Chicago, Illinois 60606
Telephone Number: 312-873-3606
E-mail Address: acooper@polsinelli.com
Fax Number:

Facility/Project Identification

Facility Name: Quincy Medical Group Hospital
Street Address: 3347 Quincy Mall (See Attachment 2 for additional information)
City and Zip Code: Quincy, Illinois 62301
County: Adams Health Service Area: 3 Health Planning Area: E-05

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

Exact Legal Name: Quincy Physicians & Surgeons, S.C. d/b/a Quincy Medical Group
Street Address: 1025 Maine Street
City and Zip Code: Quincy, Illinois 62301
Name of Registered Agent: Patricia A. Williamson
Registered Agent Street Address: 1025 Maine Street
Registered Agent City and Zip Code: Quincy, Illinois 62301
Name of Chief Executive Officer: Carol Brockmiller
CEO Street Address: 1025 Maine Street
CEO City and Zip Code: Quincy, Illinois 62301
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Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
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- 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.

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Telephone Number: 312-873-3606
E-mail Address: acooper@polsinelli.com
Fax Number:

Post Permit Contact

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

Name: Patricia A. Williamson
Title: Vice President and Chief Financial Officer
Company Name: Quincy Medical Group Hospital
Address: 1025 Maine Street, Quincy, Illinois 62301
Telephone Number: 217-222-6550
E-mail Address: pwilliamson@quincymedgroup.com
Fax Number: 217-228-6891

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Quincy-Cullinan, LLC
Address of Site Owner: 420 North Main Street, East Peoria, Illinois 61611
Street Address or Legal Description of the Site: 3347 Quincy Mall, Quincy, Illinois 62301; Parcel No. 23-7-0661-013-00 **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: Quincy Medical Group Hospital, Inc.
Address: 3347 Quincy Mall, Quincy, Illinois 62301; Parcel No. 23-7-0661-013-00
☒ Non-profit Corporation ☐ Partnership ☐ For-profit Corporation ☐ Governmental ☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each 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.

The applicant proposes to establish a small format hospital in Quincy, Illinois. The proposed hospital will be approximately 68,000 square feet and have 25 med-surg beds (3 of the 25 med-surg beds will be equipped to serve as negative pressure rooms), 3 LDRP (labor, delivery, recovery, and postpartum) rooms, a C-section suite, an emergency department with 10 bays (8 emergency department bays and 2 observation bays), 3 operating rooms and 1 procedure room, a Post-Anesthesia Care Unit (PACU) with 13 bays, a laboratory, pharmacy, and imaging department which will include an MRI, CT scan, ultrasound, and x-ray.

As a result of a prudently coordinated plan, a minimal number of beds will be added to Health Service Area (HSA) 3. The project involves the redeployment of up to 8 underutilized med-surg beds from Memorial Hospital Association in Carthage, Illinois, and up to 10 underutilized med-surg beds from Sarah D. Culbertson Memorial Hospital in Rushville, Illinois. The reduction of med-surg beds at Memorial Hospital Association and Sarah D. Culbertson Memorial Hospital will allow both hospitals to operate in closer compliance to the State Board standard.

The total project cost is $61,142,058.

The proposed hospital is a substantive project because it involves the establishment of a health care facility.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation	$1,057,692	$192,308	$1,250,000
Off Site Work			
New Construction Contracts	$24,460,267	$4,724,135	$29,184,402
Modernization Contracts			
Contingencies	$2,060,784	$271,634	$2,332,418
Architectural/Engineering Fees	$1,945,534	$256,443	$2,201,977
Consulting and Other Fees	$2,397,263	$412,651	$2,809,914
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)	$1,492,487	$196,727	$1,689,214
Fair Market Value of Leased Space or Equipment	$17,125,000	$4,549,133	$21,674,133
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$50,539,027**	**$10,603,031**	**$61,142,058**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	$50,539,027	$10,603,031	$61,142,058
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$50,539,027**	**$10,603,031**	**$61,142,058**
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 $ $23,000,000 .

Project Status and Completion Schedules

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

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): September 30, 2025

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 NOT APPLICABLE
☐ APORS NOT APPLICABLE
☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted NOT APPLICABLE
☒ 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**.

Not Applicable – Project is for the Establishment of a Small Format Hospital

FACILITY NAME:		**CITY:**			
REPORTING PERIOD DATES:		**From:**		**to:**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

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 Quincy Medical Group Hospital, 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.**

Carol Brockmiller
SIGNATURE

Carol Brockmiller
PRINTED NAME

President and CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of December

Melissa K. Barry
Signature of Notary

Seal

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

Patricia Williamson
SIGNATURE

Patricia Williamson
PRINTED NAME

Vice President and CFO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of December

Melissa K. Barry
Signature of Notary

Seal

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

*Insert full 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 Quincy Physicians & Surgeons Clinic, S.C., d/b/a Quincy Medical Group* **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.**

Carol Brockmiller
SIGNATURE

Carol Brockmiller
PRINTED NAME

CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of December

Melissa K. Barry
Signature of Notary

Seal

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

SIGNATURE

Todd Petty, MD
PRINTED NAME

Board of Directors, Chairman
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 3rd day of December

Melissa K. Barry
Signature of Notary

Seal

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

*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:

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:

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**	**0**	**25**
☒ **Obstetric**	**0**	**3**
☐ **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.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☒ **Surgery**	**0**	**5**
☒ **Emergency Services**	**0**	**8**
☒ **Diagnostic Radiology**	**0**	**4**
☒ **Laboratory**	**N/A**	**N/A**
☒ **Pharmacy**	**N/A**	**N/A**

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) − Need Determination − Establishment
Service Modernization	(c)(1) − Deteriorated Facilities
	AND/OR
	(c)(2) − Necessary Expansion
	PLUS
	(c)(3)(A) − Utilization − Major Medical Equipment
	OR
	(c)(3)(B) − Utilization − Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT 30,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds − Review Criteria**
- **Section 1120.130 Financial Viability − Review Criteria**
- **Section 1120.140 Economic Feasibility − Review Criteria, subsection (a)**

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [**Indicate the dollar amount to be provided from the following sources]:**

_____	a) Cash and Securities − statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b) Pledges − for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c) Gifts and Bequests − verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$61,142,058 (FMV of Building and Equipment Leases)	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.
$61,142,058	**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

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

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

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

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

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

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

B. Conditions of Debt Financing

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

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

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

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

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	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 IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 37.

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

Total			

APPEND DOCUMENTATION AS ATTACHMENT 37, 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:

INDEX OF ATTACHMENTS

ATTACHMENT 1 - APPLICANTS

Certificates of Good Standing for applicant Quincy Medical Group Hospital, Inc. and co-applicant Quincy Physicians and Surgeons, S.C. d/b/a Quincy Medical Group ("Quincy Medical Group" or "QMG") (collectively, the "applicants") are attached.

Quincy Medical Group Hospital, Inc. is the operator of Quincy Medical Group Hospital. Quincy Medical Group Hospital is a not-for-profit, taxable hospital.

Quincy Medical Group is the sole corporate member of Quincy Medical Group Hospital and is named as a co-applicant to this application.

#20-044

File Number 7301-889-7

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

QUINCY MEDICAL GROUP HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 04, 2020, 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* DECEMBER *A.D.* 2020 .

Authentication #: 2033902148 verifiable until 12/04/2021

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

Jesse White

SECRETARY OF STATE

Attachment 1 **029**

File Number 5448-637-5

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

QUINCY PHYSICIANS & SURGEONS CLINIC, S.C., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 19, 1986, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS 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* 2ND *day of* OCTOBER *A.D.* 2020 .

Authentication #: 2027602150 verifiable until 10/02/2021

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

Jesse White

SECRETARY OF STATE

ATTACHMENT 2 – SITE OWNERSHIP

The proposed site for the project is 3347 Quincy Mall in Quincy, Illinois (Parcel No. 23-7-0661-013-00). Quincy-Cullinan, LLC is the owner of the property, and the applicant will lease the property from Quincy-Cullinan, LLC. Attachment 2 includes a letter of intent with Quincy-Cullinan, LLC to lease the property.

CULLINAN
PROPERTIES, LTD.
CHICAGO, IL | PEORIA, IL | ST. LOUIS, MO

October 29, 2020

Ms. Carol Brockmiller, President and CEO
Quincy Medical Group Hospital, Inc.
1025 Maine Street
Quincy, IL 62301

Re: LETTER OF INTENT - Small Format Hospital, Quincy, Illinois

Dear Carol:

Pursuant to our discussions, we are pleased to inform you that our affiliate, Quincy-Cullinan, LLC, is prepared to enter into a formal lease agreement with Quincy Medical Group Hospital, Inc. for the above-referenced property. This Letter of Intent outlines the terms and conditions that the parties anticipate will be incorporated into the lease agreement. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document.

A. Basic Lease Terms	
1. A. **Quincy Mall**	A. All real property now or in the future owned or leased by Landlord or its affiliates and commonly known as Quincy Mall, Quincy, Illinois ("Quincy Mall"), excluding, for the avoidance of doubt, any real property owned by third parties that are not Landlord or its Affiliates.
B. **Building/Premises:**	B. 3347 Quincy Mall, Parcel No. 23-7-0661-013-00, for which a surveyed legal description will be provided by Landlord (the "Building" or the "Premises")
2. **Tenant:** **Landlord:**	Quincy Medical Group Hospital, Inc. Quincy-Cullinan, LLC, or its designated assignee
3. **Use:**	Small Format Hospital (the "Hospital") for the care and treatment of human beings, and uses ancillary thereto. Landlord may not take any action that would, or be reasonably likely to, jeopardize Tenant's licensing and/or ability to use the Premises as a Hospital.
4. **Square Footage:**	Approximately 68,000 rentable square feet. The estimated square footage will be determined at commencement by the project's architect and shall be measured in accordance with Building Owners and Managers Association ("BOMA") standards of

	measurement at completion.
5. Lease Term:	Thirty (30) years.
6. Renewal Options	Tenant shall have four (4) successive options of five (5) years each to renew the term of the lease by providing the Landlord with nine (9) months prior written notice. The rent payable for each Renewal Option shall be at the rate of the Annual Base Rent payable in the prior term, plus Renewal Option term rental increases equal to the lesser of: (i) 2% or (ii) CPI Adjustment; or, in the event of a negative CPI Adjustment, decreases equal to the CPI Adjustment, provided that the decrease shall not exceed 2%.
7. Lease Commencement:	Upon the last to occur of all of the following: (i) receipt by Tenant of an AIA Form G704 Certificate of Substantial Completion for the Hospital and the Premises; (ii) reasonable and mutual agreement between Tenant and Landlord as to the Premises being move-in-ready for the immediate operation of Tenant's business therein together with completion of exterior parking, signage, landscaping and wayfinding; and (iii) receipt of final certificate of occupancy for the Hospital and Premises.
8. Early Occupancy:	Tenant shall be permitted to occupy the premises at least 90 days prior to the Commencement Date for purposes of installing Tenant's furniture, fixtures, and equipment.
9. Annual Base Rent:	Annual base rent not to exceed $50.39/square foot subject to actual real estate construction costs and inclusive of ground lease payments, plus annual increases after the second full year of occupancy in an amount equal to the lesser of: (i) 2% or (ii) CPI Adjustment; or, in the event of a negative CPI adjustment, annual decreases equal to the CPI Adjustment, provided that the annual decrease shall not exceed 2%.
10. Rent Commencement Date:	Upon Lease Commencement.
11. Security Deposit:	None.
12. Certificate of Need	Landlord and Tenant understand and agree that the establishment of the Hospital in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and Illinois Health Facilities & Services Review Board ("HFSRB"), and neither party can establish a Hospital on the Premises nor execute a binding lease in connection therewith unless Tenant obtains a Certificate of Need ("CON") permit. Tenant agrees to proceed using its commercially reasonable

	efforts to submit an application for a CON permit and to obtain the CON permit from the HFSRB.
13. Operating Expenses:	Tenant shall pay its proportionate share of the Estimated Building and Project operating expenses, which are currently estimated to be $5.00 per square foot per year, adjusted annually. Controllable operating expenses will be capped at 3% year over year. For purposes of determining common area expenses, the Hospital will be deemed to be 24,221 square feet of the Quincy Mall and/or surrounding shopping center. Total Operating Expenses shall exclude customary exclusions, costs of capital expenditures and reserves and shall be administered on a consistent basis from year to year with respect to the maintenance and expense items that are included in the expense amounts, including property insurance. Tenant shall have customary rights to audit Operating Expenses.
14. Real Estate Taxes:	If applicable, Tenant shall pay real estate taxes for the Hospital throughout its lease term.
15. Parking:	The Hospital will be provided parking at no additional cost to satisfy code and Tenant's reasonable requirements, whichever is greater. Parking will be shared other than emergency room parking. Parking lot maintenance repair and snow removal shall be the responsibility of Landlord. Landlord shall conduct maintenance of the parking lot on a routine basis, as mutually agreed to by Tenant and Landlord, and at all such times that meet the operating needs of a hospital.
16. Building Services:	Landlord and Tenant shall coordinate building services, which shall include, but not be limited to, HVAC (Heating, Ventilation and Air Conditioning), water, elevator service, common area maintenance, electronic building security monitoring, and routine maintenance of the mechanical systems. The costs for these Building Services shall be borne by Tenant. Routine maintenance of the roof, shell, and structure shall be the responsibility of the Landlord and all costs related to the roof, shell, and structure shall be borne by Landlord. Tenant shall have a right of self-help if Landlord does not timely or adequately

	perform such maintenance.
17. Tenant Electricity Utilities:	Electricity servicing the building shall be separately metered. In addition to electricity, the following utilities Tenant will be responsible for paying directly to the appropriate utility company without any additional surcharge: water, natural gas, trash/recycling removal, telephone, cable, data, internet and wi-fi.
18. Maintenance Obligations:	With the exception to damages caused by Landlord, Tenant shall maintain all portions of the leased Premises (excluding roof, shell, and structure), which shall include the maintenance and repairs or all electrical, plumbing, and mechanical systems, the cost for which shall be considered a part of the Property Operating Expenses, if not performed by Tenant directly. Tenant shall have the right in its sole discretion to maintain and repair any Hospital building systems, including, without limitation, any emergency generator and life safety equipment. Tenant will reasonably coordinate maintenance with Landlord to the extent the same may impact warranties for roof, shell and structure, inasmuch as the same are Landlord's responsibility.
19. Alterations:	Tenant may perform any alterations to the Hospital that it elects, without requiring the consent of Landlord, provided, however, that any alterations that change the exterior of the Hospital shall be subject to the prior written consent of Landlord, not to be unreasonably withheld, delayed, or conditioned. For any alterations requiring Landlord's approval, Landlord agrees to provide written consent, or non-consent stating the reasons for such non-consent, within 10 business days of receiving written request from Tenant. If Landlord does not respond within such 10-business day time period, Tenant may issue Landlord a notice indicating that if Landlord does not respond within 3 business days of receipt of such notice, that Landlord's consent will be deemed granted. If Landlord does not respond within such subsequent 3 business day period, then Landlord's consent shall be deemed to have been granted. Landlord shall not charge any supervisory fee, surcharges, or any other charges in connection with Tenant's alterations during the Term, unless Tenant elects to have Landlord perform such alterations in

	which case any fees will be subject to the prior agreement of the parties.
B. DESIGN AND CONSTRUCTION	
20. Vendor Selections:	A mutually agreed upon architect shall develop schematic designs for the construction of the facility, which the Parties shall review, comment upon and come to mutual agreement upon. Landlord shall thereafter cause design development documents to be diligently produced, which the Parties shall again review, comment upon and come to mutual agreement upon. The approved design development documents will be provided to a mutually agreed upon contractor(s) to develop a design interim project budget for which the Parties shall then value engineer the project, revise the design development documents and interim budget, and mutually agree upon final design development documents and a final project budget. The final budget shall be subject to a guaranteed/maximum base rental rate of $50.39/square foot subject to actual real estate construction costs and inclusive of ground lease payments and based upon a fixed price construction contract. Landlord shall cause full construction phase documents to be developed, which shall be mutually agreed upon by the Parties and shall serve as the basis for completing the Hospital.
C. RIGHTS AND OPTIONS	
21. Management of Hospital Operations:	Tenant shall have the right to select and retain, at Tenant's sole discretion, a management company or group that will manage the Hospital's Premises and operations. Further, Tenant may from time to time cause the management company or group to be removed and replaced in its reasonable discretion. Or, at Tenant's election, Tenant may self-manage the Hospital Premises and Operations.
22. Signage:	Tenant shall have the right to wayfinding signage as reasonably determined by Landlord and Tenant, exterior Hospital signage to the maximum extent permitted by law, and monument signage at each existing monument and all future monuments installed at the Quincy Mall with at least the size and prominence of that which is most favorable to any other tenant in the Quincy Mall.
23. Communication Equipment:	Tenant shall have the right to place transmission equipment on the Building or property, with the

	exact location and method of installation to be subject to prior Landlord approval. Equipment shall be screened by Tenant.
24. Due Diligence:	Tenant shall be granted ninety (90) days from the signing of the lease to satisfactorily verify the condition of the land site and terminate the lease if not deemed satisfactory to Tenant. Evaluation shall include but shall not be limited to the following: • Soil/Environmental testing • Zoning issues • Availability of all utilities to the site • Verification with local municipal authorities that Tenant may obtain construction and occupancy permits.
25. Lease:	Prepared by Landlord and subject to mutual agreement by Tenant.
D. MISCELLANEOUS	
26. Access:	Tenant shall have access to the Premises 24 hours a day, 7 days a week, 365 days a year.
27. Continuous Operations:	Waived.
28. Radius Restriction:	None
29. Right to Terminate:	Construction pricing in excess of budget or acceptability of land.
30. Subordination and Non-Disturbance:	Concurrent with the execution of the lease, Landlord will provide Tenant with a subordination and non-disturbance agreement ("SNDA") from its mortgage holder, if any. Further, a commercially reasonable SNDA will be required from any future lender as a condition to subordinating the Lease to the lien of the mortgage.
31. Hazardous Materials & Compliance with Laws and Healthcare Requirements:	Building shall be constructed in accordance with all applicable governmental regulation, codes, rules and laws, including the Americans with Disabilities Act ("ADA"). Customary healthcare compliance provisions will be incorporated into the lease and customary reciprocal hazardous material indemnities to be negotiated in the Lease.
32. Confidentiality:	The Parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter to any third parties absent written approval by the other party and instead agree to keep said terms and conditions strictly confidential, provided that each party may share the same with its agents, employees, attorneys, accountants, lenders and capital partners, all of whom will be

	bound by the same confidentiality requirements. The Parties further acknowledge and agree that this LOI will be submitted to the HFSRB by Tenant in conjunction with Tenant's CON permit application.

ALL PARTIES ACKNOWLEDGE THAT THIS LETTER OF INTENT IS NOT A BINDING AGREEMENT AND THAT IT IS INTENDED AS THE BASIS FOR THE PREPARATION OF A LEASE. THE LEASE SHALL BE SUBJECT TO LANDLORD'S AND TENANT'S APPROVAL, AND ONLY A FULLY EXECUTED LEASE SHALL CONSTITUTE A BINDING AGREEMENT.

Sincerely,

QUINCY-CULLINAN, LLC, an Illinois limited liability company,

By: QC Development, LLC, an Illinois limited liability company, its Manager

By: QCD Manager, LLC, an Illinois limited liability company, its Manager

By: CULLINAN COMPANIES, L.L.C., an Illinois limited liability company, its Manager

By: _____
Michael C. Owens, One of its Managers

AGREED AND ACCEPTED

By: Carol Brockmiller
Carol Brockmiller, President and Chief Executive Officer
Quincy Medical Group Hospital, Inc.

Date: November , 2020

ATTACHMENT 3 – OPERATING ENTITY/LICENSEE

The applicant Quincy Medical Group Hospital is an Illinois not-for-profit, non-stock corporation. No individual will have an interest of greater than 5% in the hospital.

Attached as Attachment 3 is the Illinois Certificate of Good Standing of Quincy Medical Group Hospital, Inc. and Articles of Incorporation.

File Number 7301-889-7

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

QUINCY MEDICAL GROUP HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 04, 2020, 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* DECEMBER *A.D.* 2020 .

Authentication #: 2033902148 verifiable until 12/04/2021

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

Jesse White

SECRETARY OF STATE

#20-044

FORM **NFP 102.10** (rev. Dec. 2003)
ARTICLES OF INCORPORATION
General Not For Profit Corporation Act

Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-9522
www.cyberdriveillinois.com

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DEC 04 2020

JESSE WHITE
SECRETARY OF STATE

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INTENT: 047
COUNTY: 001

_____ File # _____ **Filing Fee: $50** Approved: _____

———— Submit in duplicate ———— Type or Print clearly in black ink ———— Do not write above this line ————

Article 1.
Corporate Name: Quincy Medical Group Hospital, Inc.

Article 2.
Name and Address of Registered Agent and Registered Office in Illinois:

Registered Agent: Patricia (First Name) Ann (Middle Name) Williamson (Last Name)

Registered Office: 1025 (Number) Maine Street (Street) (Suite # (P.O. Box alone is unacceptable))

Quincy (City) IL 62301 (ZIP Code) Adams (County)

Article 3.
The first Board of Directors shall be 8 (Not less than three) *in number, their Names and Addresses being as follows*

Director Name	Street Address	City	State	ZIP Code
See Exhibit A				

Article 4.
Purpose(s) for which the Corporation is organized:

See Exhibit B

(continued on back)

Printed by authority of the State of Illinois. August 2015 - 1 - C 167.17

Article 4.(continued)
Is this Corporation a Condominium Association as established under the Condominium Property Act? (check one)
☐ Yes ☑ No

Is this Corporation a Cooperative Housing Corporation as defined in Section 216 of the Internal Revenue Code of 1954? (check one)
☐ Yes ☑ No

Is this Corporation a Homeowner's Association, which administers a common-interest community as defined in subsection (c) of Section 9-102 of the code of Civil Procedure? (check one)
☐ Yes ☑ No

Article 5.
Other provisions **(For more space, attach additional sheets of this size.):**

Article 6.
Names & Addresses of Incorporators
The undersigned Incorporator(s) hereby declare(s), *under penalties of perjury*, that the statements made in the foregoing Articles of Incorporation are true.

Dated December 2 (Month Day), 2020 (Year)

Signatures and Names	Post Office Address
1. _____ (Signature)	1. 1025 Maine Street (Street)
Todd Petty, MD (Name (print))	Quincy, Illinois, 62301 (City, State, ZIP)
2. _____ (Signature)	2. 1025 Maine Street (Street)
Carol Brockmiller (Name (print))	Quincy, Illinois, 62301 (City, State, ZIP)
3. _____ (Signature)	3. _____ (Street)
_____ (Name (print))	_____ (City, State, ZIP)

Signatures must be in BLACK INK on the original document.
Carbon copies, photocopies or rubber stamped signatures may only be used on the duplicate copy.

- If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Please print name and title beneath the officer's signature.
- The registered agent cannot be the corporation itself.
- The registered agent may be an individual, resident in Illinois, or a domestic or foreign corporation, authorized to act as a registered agent.
- The registered office may be, but need not be, the same as its principal office.
- A corporation that is to function as a club, as defined in Section 1-3.24 of the "Liquor Control Act" of 1934, must insert in its purpose clause a statement that it **will comply with the State and local laws and ordinances relating to alcoholic liquors.**

Return to:

Polsinelli PC (Firm Name)	Rebecca Lindstrom (Attention)
150 N. Riverside Plaza, Ste. 3000 (Mailing address)	Chicago, Illinois 60606 (City, State, ZIP)

Exhibit A
to Articles of Incorporation
of
Quincy Medical Group Hospital, Inc., an Illinois Not For Profit Corporation

Article 3. The names and addresses of each initial Director with voting powers are as follows:

1. Todd Petty, MD, 1025 Maine Street, Quincy, Illinois 62301
2. John Barbagiovanni, DO, 1025 Maine Street, Quincy, Illinois 62301
3. Kurt L. Leimbach, MD, 1025 Maine Street, Quincy, Illinois 62301
4. Richard K. Noble, MD, 1025 Maine Street, Quincy, Illinois 62301
5. Hrishikesh Ghanekar, MD, 1025 Maine Street, Quincy, Illinois 62301
6. Tanya Mero, MD, 1025 Maine Street, Quincy, Illinois 62301
7. Korhan Raif, MD, 1025 Maine Street, Quincy, Illinois 62301
8. Carol Brockmiller, President and Chief Executive Officer of Quincy Medical Group Hospital, as ex-officio member with voting rights. 1025 Maine Street, Quincy, Illinois 62301

Exhibit B
to Articles of Incorporation
of
Quincy Medical Group Hospital, Inc., an Illinois Not For Profit Corporation

Article 4. Purpose(s) for which the Corporation is organized:

Section 4.1 Quincy Medical Group Hospital is organized exclusively for charitable purposes as an Illinois not-for-profit corporation.

Section 4.2 The purpose of Quincy Medical Group Hospital is to provide health care services and health education and programming to the residents of Quincy, Illinois and the surrounding area.

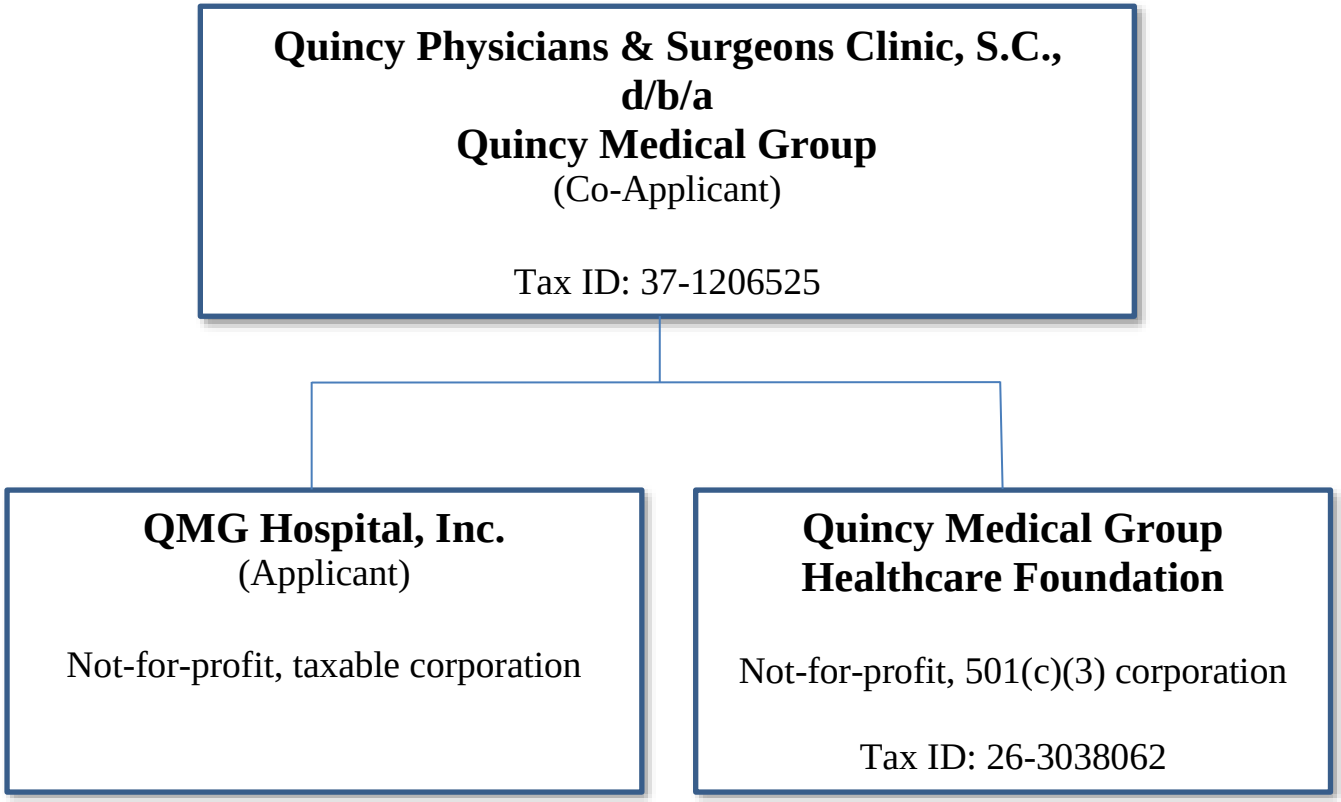
Section 4.3 Quincy Medical Group Hospital shall be organized and operated for any purpose under the Illinois General Not For Profit Corporation Act of 1986, as may be amended, including, but not limited to, the following purposes: establishing, owning, supporting, maintaining, and operating a hospital. Quincy Medical Group Hospital shall not be operated for the primary purpose of carrying on a trade or business for profit.

Section 4.4 No part of the net earnings of Quincy Medical Group Hospital shall inure to the benefit of, or be distributable to its directors, trustees, officers, or other private persons, except that Quincy Medical Group Hospital will be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of Quincy Medical Group Hospital's purpose.

Section 4.5 No substantial part of the activities of Quincy Medical Group Hospital shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and Quincy Medical Group Hospital will not participate in or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ATTACHMENT 4 – ORGANIZATIONAL RELATIONSHIPS

An organizational chart for the applicants is attached as Attachment 4.


Quincy Physicians & Surgeons Clinic, S.C.,
d/b/a
Quincy Medical Group
(Co-Applicant)
Tax ID: 37-1206525
QMG Hospital, Inc.
(Applicant)
Not-for-profit, taxable corporation
Quincy Medical Group
Healthcare Foundation
Not-for-profit, 501(c)(3) corporation
Tax ID: 26-3038062

ATTACHMENT 5 – FLOOD PLAIN REQUIREMENTS

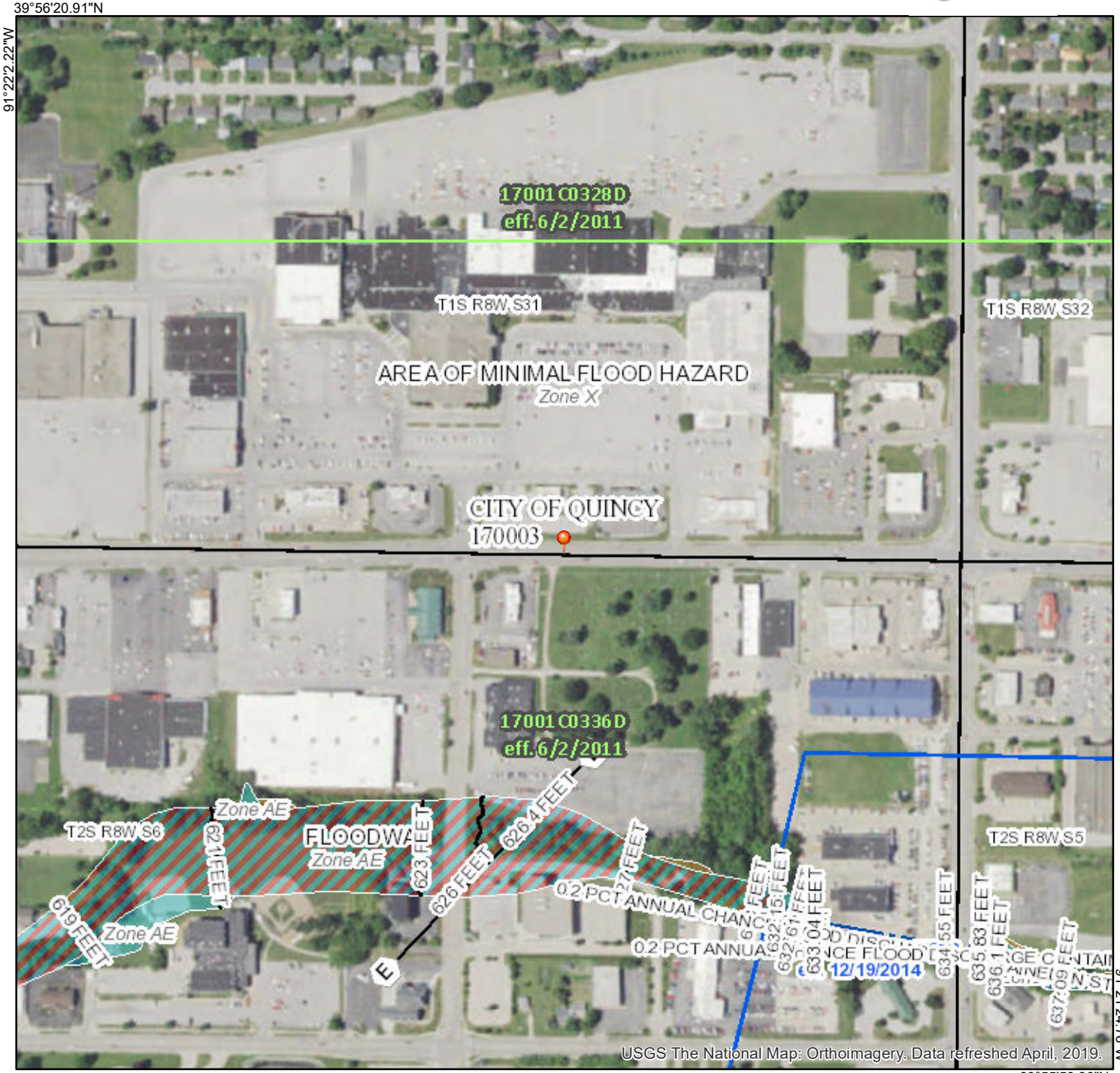
The site of the proposed hospital complies with the requirements of Illinois Executive Order #2006-5. The hospital will be located at 3347 Quincy Mall, Quincy, Illinois. The documentation from the FEMA Flood Map Service Center is attached at Attachment 5. The interactive map for Panel 17001C0336D reveals that this area is not included in the flood plain.

National Flood Hazard Layer FIRMette

FEMA

39°56'20.91"N

91°22'2.22"W



91°21'24.76"W

39°55'53.33"N

0 250 500 1,000 1,500 2,000 Feet

1:6,000

Legend #20-044

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone D*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- 20.2 / 17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transect
- 513 Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

N

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 4/15/2020 at 2:43:38 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

ATTACHMENT 6 – HISTORIC RESOURCES PRESERVATION ACT REQUIREMENTS

Attached as Attachment 6 is a letter to the Historic Preservation Agency requesting confirmation of compliance with the requirements of the Historic Resources Preservation Act. Also attached as Attachment 6 is the Historic Preservation Act determination in relation to Project No. 18-042, which pertained to property located near the proposed project site. The applicant will forward the Historic Preservation Act determination in relation to this project upon receipt from the Historic Preservation Agency.

POLSINELLI

150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

December 10, 2020

Anne M. Cooper
312.873.3606
312.276.4317 Fax
acooper@polsinelli.com

Via Federal Express

Robert F. Appleman
Deputy State Historic Preservation Officer
Illinois Department of Natural Resources
One Natural Resources Way
Springfield, Illinois 62702-1271

Re: CON – Small Format Hospital
3347 Quincy Mall, Quincy, Illinois 62301

Dear Mr. Appleman:

Our firm represents Quincy Medical Group Hospital as its Certificate of Need counsel.

Quincy Medical Group Hospital is preparing a Certificate of Need permit application to establish a small format hospital in Quincy, Illinois. The chosen location for the project is 3347 Quincy Mall in Quincy, Illinois. If approved by the Illinois Health Facilities and Services Review Board, the hospital will be constructed and located near Quincy Medical Group's Cancer Institute and soon-to-be operational ambulatory surgical treatment center, located at 3301 Broadway Street in Quincy, Illinois. Enclosed is a map of the location and street views of the location. A similar letter was submitted in relation to Quincy Medical Group's ambulatory surgical treatment center CON, and a copy of the responding letter confirming that no historic, architectural, or archaeological sites exist within the project area is enclosed for reference.

Please provide us with a letter concerning the applicability of the Preservation Act to the proposed project so that we can include it with the Certificate of Need permit application.

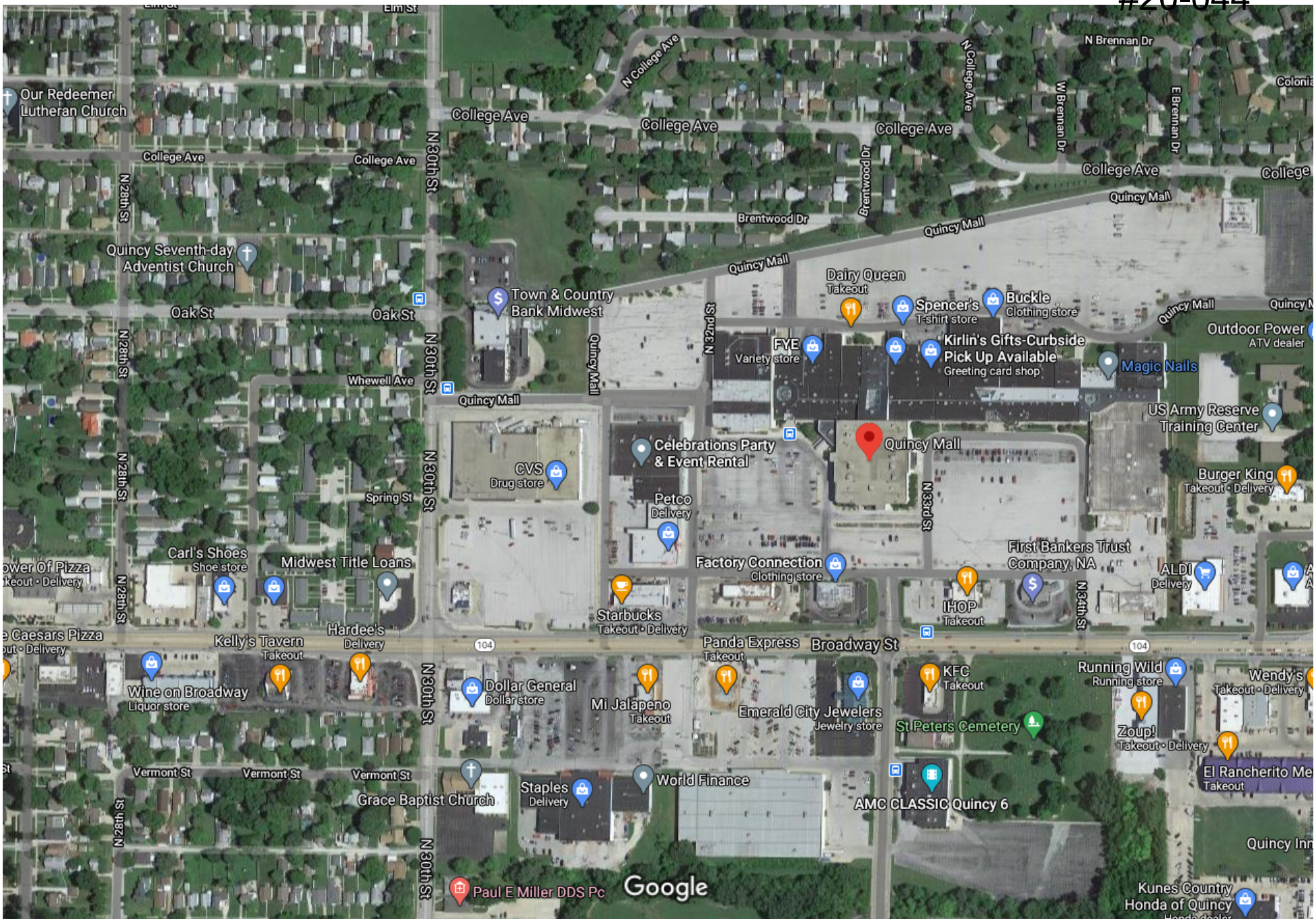
Thank you for your attention to this request.

Sincerely,

Anne M. Cooper

Anne M. Cooper

Enclosures



Imagery ©2020 Maxar Technologies, USDA Farm Service Agency, Map data ©2020 200 ft

Image capture: Aug 2012 © 2020 Google

Image capture: Aug 2019 © 2020 Google

#20-044

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

Adams County
Quincy
CON - Rehabilitation to Establish an Ambulatory Surgical Treatment Center, Quincy Medical Group
3347 Broadway St.
SHPO Log #013092018

November 29, 2018

Ralph Weber
Weber Alliance
920 Hoffman Lane
Riverwoods, IL 60015

Dear Mr. Weber:

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

ATTACHMENT 7 – PROJECT COSTS AND SOURCES OF FUNDS

Table 1120.110			
Project Cost	**Clinical**	**Non-Clinical**	**Total**
Site Preparation	$1,057,692	$192,308	$1,250,000
New Construction Contracts	$24,460,267	$4,724,135	$29,184,402
Contingencies	$2,060,784	$271,634	$2,332,418
Architectural/Engineering Fees	$1,945,534	$256,443	$2,201,977
Consulting and Other Fees	$2,397,263	$412,651	$2,809,914
Fair Market Value of Leased Equipment			
Acute Care Beds	$1,875,000		$1,875,000
Labor/Delivery Beds	$600,000		$600,000
Emergency Department Bays	$200,000		$200,000
Clinical Decision Unit	$300,000		$300,000
General Operating Room	$2,500,000		$2,500,000
Multipurpose Operating Room	$1,750,000		$1,750,000
C-Section Operating Room	$1,250,000		$1,250,000
Pre-Operating Room	$200,000		$200,000
Post-Anesthesia Care Unit	$300,000		$300,000
C-Arm	$550,000		$550,000
X-Ray	$400,000		$400,000
Pharmacy	$500,000		$500,000
Laboratory	$600,000		$600,000
Sterile Processing	$500,000		$500,000
R&F	$550,000		$550,000
CT	$2,000,000		$2,000,000
MRI	$2,800,000		$2,800,000
Ultrasound	$250,000		$250,000
Furniture		$2,416,280	$2,416,280
Tele/Data Equipment		$791,890	$791,890
Security System		$81,219	$81,219
A/V System		$40,610	$40,610
Nurse Call System		$203,575	$203,575
Interior Signs		$122,145	$122,145
Exterior Signs		$81,219	$81,219
Artwork/Graphics		$203,049	$203,049
Equipment Contingency		$609,146	$609,146
Fair Market Value of Leased Equipment	$17,125,000	$4,549,133	$21,674,133
Capitalized Interest	$1,492,487	$196,727	$1,689,214

Table 1120.110			
Project Cost	**Clinical**	**Non-Clinical**	**Total**
Total Project Costs	**$50,539,027**	**$10,603,031**	**$61,142,058**

ATTACHMENT 8 – PROJECT STATUS AND COMPLETION SCHEDULES

The applicant anticipates project completion within approximately 54 months of project approval or September 30, 2025.

ATTACHMENT 9 – COST SPACE REQUIREMENTS

Cost Space Table							
		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
CLINICAL							
Medical/Surgical	$17,803,521		15,500	15,500			
LDRP & C-Section	$7,465,993		6,500	6,500			
Operating Room	$6,748,109		5,875	5,875			
Procedure Room	$953,350		830	830			
Phase 1 Recovery Bay	$758,085		660	660			
Phase 2 Recovery Bay	$1,188,816		1,035	1,035			
Emergency	$7,351,131		6,400	6,400			
Lab	$2,182,367		1,900	1,900			
Imaging	$5,168,764		4,500	4,500			
Pharmacy	$918,891		800	800			
Total Clinical	**$50,539,027**		**44,000**	**44,000**			
NON REVIEWABLE							
Administration	$1,024,091		900	900			
Main Lobby/ Public Areas	$796,515		700	700			
OP Registration	$568,940		500	500			
Pre Admit Testing	$1,024,091		900	900			
Resp. Therapy/ Support	$1,137,879		1,000	1,000			
Central Sterile Supply	$910,303		800	800			
Dietary Service	$1,934,394		1,700	1,700			
Facilities/Plant Operation	$796,515		700	700			
Materials Management	$910,303		800	800			
Skywalk	$1,500,000		3,000	3,000			
Circulation	**$0**		13,000	13,000			
Total Non-Reviewable	**$10,603,031**		**24,000**	**24,000**			
TOTAL	**$61,142,058**		**68,000**	**68,000**			

ATTACHMENT 11 – 1110.110(a) – BACKGROUND OF APPLICANT

Neither the Centers for Medicare and Medicaid Services nor the Illinois Department of Public Health ("IDPH") has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any Illinois health care facilities owned or operated by the applicants, directly or indirectly, within three years preceding the filing of this application.

A listing of all practice locations owned or operated by co-applicant Quincy Medical Group is included in Attachment 11.

Also included in Attachment 11 are letters certifying that no adverse action has been taken against any health care facilities owned or operated by the applicants in Illinois within three years preceding the filing of this application and authorizing the HFSRB and IDPH to access to any documents necessary to verify information submitted.

QUINCY MEDICAL GROUP
Hospital

December 2, 2020

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

Re: CON – Small Format Hospital – Adverse Actions

Dear Ms. Avery:

On behalf of Quincy Medical Group Hospital, I hereby certify that no adverse action has been taken against Quincy Medical Group Hospital, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize the Health Facilities and Services Review Board and IDPH to access any documentation which it finds necessary to verify any information submitted, including but not limited to, official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

If you have any questions, please contact me at 217-222-6550, ext. 6455.

Sincerely,

Carol Brockmiller

Carol Brockmiller, CMPE
President and Chief Executive Officer
Quincy Medical Group Hospital

QUINCY MEDICAL GROUP

December 8, 2020

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

Re: CON – Small Format Hospital – Adverse Actions

Dear Ms. Avery:

As Chief Executive Officer of Quincy Medical Group, I hereby certify that no adverse action has been taken against Quincy Medical Group, directly or indirectly, within three years prior to the filing of this application. For the purpose of this letter, the term "adverse action" has the meaning given to it in Illinois Administrative Code, Title 77, Section 1130.

I hereby authorize the Illinois Health Facilities and Services Review Board and IDPH to access any documentation which it finds necessary to verify any information submitted, including but not limited to, official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations.

If you have any questions, please contact me at 217-222-6550, ext. 6455.

Sincerely,

Carol Brockmiller

Carol Brockmiller, CMPE
Chief Executive Officer
Quincy Medical Group
1025 Maine Street
Quincy, Illinois 62301

Practice Locations Owned or Operated by Quincy Medical Group

Main Office:
1025 Maine Street, Quincy, Illinois 62301
217-222-6550
Tax ID 37-1206525
PTAN (IL) 634650
QMG NPI: 1548234198

Name	Address	Type
Quincy Medical Group – Main Campus	1025 Maine St., Quincy, IL 62301-4038	Medical Office Practice
Quincy Medical Group – Main Campus	1118 Hampshire St., Quincy, IL 62301- 3027	Medical Office Practice
Quincy Medical Group – Main Campus	1101 Maine St., Quincy, IL 62301	Medical Office Practice
Quincy Medical Group - Barry Affiliate	868 Mortimer, Barry, IL 62312-1249	Medical Office Practice
Quincy Medical Group - Canton Affiliate	1100 E. Outer Rd., S., Suite 4 Canton, MO 63435-1702	Medical Office Practice
Quincy Medical Group – ENT	1107 College, Suite 2, Quincy, IL 62301-2600	Medical Office Practice
Quincy Medical Group - Eye and Vision Institute	1125 Hampshire St., Quincy, IL 62301	Medical Office Practice
Quincy Medical Group – Eye and Vision Institute	175 Shinn Lane, Hannibal, MO 63401- 6754	Medical Office Practice
Quincy Medical Group - Kahoka Affiliate	133 East Main St., Kahoka, MO 63445- 1775	Medical Office Practice
Quincy Medical Group - Keokuk Affiliate	1603 Morgan St., Suite 3, Keokuk, IA 52632-3433	Medical Office Practice
Quincy Medical Group - Lewistown Affiliate	105 E. Quincy St., Lewistown, MO 63452-2560	Medical Office Practice
Quincy Medical Group - Mt. Sterling Affiliate	521 E. Main St., Mt. Sterling, IL 62353- 1378	Medical Office Practice
Quincy Medical Group - Oral & Maxillofacial Surgery	3915 Maine St., Suite 3, Quincy, IL 62305	Medical Office Practice
Quincy Medical Group - Pleasant Hill Affiliate	405 E. State St., Pleasant Hill, IL 62366- 2424	Medical Office Practice
Quincy Medical Group – Pittsfield Affiliate	320 N. Madison, Pittsfield, IL 62363-1412	Medical Office Practice
Quincy Medical Group - Winchester Affiliate	231 W. Cherry St., Winchester, IL 62694-1027	Medical Office Practice
Quincy Medical Group Cancer Institute	3301 Broadway, Quincy, IL 62301	Cancer Institute
Quincy Medical Group Ambulatory Surgery Treatment Center (Estimated Opening in January 2021)	3301 Broadway, Quincy, IL 62301	Ambulatory Surgery Center

ATTACHMENT 12 – 1110.110(b) – PURPOSE

All patients deserve the very best care. To ensure all patients in the tri-state region can access high-quality, low-cost care, it is essential to offer patients a choice in where they receive care and a choice in their provider. The proposed state-of-the-art small format hospital will maximize patient choice in the Quincy region and increase accessibility to local, high-quality healthcare. Further, by enabling physicians to better coordinate care and ensure that care is delivered in the most appropriate and cost-effective setting possible, the physician-led and governed Quincy Medical Group Hospital will result in improved health outcomes, increased patient satisfaction, reduced hospital admissions and readmissions, reduced emergency room visits, and reduced overall healthcare costs.

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

The establishment of the proposed hospital will enable Quincy Medical Group (QMG), a local physician-led and patient-centered multi-specialty physician group, to continue the transformation of healthcare in Adams County and the tri-states.[1] Quincy Medical Group Hospital will maximize patient choice and increase accessibility to local, high-quality healthcare. The mission and focus of Quincy Medical Group Hospital and QMG is to enhance the ability of physicians to carefully coordinate care and ensure that care is delivered in the most appropriate and cost-effective setting possible. Effective care coordination results in improved clinical outcomes and reductions in the number and length of hospital admissions and readmissions, ensures that healthcare facilities and services are utilized effectively and only when medically necessary, significantly reduces overall healthcare costs, and improves patient satisfaction.

As a rural community, residents in Adams County, including Medicare and Medicaid beneficiaries, face unique obstacles when seeking healthcare services — such as shortages of healthcare services and specialties, an inability to fully benefit from technological and care-delivery innovations, and limited transportation options. There has been a strong local and national focus to address these obstacles and disparities, as evidenced in part by recent initiatives of the Centers for Medicare & Medicaid Services (CMS) to provide ways for rural communities to transform their healthcare delivery systems through leveraging innovative financial arrangements and providing operational and regulatory flexibilities for rural providers.[2] A key goal associated with CMS' initiatives is to improve Medicare and Medicaid beneficiaries' access to high-quality, affordable healthcare services in the rural communities in which they live. With the leadership of QMG and support from the community and regional healthcare providers, Quincy Medical Group Hospital will accomplish this goal.

---

[1] Based in Quincy, QMG is a premier regional healthcare provider with more than 1,000 employees, numerous healthcare facilities and practice sites, and serves a population of more than 400,000 people. Included in Attachment 11 is a table listing all practice locations owned or operated by QMG, and attached as Attachment 12-1 is a map depicting its practice sites.

[2] See CMS' Innovation Center's new Model, the Community Health Access and Rural Transformation (CHART) Model, announced August 11, 2020, https://www.cms.gov/newsroom/fact-sheets/community-health-access-and-rural-transformation-chart-model-fact-sheet

QMG physicians understand the unique challenges inherent in treating patients in a rural community and have excelled in delivering high-quality, affordable, patient-centered healthcare to their patients. For more than 80 years, QMG physicians have led the development and shaped the evolution of healthcare in the region.[3] Those same physicians are now planning for the next 80 years as they continue to transform healthcare for patients in Quincy and the tri-states. By prioritizing the relationship between the physician and the patient, QMG physicians expertly balance the need for care innovation with that of proven traditional care. For decades, QMG has recruited and retained quality physicians — boasting an average physician retention rate of 95%. QMG's physician-led and governed practice model affords physicians the autonomy necessary to put the patient's needs first and adjust business practices accordingly, allowing for true physician-driven, patient-centered care. In a rural town of 40,000, a physician's commitment to the community is just as important as the care provided. QMG physicians build lifelong medical practices and establish personal lives in the community. QMG physicians have, for many years, delivered specialized physician services to neighboring communities with a goal of increasing high-quality healthcare to communities throughout the region and providing patients with a full spectrum of coordinated, patient-centered, cost-effective care.

The proposed not-for-profit, physician-led and governed small format hospital will play an essential role in the continued deployment of QMG's patient-focused, integrative health model. Quincy Medical Group Hospital will operate in conjunction with QMG's established facilities and programs to reduce inpatient admissions and readmissions, enhance the community's access to essential healthcare services, reduce overall healthcare spend, and meet the healthcare consumers' needs and demands of the future. An alternative hospital is needed in the Quincy area to provide patients with a local choice as to where they receive hospital and emergency services and to reduce the higher-than-average healthcare costs in the area – a significant concern raised by local employers and patients.

QMG's physicians have been redesigning healthcare through various service lines and settings, including, but not limited to the following:

- Oncology care, with specialized services now offered in the newly constructed QMG Cancer Institute, located adjacent to the proposed site of Quincy Medical Group Hospital;

- Outpatient surgical care, which in early 2021 will be provided in QMG's new free-standing ASTC, located next to QMG's Cancer Institute and adjacent to the proposed site of Quincy Medical Group Hospital, and offer outpatient services that complement its numerous existing facilities and programs;

- Telehealth, which QMG was able to successfully launch in 48 hours and significantly expand during the COVID-19 pandemic;

- Ambulatory Care Center, a general walk-in clinic;

[3] Attached as Attachment 12-2 is a table reflecting the years of service of QMG physicians to date.

- Ortho Now, walk-in orthopedic care; and
- Physician offices.[4]

The above-listed services represent QMG's ongoing commitment to providing patients and the community with options when seeking the right level of care, in the right setting, and at the right cost.

QMG is focused on continuing to transform the delivery of healthcare in the region by addressing the current needs and desires of its patients and payors, while simultaneously planning for the future. Throughout the country, models of care have been successfully implemented to serve patients in the broadest way possible. By implementing these same models in the Quincy and Adams County community — like the proposed small-format hospital serving lower acuity patients or QMG's recently launched hospital-at-home services which will provide innovative, hospital-like care for patients in their homes[5] — Quincy Medical Group Hospital, with the partnership of QMG, can ensure healthcare services offered to the community continue to evolve and meet future wants and needs. The small-format hospital, inclusive of an emergency department and obstetrics unit with C-section suite, and QMG's planned women's health services in space contiguous to the small-format hospital, allow for innovative and highly efficient delivery models to meet and exceed consumer expectations. QMG is also currently exploring the establishment of a birth center adjacent to the proposed hospital to provide a cost-effective, alternative birthing option for women with uncomplicated, low-risk pregnancies. The inclusion of an obstetrics unit and C-section suite in the small format hospital would support the birth center in the event complications arise during delivery, requiring quick transport for emergency treatment. Like other departments of the hospital, the obstetrics unit will be right-sized and will result in a nominal increase in obstetric beds to HSA 3 and Planning Area E-05.

Importantly, the small format hospital will be physician-led and governed with QMG physicians composing a majority of its Board of Directors and advocating for patients at the highest leadership levels.[6] As a result, QMG will be able to more effectively and extensively

[4] Quincy Medical Group Hospital will be located adjacent to and connected by skywalk to QMG's ambulatory surgery treatment center (ASTC), which was approved by the HFSRB in 2019, and QMG's Cancer Institute.

[5] Hospital-at-home care has been shown to achieve shorter average lengths of stay compared to traditional in-patient care, at 3.2 days compared to 5.5 days, respectively. Additionally, hospital-at-home programs substantially reduce hospital readmissions and reduce unnecessary emergency department visits. Association of a Bundled Hospital-At-Home and 30-Day Postacute Transitional Care Program With Clinical Outcomes and Patient Experiences, Alex D. Federman, MD, MPH, Tacara Soones, MD, MPH, Linda V. DeCherrie, MD, et al., https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2685092 (August 2018)

[6] QMG requested and recently received a favorable advisory opinion from CMS regarding the proposed structure of the hospital — with QMG as the hospital's sole member — as it relates to applicable healthcare laws and regulations. See Advisory Opinion No. CMS-AO-2020-02, available at https://www.cms.gov/files/document/cms-ao-2020-02.pdf and attached as Attachment 12-3. Consistent with the advisory opinion, and in accordance with Illinois' laws governing non-profit corporations, neither QMG nor its physician shareholders will have the ability or right to receive the financial benefits of ownership or investment in Quincy Medical Group Hospital. Further, any potential compensation arrangements between the hospital and QMG, its physician shareholders, and its physician shareholders' immediate family members will be structured individually and in the aggregate to comply with all

deploy its patient-centered, integrated care model and manage the full spectrum of care, and resulting costs of treatment, provided to its patients. As noted above, the mission of Quincy Medical Group Hospital is to carefully coordinate care and ensure that care is delivered in the most appropriate and cost-effective setting possible, resulting in improved clinical outcomes, increased accessibility to high quality healthcare, a reduction in the number and length of hospital admissions and readmissions, and a reduction of overall healthcare costs. As one means of accomplishing these goals, Quincy Medical Group Hospital will implement a physician-led triage function in the emergency department with the ultimate goal of reducing the number of non-urgent patients in the emergency department and those ultimately admitted to the hospital, an option in emergency care not currently demonstrated in the community. When medically appropriate, patients will be directed to a lower care setting, such as QMG's ASTC, Ambulatory Care Center, hospital-at-home services, or another alternative, lower cost site of care. Quincy Medical Group Hospital will predominantly treat lower acuity patients, focusing on medical and surgical patients who benefit from an environment encouraging patient engagement, including, among others, orthopedics and general medical care.[7]

QMG has a rich history of partnering with patients, employers, insurers, and other healthcare providers to deliver patient-centered care with a focus on providing treatment in the most appropriate setting and improving the value of healthcare delivery — i.e., health outcomes achieved per healthcare dollar spent. When care is physician-driven and patient-centered, and provided in the most appropriate setting, overall healthcare costs per patient and/or per encounter are reduced and outcomes are improved. QMG has a track record of success as reflected in its partnership with UnityPoint Health, a not-for-profit health system. QMG joined UnityPoint Health's ACO network in 2012, one of 16 NextGen ACOs in the country at the time and one of the largest ACOs in the nation.[8] That partnership, along with QMG's relationships with other commercial payors, has demonstrated success in QMG's ability to manage risk of complex patient populations and achieve shared savings goals through transformative value-based contracts.[9] QMG has also been a Level III Patient-Centered Medical Home since 2009, exhibiting QMG's patient-centered and coordinated approach to care and commitment to reducing healthcare costs. QMG has successfully employed cost containment strategies (a central tenet of Illinois' Certificate of Need process), care coordination, chronic care

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applicable laws. As a result, CMS concluded that "[QMG] will not have an ownership or investment interest in the Hospital by virtue of [QMG]'s status as the sole member of the Hospital; therefore the Physician Owners will not have an ownership or investment interest in the Hospital for purposes of the physician self-referral law." CMS-AO-2020-02, p. 6.

[7] While the applicant is not proposing ICU beds at this time, if, after the hospital becomes operational, there is a demonstrated need in the community for additional ICU beds, the applicant will explore such an addition and, if appropriate, file an application to add ICU services.

[8] In February 2020, UnityPoint Health's ACO, UnityPoint Accountable Care (UAC), announced more than $9.5 million in shared savings based on quality and cost performance in the Medicare NextGen ACO model. *UnityPoint Accountable Care Announces More Than $9.5 Million in Shared Savings*, https://law.uakron.libguides.com/c.php?g=627783&p=6800463 (last visited October 26, 2020).

[9] QMG's full potential, however, has been limited due to its lack of ability to drive the full spectrum of care provided to its patients, specifically hospital services.

management, and transitional care in order to provide patients the most cost-effective quality care in the most appropriate setting.

Quincy Medical Group Hospital will offer highly competitive rates for hospital services, and, through its partnership with QMG, manage care aggressively in all healthcare settings, especially with respect to chronic and high-risk patients, to reduce future inpatient admissions or readmissions. The small format hospital's mission and focus on community health, improving clinical outcomes, and reducing overall healthcare costs will drive the decision making – rather than a desire to fill inpatient beds, which is too often the focus of a traditional hospital. This multi-faceted care management approach will transform how healthcare is delivered in Quincy and Adams County, improve clinical outcomes, enhance the patient experience, and ultimately result in reduced overall healthcare costs for patients and payors.

The project will also correct maldistribution in both Planning Area E-05 and Health Service Area (HSA) 3 as the project involves the prudent redeployment of underutilized med-surg beds from area hospitals.[10] QMG has maintained strong partnerships over the years with various regional healthcare providers, including Memorial Hospital Association (MHA) in Carthage, Illinois, and Sarah D. Culbertson Memorial Hospital (SDCMH) in Rushville, Illinois. A component of those partnerships includes QMG's physicians working collaboratively with MHA and SDCMH to deliver specialized healthcare services to patients in the Carthage and Rushville communities. Demonstrating their commitment and support of the project, MHA has committed to redeploy up to eight underutilized med-surg beds to Quincy Medical Group Hospital, and SDCMH has committed to redeploy up to an additional 10 underutilized med-surg beds.[11] Letters of support from MHA and SDCMH evidencing their firm commitment to redeploy the beds are included as Attachment 12-4. As a result of this prudent and coordinated planning, only 7-12 med-surg beds will be added to HSA 3 and 17-19 med-surg beds added to Planning Area E-05. A similar redeployment approach was successfully implemented in two recent hospital projects approved by the Illinois Health Facilities and Services Review Board (HFSRB).[12] Of note, while SDCMH falls within Planning Area E-01 under the State's designation, it is in close proximity to the border of Planning Area E-05. Slight modification to the boundary line between Planning Area E-01 and Planning Area E-05 could easily bring SDCMH within the proposed hospital's applicable Planning Area (E-05).

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

[10] See 77 Ill. Admin. Code § 1100.400 ("where feasible, underutilized services should be consolidated to promote efficiency of operation and quality when such consolidation does not create access problems") and 77 Ill. Admin. Code § 1100.370 ("facilities and services should operate at or above the prescribed utilization targets").

[11] MHA has 15 med-surg beds, and its Average Daily Census (ADC) is 3.4 patients per day. SDCMH has 22 med-surg beds, and its ADC is 2.3 patients per day. See Illinois Health Facilities and Services Review Board/Illinois Department of Public Health Inventory of Health Care Facilities and Services and Need Determinations.

[12] See Project Nos. 15-038, 15-039, 15-040 and Project No. 17-002. The HFSRB's approval of Project No. 17-002 was challenged through a judicial review by one of the applicant's competitors. On November 22, 2019, the Second District appellate court upheld the HFSRB's approval.

The applicant defines the planning/market area for the project as an approximate 50-mile radius from the proposed project site in Quincy, Illinois. Approximately 40% of QMG's acute care patients reside outside of Planning Area E-05, and it is anticipated that 95% of the 3,144 patients admitted to the proposed facility will originate from within this 50-mile planning/market area.

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

The project will address the following problems or issues:

- **Lack of Competition and Accessibility to Local, Affordable Care**. Patients deserve and desire a choice as to where they receive hospital and emergency services. There is currently only one hospital in Adams County, and that hospital is the only full service, advanced acute care hospital in Illinois within 100 miles in every direction. Studies demonstrate that hospitals in non-competitive markets tend to have higher costs due to the lack of market discipline and lack of discipline in expense management. Lack of competition also typically fails to motivate providers and administrators to improve quality or clinical outcomes.

According to an analysis of Medicare inpatient billing and reimbursement data, performed by a nationally recognized health care data analytics firm, the applicants understand that the local hospital charges significantly more for hospital services compared to nine regional hospitals.[13] Further, based on a separate analysis of the Illinois Department of Public Health's Report Card data performed by the same analytics firm, the applicants understand that the local hospital's billed charges for 24 selected-inpatient diagnosis-related groups (DRGs) between April 1, 2018 and March 31, 2019 were significantly higher than the average of nine area Illinois hospitals.[14] As a result of the higher than average costs, many area employees and residents travel to Springfield, Illinois and St. Louis, Missouri to access similar services, resulting in an outmigration for hospital services.

Employers and commercial payors have cited higher-than-average pricing in the area and a need for, and interest in, a new healthcare model that will result in improved care management and reduced overall spend. In a 2019 survey, Quincy-area employers addressed high healthcare costs in the area, with the following specific concerns:

- Nearly 80% believe high healthcare costs pose a threat to their business operations;

- Approximately 60% believe hospital costs are the primary driver of overall healthcare costs; and

[13] BSG Analytics, Assessing the Potential for Competition to Improve Inpatient Healthcare Costs in Quincy, Illinois (2020).

[14] BSG Analytics, Assessing the Potential for Competition to Improve Inpatient Healthcare Costs in Quincy, Illinois (2020).

- Roughly 80% believe competition could lower health care costs.

- **Need and Desire for Improved Care Coordination and Alternative, Physician-Led Hospital**. A survey of QMG providers revealed the need for a local, alternative hospital in the area. Cited reasons for the alternative hospital included, among others, that an alternative hospital would:

    - Enable QMG to deploy a fully integrated system and deliver a healthcare model focused on enhancing coordination and continuity of care while reducing overall healthcare spend, and improving patient experience and the quality of healthcare services offered to the community;

    - Provide QMG's growing physician group with the facilities and service offerings needed to adapt to the anti-competitive actions of the local hospital;[15] and

    - Improve patient and provider satisfaction.

Continuity of care is not consistently optimized for patients of QMG physicians when they are hospitalized within another system operated by a different provider. QMG patients have expressed dissatisfaction and confusion when seen by a non-QMG physician in the local hospital or emergency room and subsequently referred for further treatment to a local hospital-employed provider or hospital-sponsored program without consultation or coordination with their trusted QMG provider. Some patients have also shared that they assumed their QMG treating physician had been consulted or was in agreement with the subsequent referral and/or recommended treatment plan, when, in reality, it appears no such consultation had occurred. Additionally, QMG physicians have observed that it appears the local hospital's EMR and order-entry system is set to default to the local hospital's employed physicians and services, causing QMG physicians to unintentionally send patients outside of QMG for care. Instead, the QMG physician must search the hospital's EMR for the name of the QMG physician, department, or service in which to send the patient to ensure continuity of care.

Further, while QMG physicians provide direct patient care in the local hospital and have served on multiple committees and in administrative functions benefiting the local hospital, QMG is significantly hampered in its ability to reduce overall healthcare spend for its patients when it ultimately has no control over costs for emergency and inpatient services, which are set by the local hospital. There is a need and desire in the community for a physician-led and governed hospital alternative that follows a new, modern business model – one that is physician-driven and patient-focused and shifts care away from the hospital setting when medically

[15] In 2017, Blessing Hospital announced it had recruited 28 new physicians and had a plan to recruit a similar amount in 2018-2019. See Project No. 18-010, p. 65. Blessing Hospital most recently announced in August 2020 that it had recruited 14 additional surgeons since 2019, and, according to a 2019 S&P Report, is recruiting specialty physicians to reduce its reliance on QMG. See Project No. 20-037, Blessing Hospital App. to build out shell space for new operating room, p. 57, 134.

appropriate (driven by technological advances in clinical care and value-based payments), while still recognizing the need for hospital services but in a more limited setting.

Additionally, in recent years, the local hospital has terminated numerous hospital contracts with highly trained QMG physicians in favor of its own hospital-based employed physicians. The local hospital has also expressed a lack of interest in partnering with QMG physicians on various service lines, while simultaneously expanding and constructing its own competing medical office physician buildings in the community.[16] These actions have significantly restricted the ability of QMG physicians to effectively coordinate and manage the care provided to QMG patients, control clinical outcomes, and reduce overall healthcare costs.

- **Shortage of Beds and Efficient Emergency Services Resulting in Delays for Patients.** Despite a State calculated excess of beds in Planning Area E-05, there is actually a current and projected shortage of med-surg beds in the Quincy area. According to the local hospital's 2018 certificate-of-need application, the local hospital exceeded its 85% occupancy standard on 118 days in 2017, and, as of April 2018, was unable to accept more than 35 transfer patients due to excessive occupancy levels.[17] That trend has continued, with the local hospital routinely notifying physicians with admitting privileges that the hospital was close to exceeding its maximum occupancy and requesting physicians submit discharge orders to ensure sufficient capacity for newly admitted patients. Further, based on the growth rate of the four-year period (2015-2018) of 5.5%, the local hospital is projected to exceed the State's 85% occupancy standard by the end of 2020 and reach 113.6% utilization by 2025, when the proposed small format hospital would become operational.

There is also a demonstrated need to increase accessibility to local emergency services as wait times at the local hospital are consistently described by patients as excessive, as well as a very dissatisfying experience clinically and operationally. Further, as demonstrated by the COVID-19 pandemic, it is essential to have available hospital beds for treatment and/or isolation purposes when an unplanned pandemic or crisis strikes. The additional bed capacity, including 3 isolation rooms, will enable local healthcare providers to better prepare for a future pandemic that could result in a surge of inpatient services.

- **Maldistribution of Healthcare Resources in the Planning Area and Health Services Area.** As noted above, there are underutilized med-surg beds at area hospitals in Planning Area E-05 and HSA 3 and a demonstrated need for additional med-surg beds in the Quincy area due to elevated and/or excessive occupancy levels at the local hospital. MHA has 18 licensed med-surg beds, with an ADC of 3.4 patients per day. Similarly, SDCMH has 22 med-surg beds, with an ADC of 2.3 patients per day. As a result, there is currently a maldistribution of healthcare resources in both Planning Area E-05 and HSA 3.

[16] See Project No. 18-010 (construction of $40 million 2-story medical office building to house hospital-employed physician offices), Project No. 18-013 ($49 million build out and addition of two inpatient floors), Project No. 19-029 ($21 million establishment of new ASTC building), and Project No. 20-037 (build out of shell space for new OR in new ASTC building).

[17] See Project No. 18-013, Blessing Hospital App. to build out shell space and construct two new inpatient floors, p 60.

- **Need for Stimulation of Economic Development in Quincy.** In March 2018, the Quincy City Council adopted the Quincy NEXT Strategic Plan (Strategic Plan).[18] The Strategic Plan was an effort undertaken in the Quincy community to formulate a set of strategies to guide Quincy over the next 10-15 years. The Strategic Plan took into consideration community feedback provided during numerous public meetings and online surveys. As reflected in the Strategic Plan, Quincy's economic development is one of the top four areas of focus deemed most important to the future of Quincy. Further, one of Quincy's top 10 core initiatives is growing a diversified economy and supporting growing industry sectors such as healthcare. Healthcare, business and finance, and professional services are now the dominant growing industry sectors in the area. It is within these sectors that Quincy's future lies, and there is a need to ensure these sectors flourish. While manufacturing remains a strong and important industry in Quincy, it is no longer considered a growing industry sector for the city. Lower healthcare costs, however, lead to reduced costs of operation and could bolster the manufacturing sector.

- **Ongoing Need for Enhanced Recruitment and Retention of Skilled Medical Providers**. Quincy is located within a Micropolitan Statistical Area and a medically underserved area that also qualifies as a health professional shortage area for primary care, mental health, and dental care. There is a demonstrated need for skilled medical providers in the Quincy community, and, as with all rural and health professional shortage areas, recruitment and retention of healthcare provider talent requires significant effort. As reflected in the Strategic Plan, there is a community-expressed need to attract and retain younger, more skilled medical providers to the Quincy area.

4. Cite the sources of the documentation.

In addition to the sources cited and referenced throughout this Purpose Statement, the following sources were consulted by the applicants:

- HRSA HPSA lookup information for Adams County, Illinois, attached as Attachment 12-5.
- HFSRB Inventory of Hospital Services and Need Determinations.

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

The project will address or improve the previously-referenced problems or issues, as well as the population's health status and well-being, as identified below:

- **Introduce Competition and Increase Accessibility to More Affordable, Physician-Driven, Coordinated Local Care.** Through the establishment of a new small format hospital in Adams County, patient choice for inpatient and emergency services, along with

[18] Quincy NEXT Strategic Plan, unanimously adopted by the Quincy City Council on March 12, 2018, https://irp-cdn.multiscreensite.com/12230423/files/uploaded/ADOPTED_Quincy%20Next%20Strategic%20Plan_March%202018.pdf (last visited October 26, 2020).

physician services, will be enhanced in the Quincy community. The QMG physician-led and governed small format hospital will implement an efficient pricing model and charge highly competitive rates for hospital services while managing care aggressively, especially with respect to chronic and high-risk patients, directing care to lower cost settings when medically appropriate and reducing overall inpatient admissions and readmissions. With QMG also recently launching hospital-at-home services, numerous alternative care delivery methods will be available to ensure patients receive the right care in the right setting. The establishment of a QMG physician-led and governed small format hospital will allow for the deployment of a fully integrated healthcare model in Quincy – a model focused on providing exceptional coordinated care to patients and reducing overall spend. The addition of a second emergency department will also naturally decrease wait times at the local hospital's emergency department – a common complaint of patients in the community.

The impact of competition, along with the transformation of and enhanced patient choice in healthcare delivery, will be significant. As was evident during QMG's ASTC CON review process, the suggestion of competition alone often results in area providers lowering prices.[19] Quincy Medical Group Hospital will provide governmental payors, insurers, employers, and patients with enhanced and more affordable, local healthcare choices. As a result, local residents who would have previously left Quincy to receive hospital services at another facility due to above-average local prices will be more likely to remain in Quincy and receive care locally. The applicants are committed to working with local employers and commercial payors to ensure services provided at Quincy Medical Group Hospital are offered at more affordable rates than currently offered in the Quincy market today, including pursuing value-based reimbursement models aimed at managing a patient's full continuum of care, improving clinical outcomes, and reducing overall healthcare costs.

- **Improve Care Coordination, Enhance Efficiencies, and Enhance Patient and Provider Satisfaction.** The physician-led and governed small format hospital will operate as part of a fully integrated system in conjunction with QMG's already existing and soon-to-be operational facilities and programs. As noted above, Quincy Medical Group Hospital will implement a physician-led triage function with the ultimate purpose of reducing the number of non-urgent patients in the emergency department and those ultimately admitted to Quincy Medical Group Hospital. Clinical innovations are shifting sites for care from inpatient to outpatient and home settings. When medically appropriate, patients will be directed to a lower care setting – whether that be QMG's ASTC located next door, Ortho Now program, QMG Now walk-in clinic, recently launched hospital-at-home services, or another alternative, lower cost site of care. QMG patients have expressed great satisfaction in QMG physicians and are very receptive to QMG's ability to efficiently and seamlessly coordinate their care through QMG's current facilities and programs, including, in particular, its recently developed Ortho Now program introduced earlier in 2020.

[19] In February 2019, a few months after QMG filed its CON application for a competing ASTC in Quincy and would charge freestanding ASTC rates, the local hospital announced it was in the process of moving from charging HOPD rates to lower, freestanding ASTC rates - a welcomed development to the community. However, at the time this application was filed, it was the applicants' understanding that the conversion had not yet been completed and the local hospital was still charging HOPD rates for services performed at its existing ASTC.

Importantly, Quincy Medical Group Hospital will provide QMG physicians with the ability to more efficiently manage and coordinate the *entire* healthcare experience of their patients, including in the emergency and hospital setting and during typical "after hours" or overnight stays. This will lead to enhanced patient experiences, clinical outcomes, and operational efficiencies. Quincy Medical Group Hospital's location adjacent to QMG's ASTC and Cancer Institute operations will also enhance QMG's ability to provide a full spectrum and continuum of care to its ASTC and Cancer Institute patients as those patients who require inpatient services will have the convenient option of receiving inpatient services at the hospital next door from their trusted physician.

Quincy Medical Group Hospital will have an operationally efficient design and be built to optimize patient experiences, the healing process, and maximize staff efficiency. The state-of-the-art facility will be designed and built with a mindset and recognition of the shift from inpatient to outpatient settings – ensuring that the hospital is right-sized and efficiently utilizes only necessary space. Unlike many traditional hospitals, Quincy Medical Group Hospital will implement a shared staffing design, whereby staff will be cross-trained to perform multiple roles, which will improve efficiencies, increase patient satisfaction, and reduce overall spend (e.g., patient access representative cross-trained in registration, insurance verification, and scheduling; clinical staff trained to perform lab draws to eliminate need for phlebotomy staff; radiology tech trained as patient care technician to assist in the emergency department when appropriate and as needed). Quincy Medical Group Hospital will also be designed and constructed with a team-based approach to care and patient-focused mindset to meet current and future needs of the community, deliver the highest quality of care in the most efficient manner possible, and enhance the overall satisfaction and outcomes for patients.

- **Provide Patient-Focused, Alternative Inpatient Setting for QMG and Other Community Providers.** The small format hospital will also provide QMG physicians and other community providers with an alternative inpatient setting – which, as noted above, was a strong desire expressed by many QMG physicians. An alternative inpatient setting is also necessary to minimize the community's and QMG's reliance on the one local hospital and ensure QMG's sustainability in the community, particularly due to the recent targeted termination of various hospital contracts with the local hospital, the hospital's expressed lack of interest over the years to partner with QMG on various service lines, and the substantial growth of the local hospital's own hospital-based physician group with competing specialties and service lines. The establishment of Quincy Medical Group Hospital will ensure that QMG — as a more than 80-year-old community institution and trusted, local high-performing physician group — is able to continue serving the community, including Medicare and Medicaid beneficiaries, for years to come. The introduction of the small format hospital, and simultaneous introduction of competition to the community, will motivate all local healthcare providers to enhance patient experiences and outcomes – leading to increased patient and provider satisfaction.

- **Correct Maldistribution of Healthcare Resources.** As detailed above, there is a current and projected need for additional med-surg beds in the Quincy area. Through the prudent redeployment of med-surg beds from area hospitals where the beds are underutilized, the project will correct maldistribution in Planning Area E-05 and HSA 3 and address the need for additional med-surg beds in the Quincy community.

Quincy Medical Group Hospital was also carefully planned to address future pandemics and outbreaks of infectious diseases, as 3 med-surg beds will be designed as airborne infectious isolations rooms, also called negative-pressure rooms, that will implement a high-efficiency particulate air (HEPA) filter and utilize UV lighting. To address the current pandemic, there is an anticipated need for additional isolation beds in the community.[20] The small format hospital's inclusion of 3 isolation rooms will provide additional capacity without the need for, and resulting delay of, new construction in the event of another pandemic or need to take infectious disease precautions.

- **Stimulate Economic Development in Quincy and Enhance Recruitment and Retention of Skilled Medical Providers.** The establishment of the not-for-profit, taxable hospital at the Quincy Mall location, adjacent to QMG's ASTC and Cancer Institute, will stimulate significant further economic development and enhance the viability of the Quincy Mall and entire city of Quincy. QMG's ASTC and Cancer Institute will support the employment of more than 115 positions. The hospital will contribute significantly to job growth in the area, from construction workers to skilled medical providers. The applicant expects the project to support the employment of at least 200-250 trade laborers and construction professionals for varying durations throughout construction, and estimates staffing of the hospital to include at least 111 clinical and 28 non-clinical positions. As noted above, Quincy is located within a Micropolitan Statistical Area and a medically underserved area that also qualifies as a health professional shortage area for primary care, mental health, and dental care. There is a demonstrated need for skilled medical providers in the Quincy community, and the new, state-of-the-art hospital led by QMG physicians will assist in the recruitment and retention of healthcare talent at all levels. While the hospital will have an open medical staff, the majority of medical providers will be QMG providers. QMG is the employer of choice in the area for healthcare professionals – with employee satisfaction surveys conducted by the American Medical Group Association showing QMG to be in the top 5% nationally among AMGA participants. The addition of the hospital will also attract new businesses to Quincy Mall and the surrounding area and economically benefit Quincy for years to come.

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

The applicant has identified the following goals:

a. Increase and enhance accessibility to high quality, affordable inpatient and emergent services for QMG patients and residents of Quincy and the surrounding communities;

b. Reduce overall cost of healthcare services in the Quincy community;

c. Offer a physician-led and governed, fully integrated healthcare system to patients and residents of Quincy and the surrounding communities, including QMG

[20] The local need for additional beds was evidenced by the local hospital promptly seeking to construct new isolation units in the early stages of the pandemic.

patients, that enhances continuity of care, reduces inpatient admissions and readmissions, ensures care is provided in the lowest appropriate cost setting, and results in lower overall costs per patient and/or encounter;

d. Further stimulate economic development in Quincy; and

e. Open the new hospital by September 2025.

Quincy Medical Group Practice Sites/Locations

10/23/2020

SERVING OUR COMMUNITY

Quincy Medical Group's 114 doctors practicing in 33 medical specialties have **1,413 combined years of service** in the tri-state region surrounding Quincy, IL.

30+ Years of Service — 9 physicians, 6 specialties

25+ Years of Service — 7 physicians, 6 specialties

20+ Years of Service — 12 physicians, 8 specialties

15+ Years of Service — 13 physicians, 10 specialties

10+ Years of Service — 19 physicians, 13 specialties

5+ Years of Service — 19 physicians, 15 specialties

0–4 Years of Service — 35 physicians, 22 specialties

Q
QUINCY MEDICAL GROUP

Quincy Medical Group

30+ Years
Dr. Evans, Nephrology, 39 Years
Dr. Go, Pediatrics, 39 Years
Dr. Dureska, OB/GYN, 38 Years
Dr. Scott, Internal Medicine, 37 Years
Dr. Schlepphorst, Pediatrics, 35 Years
Dr. Noble, Family Practice, 34 Years
Dr. Andrews, Internal Medicine, 33 Years
Dr. Leimbach, Internal Medicine, 31 Years
Dr. Disseler, Ophthalmology, 30 Years

25+ Years
Dr. Bozdech, Gastroenterology, 28 Years
Dr. Childress, Family Practice, 27 Years
Dr. Zwick, Vascular Surgery, 27 Years
Dr. Allen, Family Practice, 26 Years
Dr. Becker, Optometry, 26 Years
Dr. Jacobs, Ambulatory Care, 25 Years
Dr. Sullivant, Neurology, 25 Years

20+ Years
Dr. Eling, Family Practice, 24 Years
Dr. Minnick, Pediatrics, 24 Years
Dr. A. Raif, Pediatrics, 24 Years
Dr. T. Smith, Vascular Surgery, 24 Years
Dr. Carpenter, Allergy, 23 Years
Dr. P. Patel, Internal Medicine, 23 Years
Dr. Crickard, Orthopedics 22 Years
Dr. K. Raif, Internal Medicine, 22 Years
Dr. Arndt, Ambulatory Care, 21 Years
Dr. Sieck, Ophthalmology, 21 Years
Dr. J. Smith, Family Practice, 21 Years
Dr. Altman, Family Practice, 20 Years

15+ Years
Dr. L. Kim, Internal Medicine, 19 Years
Dr. Weller, Ophthalmology, 19 Years
Dr. Wells, Family Practice, 19 Years
Dr. Petty, General Surgery, 18 Years
Dr. Barbagiovanni, Gastroenterology, 16 Years
Dr. Frazier, Family Practice, 15 Years
Dr. Kimber, Family Practice, 15 Years
Dr. Mero, OB/GYN, 15 Years
Dr. Ozment, Rheumatology, 15 Years
Dr. T. Newton, Musculoskeletal Medicine, 15 Years
Dr. J. Newton, Musculoskeletal Medicine, 15 Years
Dr. R. Smith, Oncology, 15 Years
Dr. Wallace, Ambulatory Care, 15 Years

10+ Years
Dr. Ghanekar, Nephrology, 14 Years
Dr. Schroeder, Family Practice, 14 Years
Dr. Ali, Oncology, 13 Years
Dr. S. Patel, Podiatry, 13 Years
Dr. Woodard, OB/GYN, 13 Years
Dr. Batra, Family Practice, 12 Years
Dr. Biggs, Sports Medicine, 12 Years
Dr. Derian, Cardiology, 12 Years
Dr. Johnson, Family Practice, 12 Years
Dr. Chbeir, Pulmonology, 11 Years
Dr. Derhake, Orthopedics, 11 Years
Dr. Khoury, Oncology, 11 Years
Dr. Real, Family Practice, 11 Years
Dr. A. Reyburn, Internal Medicine, 11 Years
Dr. S. Reyburn, Family Practice, 11 Years
Dr. Ruth, ENT, 11 Years
Dr. Geisendorfer, Ophthalmology, 10 Years
Dr. Travis Moore, Ambulatory Care, 10 Years
Dr. Wilkins, Trauma Surgery, 10 Years

5+ Years
Dr. Ahearn, Optometry, 9 Years
Dr. Asbury, Family Practice, 8 Years
Dr. Collins, Pediatrics, 8 Years
Dr. K. Koduru, Oncology, 8 Years
Dr. Seaman, Family Practice, 8 Years
Dr. Hake, Neurology, 7 Years
Dr. Knuffman, Allergy, 7 Years
Dr. Maduakor, OB/GYN, 7 Years
Dr. Taylor Moore, Family Practice, 7 Years
Dr. Vardaros, Hospitalist, 7 Years
Dr. Alexandre, OB/GYN, 6 Years
Dr. Baginski, Family Practice, 6 Years
Dr. Freel, Podiatry, 6 Years
Dr. P. Koduru, Internal Medicine, 6 Years
Dr. Raj, Sports Medicine, 6 Years
Dr. Tracy, Optometry, 6 Years
Dr. Fynn-Thompson, Plastic Surgery, 5 Years
Dr. Gold, Neurosurgery, 5 Years
Dr. Higgins, Endocrinology, 5 Years

0-4 Years
Dr. Charles, Trauma Surgery, 4 Years
Dr. Conkright, Internal Medicine/Pediatrics, 4 Years
Dr. Davenport, Family Practice, 4 Years
Dr. Gandhi, Dermatology, 4 Years
Dr. Kagumba, OB/GYN, 4 Years
Dr. Levin, Dermatology, 4 Years
Dr. C. Pastorini, Gastroenterology, 4 Years
Dr. V. Pastorini, Oncology, 4 Years
Dr. Schneider, Urology, 4 Years
Dr. Wadsworth, Optometry, 4 Years
Dr. H. Anderson, Gerontology, 3 Years
Dr. L. Brink, Pediatrics, 3 Years
Dr. Crenshaw, Family Practice, 3 Years
Dr. Kimple, Neurology, 3 Years
Dr. Phillips, Ophthalmology, 3 Years
Dr. Sharpe, Optometry, 3 Years
Dr. Abueg, Family Practice, 2 Years
Dr. M. Brink, Family Practice, 2 Years
Dr. Healy, Pediatrics, 2 Years
Dr. Munch, Optometry, 2 Years
Dr. Perll, General Surgery, 2 Years
Dr. Riggs, Oral Surgery, 2 Years
Dr. A. Sheffield, ENT, 2 Years
Dr. E. Sheffield, Oral Surgery, 2 Years
Dr. Wand, OB/GYN, 2 Years
Dr. Wolber, Optometry, 2 Years
Dr. B. Anderson, Neurosurgery, 1 Year
Dr. Navasartian, Orthop edics, 1 Year
Dr. Rafi, Cardiology, 1 Year
Dr. Singh, Interventional Pain Management, 1 Year
Dr. Knudson, Urology, 0.5 Years
Dr. Oden, Radiology, 0.5 Years
Dr. Fallon, Radiation Oncology, 0.25 Years
Dr. Riley, Radiology, 0.25 Years
Dr. Pardinas, Pulmonology, 0.25 Years

Joining QMG
Dr. Mizikar, Anesthesiology, NOV 2020
Dr. Haag, Radiology, JAN 2021
Dr. Shaikh, Internal Medicine, MAR 2021
Dr. Yedla, Endocrinology, AUG 2021
Dr. Saad, Infectious Diseases, AUG 2021
Dr. Tripathi, Gastroenterology, JUL 2022

114 doctors practicing in 33 medical specialties with 1,413 combined years of service in the tri-state region surrounding Quincy, IL.

[We redact certain identifying information and certain potentially privileged, confidential, or proprietary information associated with the individual or entity, unless otherwise approved by the requestor.]

[name and address redacted]

Re: Advisory Opinion No. CMS-AO-2020-02

Dear [name redacted]:

We write in response to the request by [name redacted] (the "Requestor" or the "Practice") for an advisory opinion regarding a proposal by the Requestor to establish and be the sole member of a nonprofit hospital (the "Hospital"). Specifically, you seek a determination whether referrals to the Hospital from the Practice's physician-shareholders (the "Physician Owners") would be prohibited under section 1877(a) of the Social Security Act (the "Act") because the Physician Owners would have an ownership or investment interest in the Hospital that does not satisfy the requirements of an applicable exception under section 1877 of the Act or the regulations at 42 C.F.R. § 411.350 et seq. (collectively, the "physician self-referral law").

You certified that the information provided in the request, including all supplementary materials and documentation, is true and correct and constitutes a complete description of the relevant facts. In issuing this opinion, we have relied solely on the facts and information presented to us. We have not undertaken an independent investigation of this information. If material facts were not disclosed or were misrepresented, this advisory opinion is without force and effect.

Based on the specific facts certified in the request for an advisory opinion and supplemental submissions, we conclude that the Physician Owners of the Practice will not have an ownership or investment interest in the Hospital for purposes of the physician self-referral law. We express no opinion regarding any other provision of section 1877 of the Act or the regulations at 42 C.F.R. Part 411, Subpart J.

I. FACTUAL BACKGROUND

The Requestor is a multidisciplinary physician practice, organized as a medical service corporation under [state redacted] ("State") law. Physician Owners have an aggregate 60 percent ownership interest in the Practice, and the remaining 40 percent ownership interest is held by non-physicians that are not immediate family members of Physician Owners.

The Practice's main campus is located in [city redacted] ("City"). City is located in a Micropolitan Statistical Area that is designated by the Health Resources and Service Administration of the U.S. Department of Health and Human Services as a medically

underserved area and also qualifies as a health professional shortage area for primary care, mental health, and dental care. The Practice has additional practice sites in State and in neighboring states, and, according to the Requestor, it is a significant source of primary, specialty, and subspecialty rural health care in the region. There is currently only one hospital in City, a full-service acute care hospital. There is no other full-service acute care hospital within a 100-mile radius of City.

Requestor is proposing to develop and be the sole member of the Hospital, which will be located in City. As a nonprofit corporation operating under State's laws governing nonprofit corporations, the Hospital will not issue any "shares" or "stocks" and the Hospital will not be permitted to make any ownership or profit distributions to the Requestor. The Requestor certified that any profits derived from the operation of the Hospital will be redirected towards the development of Hospital facilities, including the purchase of new equipment, development of new service lines, or other *bona fide* operational purposes of the Hospital. In the event that the Hospital or its assets are sold, State law limits the distribution of a nonprofit corporation's assets to an exchange for goods and services, repayment of membership contributions in an amount that may not exceed the original contribution, or in furtherance of the nonprofit corporation's charitable purpose. State law also restricts how a nonprofit corporation may distribute any remaining assets in case of bankruptcy. Given the limits of State's laws governing nonprofit corporations, the Requestor certified that neither the Practice nor the Physician Owners will have the ability or right to receive the financial benefits of ownership or investment in the Hospital.

Although the Hospital will be organized and operate as a nonprofit corporation under State law, the Requestor is not planning to seek tax-exempt status for the Hospital under section 501(c)(3) of the Internal Revenue Code. Typically, hospitals that qualify as tax-exempt under section 501(c)(3) of the Internal Revenue Code are governed by a community board, with a majority of independent members drawn from the community.[1] Because the Requestor seeks to have physicians maintain operational control of the Hospital, it is proposing a board of directors with a majority of members drawn from the Practice's Physician Owners. A minority of board members will be business leaders from the community.

The Requestor anticipates that the Practice will enter into various compensation arrangements with the Hospital for the provision of professional services, medical directorships, or other personal service arrangements. The Requestor states that the compensation arrangements will be structured individually and in the aggregate to satisfy all the requirements of an applicable exception to the physician self-referral law and, further, that such compensation arrangements will be subject to State nonprofit law governing compensation to members, officers, and directors for services furnished to the nonprofit entity. In addition to the board of directors, the Hospital will establish an independent physician transaction review board to ensure that any financial relationships

[1] See IRS Publication, *Charitable Hospitals – General Requirements for Tax-Exemption Under Section 501(c)(3)*, available at https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3.

between the Hospital and the Requestor or its Physician Owners (or their family members) satisfy the requirements of an applicable exception to the physician self-referral law and do not inure to the private benefit of the Physician Owners (or their immediate family members) in a manner that would undermine the Hospital's nonprofit purpose.

Finally, the Requestor certified that the Hospital will have an open medical staff, and physicians will not have to be shareholders, employees, or independent contractors of the Practice in order to obtain privileges and practice medicine at the Hospital.[2]

II. LEGAL ANALYSIS

a. Law and Regulations

The physician self-referral law establishes two prohibitions: (1) it prohibits a physician from making referrals for certain designated health services payable by Medicare to an entity with which he or she (or an immediate family member) has a financial relationship, unless all requirements of an applicable exception are satisfied; and (2) it prohibits the entity from filing claims with Medicare (or billing another individual, entity, or third party payer) for any improperly referred designated health services.

Financial relationships under section 1877(a)(2) of the Act include ownership or investment interests and compensation arrangements. Section 1877(a)(2) of the Act further stipulates that an ownership or investment interest may be through equity, debt, or other means and includes an interest in an entity that holds an ownership or investment interest in any entity providing the designated health service. The regulations at 42 C.F.R. § 411.354(b)(1) and (5) provide that stock and limited liability company memberships constitute ownership or investment interests, and an indirect ownership or investment interest exists if, between the referring physician and the entity furnishing designated health services, there is an unbroken chain of any number of persons or entities having ownership or investment interests.[3]

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[2] According to IRS guidance on 501(c)(3) hospitals, "[a] hospital that restricts its medical staff privileges to a limited group of physicians is likely to be operating for the private benefit of the staff physicians rather than for the public interest. By the same token, the hospital does not need to grant medical staff privileges to every physician that requests them to be considered operating for the benefit of the community." IRS Publication, *Charitable Hospitals – General Requirements for Tax-Exemption Under Section 501(c)(3),* available at https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3.

[3] The regulations pertaining to indirect ownership or investment interests at 42 C.F.R. § 411.354(b)(5) also provide that, for a chain of ownership or investment interests to qualify under the physician self-referral law as an indirect ownership or investment interest, the entity furnishing designated health services must have actual knowledge of, or act in reckless disregard of deliberate ignorance of, the fact that the referring physician has some ownership or investment interest in the entity. It is undisputed in this instance that the Hospital would have such knowledge.

In a 1998 notice of proposed rulemaking (the "1998 Proposed Rule"), we proposed that membership in a nonprofit corporation generally would not constitute an ownership or investment interest in the corporation for purposes of the physician self-referral law.[4] In the 1998 Proposed Rule, we explained that most nonprofit corporations are exempt from taxation under sections 501(c)(3) or (4) of the Internal Revenue Code, which provide that the net earnings of a nonprofit corporation cannot inure to the benefit of any private shareholder or individual. With respect to nonprofit corporations that are exempt from taxation under sections 501(c)(3) or (4) of the Internal Revenue Code, we stated that:

> [W]hile members of such a nonprofit corporation may exercise control over the activities of the corporation, they do not have the pecuniary incentive that for-profit investors have to enhance their investment interests. As such, we do not regard being a member of these kinds of nonprofit corporations as an ownership or investment interest analogous to being a shareholder in a for-profit corporation.[5]

We cautioned in the 1998 Proposed Rule that any remuneration that a physician or family member receives from the nonprofit corporation, such as salary, is compensation that must satisfy the requirements of an applicable exception.[6] In our 2001 interim final rule with comment period ("Phase I"), we stated that we generally adopted the overall interpretations of "financial relationship" in the 1998 Proposed Rule, with the exception of "indirect" financial relationships.[7] Thus, our statements in the 1998 Proposed Rule regarding membership in a 501(c)(3) or (4) nonprofit corporation are a longstanding interpretation.

Applying this interpretation in a 2005 advisory opinion,[8] we concluded that physicians who owned one share of capital stock in a nonprofit multidisciplinary practice did not have an ownership or investment interest in the practice,[9] because the physician-shareholders were essentially similar to members in a nonprofit corporation. In reaching this conclusion, we noted that the value of the capital stock remained constant and was not affected by the financial performance of the practice; qualifying physicians paid $1,000 for one share of stock and, upon leaving the practice, returned the share and received $1,000 in return, with no interest. In addition, physician-shareholders received no dividends on the stock, either overtly or covertly in the form of salaries or other compensation paid to physician-shareholders, and the practice's assets could not be distributed to individual physician-shareholders.

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[4] 63 Fed. Reg. 1659, 1707 (Jan. 9, 1998).
[5] 63 Fed. Reg. 1707.
[6] *Id*.
[7] 66 Fed. Reg. 856, 864 (Jan. 4, 2001).
[8] CMS-AO-2005-01 (available at https://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral/Downloads/CMS-AO-2005-08-01.pdf).
[9] At the time the practice was incorporated, relevant state law provided for the issuance of capital stock, regardless of whether the corporation was for-profit or not-for-profit.

In the Fiscal Year 2009 Hospital Inpatient Prospective Payment System final ("FY 2009 IPPS Final Rule"), we introduced the concept of titular ownership or investment interests in the context of our rulemaking pertaining to compensation arrangements and physicians who "stand in the shoes" of their physician organizations under 42 C.F.R. 411.354(c).[10] We stated that, for purposes of determining whether a compensation arrangement between an entity and a physician organization is deemed to be a compensation arrangement between the entity and a physician owner of the organization, a physician whose ownership interest in the physician organization is merely titular in nature is not required to stand in the shoes of the organization.[11] We explained that an ownership or investment interest is "titular" if the ownership or investment interest excludes the ability or right to receive the financial benefits of ownership or investment, including, but not limited to, the distribution of profits, dividends, proceeds of sale, or similar returns on investment. Although the concept of titular ownership developed in the FY 2009 IPPS Final Rule applies to the determination of whether a compensation arrangement exists between a physician and an entity, similar principles apply to the determination of whether a physician has an ownership or investment interest in an entity.

b. Analysis

The question presented by the Requestor is whether the Physician Owners of the Practice would be considered to have an ownership or investment interest in the Hospital for purposes of the physician self-referral law, because the Physician Owners own the Practice and the Practice would be the sole member of the Hospital. As illustrated by our rulemakings pertaining to nonprofit membership and titular ownership and our 2005 advisory opinion, the focus of the analysis is whether the Physician Owners will be able or entitled to receive the *financial* benefits of ownership of the Hospital.

The Hospital will be organized as a nonprofit entity under State law, with the Practice as its sole member. Consistent with our longstanding interpretation of the term "financial relationship," membership in a nonprofit corporation generally does not constitute an ownership or investment interest for purposes of the physician self-referral law.[12] Although this interpretation focused on nonprofit health corporations that are tax-exempt under section 501(c)(3) or (4) of the Internal Revenue Code, State's nonprofit corporation law contains analogous restrictions on the distribution of profits and corporation assets. As a nonprofit corporation under State law, the Hospital will not be permitted to pay dividends or distribute money, property, or other corporation assets to the Practice or the Physician Owners. Likewise, the Hospital is not permitted to repay the Practice for membership contributions in excess of the original contribution amount. The Requestor certified that any profits earned by the Hospital will be redirected towards the development of Hospital facilities, including the purchase of new equipment, development of new service lines, or other *bona fide* operational purposes of the Hospital. Given these facts, we conclude that the Practice will not be entitled to receive

[10] 73 Fed. Reg. 48434, 48693–48699 (Aug. 19, 2008).
[11] 73 Fed. Reg. 48693.
[12] *See* 63 Fed. Reg. 1659, 1707 (Jan. 9, 1998); 66 Fed. Reg. 856, 864 (Jan. 4, 2001).
[12] 63 Fed. Reg. 1707; 66 Fed. Reg. 864.

the financial benefits associated with ownership, including the distribution of profits, dividends, proceeds of sale, or similar returns on investment. Therefore, the Practice does not have a direct ownership or investment interest in the Hospital.

Insofar as the Practice does not have a direct ownership or investment interest in the Hospital, the Physician Owners' ownership or investment interest in the Practice does not give rise to an indirect ownership or investment interest in the Hospital. Specifically, the Physician Owners (and their immediate family members) will not be able or entitled to receive the financial benefits of ownership of the Hospital either overtly, in the form of profit distributions, dividends, proceeds of sale, or similar returns on investment, or covertly, in the form of salaries or other compensation paid to the Practice, its Physician Owners, or the Physician Owners' immediate family members. The Requestor certified that all compensation arrangements between the Hospital and the Practice, its Physician Owners, and the Physician Owners' immediate family members will be structured individually and in the aggregate to satisfy all the requirements of an applicable exception to the physician self-referral law, including, where applicable, requirements that the arrangement is commercially reasonable and that compensation is fair market value and not determined in any manner that takes into account the volume or value or referrals or other business generated between the parties. Further, State's nonprofit law includes prohibitions on private benefit and inurement similar to those found in Federal nonprofit law governing tax-exempt Hospitals under section 501(c)(3) or (4) of the Internal Revenue Code. The Hospital will also have an open medical staff to ensure that the Hospital is not operating for the private benefit of the Physician Owners rather than for the public interest.

In sum, we believe that the safeguards provided under State nonprofit law and the physician self-referral law as applied to compensation arrangements ensure that neither the Practice nor its Physician Owners (or their immediate family members) will receive the financial benefits of ownership of the Hospital. Therefore, we conclude that the Physician Owners will not have an ownership or investment interest in the Hospital for purposes of the physician self-referral law.

III. CONCLUSION

Based on the facts certified in your request for an advisory opinion and supplemental submissions, we conclude that the Practice will not have an ownership or investment interest in the Hospital by virtue of the Practice's status as the sole member of the Hospital; therefore the Physician Owners will not have an ownership or investment interest in the Hospital for purposes of the physician self-referral law. We express no opinion regarding any other provision of section 1877 of the Act or the regulations at 42 C.F.R. Part 411, Subpart J.

IV. LIMITATIONS

The limitations applicable to this opinion include the following:

- This advisory opinion is issued to the Requestor of this opinion. The U.S. Department of Health and Human Services will not impose sanctions under section 1877(g) of the Social Security Act with respect to the Requestor and all individuals and entities that are parties to the arrangement described therein. Individuals and entities other than the parties to the arrangement may rely on this advisory opinion as an illustration of the application of the physician self-referral law and regulations to the specific facts and circumstances described in the advisory opinion in accordance with 42 C.F.R. § 411.387(c).

- This advisory opinion may not be introduced into evidence in any matter involving an entity or individual that is not a Requestor of this opinion, except as permitted under 42 C.F.R. § 411.387(a)(2) and (b).

- This advisory opinion is applicable only to the statutory and regulatory provisions specifically noted above. No opinion is expressed or implied herein with respect to the application of any other Federal, state or local statute, rule, regulation, ordinance, or other law that may be applicable to the Requestor, including, without limitation, the Federal anti-kickback statute, section 1128B(b) of the Act (42 U.S.C. §1320a-7b(b)) and Federal or State law governing not-for-profit corporations or entities.

- This advisory opinion will not bind or obligate any agency other than the U.S. Department of Health and Human Services.

- CMS reserves the right to reconsider the questions involved in this advisory opinion and, for good cause (as defined at 42 C.F.R. § 411.382 (a)(2)), may rescind or revoke this opinion.

- This advisory opinion is limited in scope to the specific arrangement described in this letter.

- No opinion is expressed herein regarding the liability of any party under the False Claims Act or other legal authorities for any improper billing, claims submission, cost reporting, or related conduct.

This opinion is also subject to any additional limitations set forth at 42 C.F.R. §§411.370 through 411.389.

Sincerely,

Elizabeth Richter
Deputy Director
Center for Medicare

Memorial Hospital

An Affiliate of UnityPoint Health

1454 North County Road 2050
P.O. Box 160 • Carthage, IL 62321
(217) 357-8500 • MHTLC.ORG

September 23, 2020

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

Re: Small Format Hospital in Quincy – Certificate of Need Permit Application **[Insert Project No.]**; Letter of Support and Commitment to Redeploy Beds

Dear Ms. Avery:

I am the Chief Executive Officer of Memorial Hospital Association ("MHA"), an 18-bed Critical Access Hospital located in Carthage, Illinois. The Board of Directors of MHA has authorized me to express MHA's strong support for Quincy Medical Group ("QMG") Hospital's Certificate of Need application to establish a 25-bed small format hospital in Quincy, Illinois.

In October of 2020, MHA will celebrate serving the Hancock County community for 70 years. MHA is committed to delivering outstanding healthcare and ensuring every patient receives the best outcome every time. MHA has worked collaboratively with QMG, a multi-specialty physician group in Quincy, for many years to deliver specialized healthcare services to patients in our community. MHA and QMG share a commitment to improve rural healthcare services so that residents can continue to receive exceptional healthcare close to home. With QMG's sponsorship and leadership, QMG Hospital will provide the region a fully integrated patient-centered healthcare system that will improve care coordination of rural healthcare services, enhance access to more affordable local healthcare, direct care to the lowest appropriate setting, improve the exchange of data between rural providers in the area, and reduce the overall cost of healthcare for both payors and patients. The proposed hospital is necessary to accomplishing these goals.

MHA and QMG have collaborated to improve rural healthcare with several regional healthcare providers. These efforts include QMG's recently approved ambulatory surgery center, recently expanded telehealth program, and MHA and QMG collaborating to develop a "Hospital at Home" service. QMG and MHA have a strong partnership and have worked collaboratively for many years to deliver specialized healthcare services to patients in the Carthage community. QMG has committed to continue providing specialized physician services to Carthage in the years ahead. MHA is excited to continue partnering with QMG to redesign and improve rural healthcare and enhance the ability of our organizations to deliver exceptional, high quality, and efficient patient-centered care at a lower cost to our communities.

MHA's Board of Directors has passed a resolution affirming the redeployment of 6 to 8 of its medical surgical beds to QMG Hospital. The redeployment will constitute a "Change in the Bed Count of a Health Care Facility" and will occur at or near the time QMG Hospital commences operations. MHA will provide notice at the time of its bed reduction pursuant to 77 Illinois Administrative Code § 1130.240. We believe this redeployment of beds is in the best interest of residents of both Hancock and Adams County. MHA is willing to redeploy these beds because it expects a change in the need for inpatient beds as a result of the COVID pandemic, changes in the health care market, and changes in the health care needs of its community.

MHA urges the Illinois Health Facilities and Services Review Board to approve QMG Hospital's application.

Sincerely,

Ada Bair
Chief Executive Officer

AB/sf

#20-044

238 South Congress
Rushville, IL 62681

Sarah D. Culbertson Memorial Hospital

Telephone: (217) 322-4321
Fax: (217) 322-2546
www.cmhospital.com

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

November 12, 2020

Re: Small Format Hospital in Quincy – Certificate of Need Permit Application [**Insert Project No.**]
Letter of Support and Commitment to Redeploy Beds

Dear Ms. Avery:

I am the Chief Executive Officer of Sarah D Culbertson Memorial Hospital ("SDCMH"), a 22-bed Critical Access Hospital located in Rushville, Illinois. The Board of Directors of SDCMH has authorized me to express our strong support for Quincy Medical Group ("QMG") Hospital's Certificate of Need application to establish a 25-bed small format hospital in Quincy, Illinois.

This coming year, SDCMH marks the major milestone of serving the Schuyler County community for 100 years. SDCMH is committed to delivering outstanding healthcare and ensuring every patient receives the best outcome every time. SDCMH has worked collaboratively with QMG, a multi-specialty physician group in Quincy, for over 15 years to deliver specialized healthcare services to patients in our community. SDCMH and QMG share a commitment to improve rural healthcare services so that residents can continue to receive exceptional healthcare close to home. With QMG's sponsorship and leadership, QMG Hospital will provide the region a fully integrated patient-centered healthcare system that will improve care coordination of rural healthcare services, enhance access to more affordable local healthcare, direct care to the lowest appropriate setting, improve the exchange of data between rural providers in the area, and reduce the overall cost of healthcare for both payors and patients. The proposed hospital is necessary to accomplishing these goals.

SDCMH and QMG has collaborated to improve rural healthcare with several regional healthcare providers. QMG and SDCMH have a strong partnership and have worked collaboratively for many years to deliver specialized healthcare services to patients in the Rushville community. QMG has committed to continue providing specialized physician services to Rushville in the years ahead. SDCMH is excited to continue partnering with QMG to redesign and improve rural healthcare and enhance the ability of our organizations to deliver exceptional, high quality, and efficient patient-centered care at a lower cost to our communities.

SDCMH's Board of Directors has passed a resolution affirming the redeployment of 7-10 of its medical surgical beds to QMG Hospital. The redeployment will constitute a "Change in the Bed Count of a Health Care Facility" and will occur at or near the time QMG Hospital commences operations. SDCMH will provide notice at the time of its bed reduction pursuant to 77 Illinois Administrative Code § 1130.240. We believe this redeployment of beds is in the best interest of residents of both Schuyler and Adams County. SDCMH is willing to redeploy these beds because it expects a change in the need for inpatient beds as a result of the COVID pandemic, changes in the health care market, and changes in the health care needs of its community.

SDCMH urges the Illinois Health Facilities and Services Review Board to approve QMG Hospital's application.

Sincerely,

John E. Kessler
Chief Executive Officer
Sarah D. Culbertson Memorial Hospital

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Primary Care	1297924086	PREFERRED FAMILY HEALTHCARE, INCORPORATED	Federally Qualified Health Center	Missouri	Adair County, MO		15	Designated	Rural	08/18/2019	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
Clarity Healthcare	4600 Mcmasters Ave	Hannibal	MO	63401-2244	Marion	Rural
Clarity Healthcare	725 Cleveland St	Paris	MO	65275-1119	Monroe	Rural
Clarity Healthcare	1405 Pearl St	Hannibal	MO	63401-4151	Marion	Rural
Clarity Healthcare	420 N Washington St	Monroe City	MO	63456-1345	Monroe	Rural
Clarity Healthcare	1 Healthcare Pl	Bowling Green	MO	63334-3602	Pike	Rural
Clarity Healthcare	655 Clinic Rd	Hannibal	MO	63401-3647	Marion	Rural
Clarity Healthcare	653 Clinic Rd	Hannibal	MO	63401-3607	Marion	Rural
Clarity Healthcare	301 W Martin St	Cairo	MO	65239-1006	Randolph	Rural
Clarity Healthcare	700 W Adams St	Bowling Green	MO	63334-2046	Pike	Rural
Clarity Healthcare	21622 Highway 19	Center	MO	63436-2195	Ralls	Rural
Clarity Healthcare	400 Salisbury St	Montgomery City	MO	63361-1232	Montgomery	Rural
Clarity Healthcare	1625 Gratz Brown St	Moberly	MO	65270-1994	Randolph	Rural
Clarity Healthcare Mobile 1	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Frederick Ball Public Housing	815 Elm St	Quincy	IL	62301-2365	Adams	Rural
Preferred Family Healthcare	428 S 36th St	Quincy	IL	62301-5924	Adams	Rural
Preferred Family Healthcare	4066 Dunnica Ave	Saint Louis	MO	63116-3510	St. Louis City	Non-Rural
Preferred Family Healthcare dba Clarity Healthcare	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Quincy Housing Authority	540 Harrison St	Quincy	IL	62301-7236	Adams	Rural
Quincy Senior and Family Resource Center	639 York St	Quincy	IL	62301-3963	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Mental Health	7295390972	PREFERRED FAMILY HEALTHCARE, INCORPORATED	Federally Qualified Health Center	Missouri	Adair County, MO		20	Designated	Rural	08/18/2019	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
Clarity Healthcare	4600 Mcmasters Ave	Hannibal	MO	63401-2244	Marion	Rural
Clarity Healthcare	725 Cleveland St	Paris	MO	65275-1119	Monroe	Rural
Clarity Healthcare	1405 Pearl St	Hannibal	MO	63401-4151	Marion	Rural
Clarity Healthcare	420 N Washington St	Monroe City	MO	63456-1345	Monroe	Rural
Clarity Healthcare	1 Healthcare Pl	Bowling Green	MO	63334-3602	Pike	Rural
Clarity Healthcare	655 Clinic Rd	Hannibal	MO	63401-3647	Marion	Rural
Clarity Healthcare	653 Clinic Rd	Hannibal	MO	63401-3607	Marion	Rural
Clarity Healthcare	301 W Martin St	Cairo	MO	65239-1006	Randolph	Rural
Clarity Healthcare	700 W Adams St	Bowling Green	MO	63334-2046	Pike	Rural
Clarity Healthcare	21622 Highway 19	Center	MO	63436-2195	Ralls	Rural
Clarity Healthcare	400 Salisbury St	Montgomery City	MO	63361-1232	Montgomery	Rural
Clarity Healthcare	1625 Gratz Brown St	Moberly	MO	65270-1994	Randolph	Rural
Clarity Healthcare Mobile 1	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Frederick Ball Public Housing	815 Elm St	Quincy	IL	62301-2365	Adams	Rural
Preferred Family Healthcare	428 S 36th St	Quincy	IL	62301-5924	Adams	Rural
Preferred Family Healthcare	4066 Dunnica Ave	Saint Louis	MO	63116-3510	St. Louis City	Non-Rural
Preferred Family Healthcare dba Clarity Healthcare	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Quincy Housing Authority	540 Harrison St	Quincy	IL	62301-7236	Adams	Rural
Quincy Senior and Family Resource Center	639 York St	Quincy	IL	62301-3963	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Dental Health	6297626426	PREFERRED FAMILY HEALTHCARE, INCORPORATED	Federally Qualified Health Center	Missouri	Adair County, MO		25	Designated	Rural	08/18/2019	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
Clarity Healthcare	4600 Mcmasters Ave	Hannibal	MO	63401-2244	Marion	Rural
Clarity Healthcare	725 Cleveland St	Paris	MO	65275-1119	Monroe	Rural
Clarity Healthcare	1405 Pearl St	Hannibal	MO	63401-4151	Marion	Rural
Clarity Healthcare	420 N Washington St	Monroe City	MO	63456-1345	Monroe	Rural
Clarity Healthcare	1 Healthcare Pl	Bowling Green	MO	63334-3602	Pike	Rural
Clarity Healthcare	655 Clinic Rd	Hannibal	MO	63401-3647	Marion	Rural
Clarity Healthcare	653 Clinic Rd	Hannibal	MO	63401-3607	Marion	Rural
Clarity Healthcare	301 W Martin St	Cairo	MO	65239-1006	Randolph	Rural
Clarity Healthcare	700 W Adams St	Bowling Green	MO	63334-2046	Pike	Rural
Clarity Healthcare	21622 Highway 19	Center	MO	63436-2195	Ralls	Rural
Clarity Healthcare	400 Salisbury St	Montgomery City	MO	63361-1232	Montgomery	Rural
Clarity Healthcare	1625 Gratz Brown St	Moberly	MO	65270-1994	Randolph	Rural
Clarity Healthcare Mobile 1	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Frederick Ball Public Housing	815 Elm St	Quincy	IL	62301-2365	Adams	Rural
Preferred Family Healthcare	428 S 36th St	Quincy	IL	62301-5924	Adams	Rural
Preferred Family Healthcare	4066 Dunnica Ave	Saint Louis	MO	63116-3510	St. Louis City	Non-Rural
Preferred Family Healthcare dba Clarity Healthcare	141 Communication Dr	Hannibal	MO	63401-3670	Marion	Rural
Quincy Housing Authority	540 Harrison St	Quincy	IL	62301-7236	Adams	Rural
Quincy Senior and Family Resource Center	639 York St	Quincy	IL	62301-3963	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Primary Care	1171289794	QUINCY MEDICAL GROUP	Rural Health Clinic	Illinois	Adams County, IL		12	Designated	Rural	08/18/2019	08/18/2019

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
QUINCY MEDICAL GROUP	1025 Maine St	Quincy	IL	62301-4038	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Mental Health	7178967481	QUINCY MEDICAL GROUP	Rural Health Clinic	Illinois	Adams County, IL		16	Designated	Rural	08/18/2019	08/18/2019

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
QUINCY MEDICAL GROUP	1025 Maine St	Quincy	IL	62301-4038	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Dental Health	6177860757	QUINCY MEDICAL GROUP	Rural Health Clinic	Illinois	Adams County, IL		15	Designated	Rural	08/18/2019	08/18/2019

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
QUINCY MEDICAL GROUP	1025 Maine St	Quincy	IL	62301-4038	Adams	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
Primary Care	11799917QE	SOUTHERN ILLINOIS UNIVERSITY	Federally Qualified Health Center	Illinois	Sangamon County, IL		20	Designated	Non-Rural	06/01/2012	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
SIU Center for Family Medicine-Adams County Dental Clinic	330 Vermont St Ste 100	Quincy	IL	62301-2700	Adams	Rural
SIU Center for Family Medicine-Carbondale	300 W Oak St	Carbondale	IL	62901-1400	Jackson	Non-Rural
SIU Center for Family Medicine-Chaddock	205 S 24th St Ste 100	Quincy	IL	62301-4446	Adams	Rural
SIU Center for Family Medicine-Decatur	102 W Kenwood Ave	Decatur	IL	62526-4368	Macon	Non-Rural
SIU Center for Family Medicine-Integrated Wellness Clinic	710 N 8th St	Springfield	IL	62702-6324	Sangamon	Non-Rural
SIU Center for Family Medicine-Jacksonville	345 W State St	Jacksonville	IL	62650-1879	Morgan	Rural
SIU Center for Family Medicine-Lincoln	109 3rd St	Lincoln	IL	62656-2604	Logan	Rural
SIU Center for Family Medicine-Pittsfield	606 W Adams St	Pittsfield	IL	62363-1308	Pike	Rural
SIU Center for Family Medicine-Quincy	612 N 11th St	Quincy	IL	62301-2662	Adams	Rural
SIU Center for Family Medicine-Sangamon County Health	2833 South Grand Ave E Ste 100	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Sangamon County Health Mobile Unit	2833 South Grand Ave E	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Springfield	520 N 4th St	Springfield	IL	62702-5238	Sangamon	Non-Rural
SIU Center for Family Medicine-Taylorville	303 E Bidwell St	Taylorville	IL	62568-1363	Christian	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	SIU Center for Family Medicine-Transitions of Western Illinois	4409 Maine St Ste 100	Quincy	IL	62305-5849			Adams	Rural		
	SIU Quincy/Adams County Health Wellness Express	330 Vermont St Ste 211	Quincy	IL	62301-2700			Adams	Rural		
Mental Health	71799917HL	SOUTHERN ILLINOIS UNIVERSITY	Federally Qualified Health Center	Illinois	Sangamon County, IL		21	Designated	Non-Rural	06/01/2012	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
SIU Center for Family Medicine-Adams County Dental Clinic	330 Vermont St Ste 100	Quincy	IL	62301-2700	Adams	Rural
SIU Center for Family Medicine-Carbondale	300 W Oak St	Carbondale	IL	62901-1400	Jackson	Non-Rural
SIU Center for Family Medicine-Chaddock	205 S 24th St Ste 100	Quincy	IL	62301-4446	Adams	Rural
SIU Center for Family Medicine-Decatur	102 W Kenwood Ave	Decatur	IL	62526-4368	Macon	Non-Rural
SIU Center for Family Medicine-Integrated Wellness Clinic	710 N 8th St	Springfield	IL	62702-6324	Sangamon	Non-Rural
SIU Center for Family Medicine-Jacksonville	345 W State St	Jacksonville	IL	62650-1879	Morgan	Rural
SIU Center for Family Medicine-Lincoln	109 3rd St	Lincoln	IL	62656-2604	Logan	Rural
SIU Center for Family Medicine-Pittsfield	606 W Adams St	Pittsfield	IL	62363-1308	Pike	Rural
SIU Center for Family Medicine-Quincy	612 N 11th St	Quincy	IL	62301-2662	Adams	Rural
SIU Center for Family Medicine-Sangamon County Health	2833 South Grand Ave E Ste 100	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Sangamon County Health Mobile Unit	2833 South Grand Ave E	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Springfield	520 N 4th St	Springfield	IL	62702-5238	Sangamon	Non-Rural
SIU Center for Family Medicine-Taylorville	303 E Bidwell St	Taylorville	IL	62568-1363	Christian	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
	SIU Center for Family Medicine-Transitions of Western Illinois	4409 Maine St Ste 100	Quincy	IL	62305-5849			Adams	Rural		
	SIU Quincy/Adams County Health Wellness Express	330 Vermont St Ste 211	Quincy	IL	62301-2700			Adams	Rural		
Dental Health	61799917AA	SOUTHERN ILLINOIS UNIVERSITY	Federally Qualified Health Center	Illinois	Sangamon County, IL		25	Designated	Non-Rural	06/01/2012	08/18/2019

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date

Site Name	Site Address	Site City	Site State	Site ZIP Code	County	Rural Status
SIU Center for Family Medicine-Adams County Dental Clinic	330 Vermont St Ste 100	Quincy	IL	62301-2700	Adams	Rural
SIU Center for Family Medicine-Carbondale	300 W Oak St	Carbondale	IL	62901-1400	Jackson	Non-Rural
SIU Center for Family Medicine-Chaddock	205 S 24th St Ste 100	Quincy	IL	62301-4446	Adams	Rural
SIU Center for Family Medicine-Decatur	102 W Kenwood Ave	Decatur	IL	62526-4368	Macon	Non-Rural
SIU Center for Family Medicine-Integrated Wellness Clinic	710 N 8th St	Springfield	IL	62702-6324	Sangamon	Non-Rural
SIU Center for Family Medicine-Jacksonville	345 W State St	Jacksonville	IL	62650-1879	Morgan	Rural
SIU Center for Family Medicine-Lincoln	109 3rd St	Lincoln	IL	62656-2604	Logan	Rural
SIU Center for Family Medicine-Pittsfield	606 W Adams St	Pittsfield	IL	62363-1308	Pike	Rural
SIU Center for Family Medicine-Quincy	612 N 11th St	Quincy	IL	62301-2662	Adams	Rural
SIU Center for Family Medicine-Sangamon County Health	2833 South Grand Ave E Ste 100	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Sangamon County Health Mobile Unit	2833 South Grand Ave E	Springfield	IL	62703-2175	Sangamon	Non-Rural
SIU Center for Family Medicine-Springfield	520 N 4th St	Springfield	IL	62702-5238	Sangamon	Non-Rural
SIU Center for Family Medicine-Taylorville	303 E Bidwell St	Taylorville	IL	62568-1363	Christian	Rural

Discipline	HPSA ID	HPSA Name	Designation Type	Primary State Name	County Name	HPSA FTE Short	HPSA Score	Status	Rural Status	Designation Date	Update Date
SIU Center for Family Medicine-Transitions of Western Illinois	4409 Maine St Ste 100	Quincy	IL	62305-5849	Adams	Rural					
SIU Quincy/Adams County Health Wellness Express	330 Vermont St Ste 211	Quincy	IL	62301-2700	Adams	Rural					
Dental Health	6172871917	ME-Adams County	Medicaid Eligible Population HPSA	Illinois	Adams County, IL	3.01	15	Designated	Rural	10/23/1995	11/29/2017

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural Status
Illinois	Adams	Adams	Single County	17001	Rural

Mental Health	7176532682	Catchment Area 3-01-01	Geographic HPSA	Illinois	Adams County, IL | Brown County, IL | Cass County, IL | Hancock County, IL | Pike County, IL | Schuyler County, IL	4.07	15	Designated	Rural	09/12/2001	10/28/2017

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural Status
Illinois	Adams	Adams	Single County	17001	Rural
Illinois	Brown	Brown	Single County	17009	Rural
Illinois	Cass	Cass	Single County	17017	Rural
Illinois	Hancock	Hancock	Single County	17067	Rural
Illinois	Pike	Pike	Single County	17149	Rural
Illinois	Schuyler	Schuyler	Single County	17169	Rural

Primary Care	1176172601	ME-Adams County	Medicaid Eligible Population HPSA	Illinois	Adams County, IL	1.51	12	Designated	Rural	09/12/2001	08/31/2018

Component State Name	Component County Name	Component Name	Component Type	Component GEOID	Component Rural Status
Illinois	Adams	Adams	Single County	17001	Rural

ATTACHMENT 13 – 1110.110(d) - ALTERNATIVES

The applicant proposes to establish a small format hospital in Quincy, Illinois. The proposed hospital will have 25 med-surg beds, 3 LDRP (labor, delivery, recovery, and postpartum) rooms, a C-section suite, an emergency department with 10 bays (8 emergency department bays and 2 observation bays), 3 operating rooms and 1 procedure room, a Post-Anesthesia Care Unit (PACU) with 13 bays, a laboratory, pharmacy, and imaging department which will include an MRI, CT scan, and x-ray. The hospital will be located at the Quincy Mall adjacent to and connected by skywalk to QMG's Cancer Institute and ambulatory surgery treatment center (ASTC) approved by the Illinois Health Facilities and Services Review Board (HFSRB) in 2019. Before proceeding with the proposed project, the applicant considered the following alternatives:

1. **Maintain Status Quo/Do Nothing**. Currently, QMG patients and Quincy area residents have only one local option for inpatient and emergency services – Blessing Hospital. Blessing Hospital is the only hospital in Adams County and the only full service, advanced acute care hospital within a 100-mile radius. Due to its market dominance, the applicants understand that Blessing Hospital has higher inpatient and outpatient charges in comparison to a majority of area hospitals. As a result, if Quincy residents and QMG patients want a choice of where to receive inpatient and emergency care and a more affordable option, the only "alternative" is to leave Quincy and Adams County. Due to the higher than average costs, many area employees and residents travel to Springfield, Illinois, and St. Louis, Missouri to access services that they could otherwise receive locally, resulting in outmigration for hospital services. Patients, local employers, and commercial payors have acknowledged the higher than average pricing in the area and a need for, and interest in, a new healthcare model.

In addition, many physicians of QMG find the traditional hospital model suffers from high inefficiencies, further increasing expenses. Physicians are efficient by nature and see the bureaucracy of traditional hospitals as a barrier to reduction in the cost of care. QMG physicians believe they can provide better healthcare through a variety of initiatives all designed to meet the patients' needs while demonstrating improved outcomes, lower cost of care, and exemplary patient experience.

The option of doing nothing was rejected because competition, patient choice, and more affordable health care is needed in the area. While there are no construction or project costs associated with the "doing nothing" option, this option imposes a significant, continuing cost to local patients, employers, and commercial payors who want high quality and more affordable health care from a provider and facility of their choosing. Additionally, the "do nothing" option jeopardizes the future of QMG physicians and their satisfaction with their practice, which could result in decreased physician recruitment or retention.

Conversations were also held with several hospitals in the area to determine if the applicants could accomplish all outlined goals by utilizing existing hospital facilities, in addition to Blessing Hospital. While area hospitals serve a great need — and in some cases, QMG physicians serve the hospitals in an outpatient fashion, as well as providing limited inpatient care

— the reality is that the majority of QMG patients are admitted to Blessing Hospital, and therefore, increasing the utilization of hospitals outside Quincy, or establishing a hospital outside Quincy, would not meet the majority of QMG patients' needs.

The applicants believe it is critical to ensure the long-term viability of neighboring area hospitals. QMG is committed to remaining a partner with neighboring hospitals after the establishment of the proposed hospital. QMG physicians have been providing primary and specialty care to rural, critical-access hospitals in neighboring communities for years. The applicants' goals with the proposed hospital is to serve as a complement to area hospitals and to enhance QMG's longstanding partnership with rural hospitals of the region, utilizing local patient care and services whenever possible.

2. **Establish a Smaller 12-Bed Small Format Hospital or Larger 60-Bed Hospital.** The applicant considered various hospital sizes before selecting the proposed option, including a smaller 12-bed hospital and larger 60-bed hospital. The applicant engaged a consultant to complete a Market Opportunity Analysis and evaluate the feasibility of a small format hospital of various sizes in Quincy, including a 12-bed hospital, 25 med-surg bed hospital, and 60-bed hospital. The proposed hospital option was selected based upon the applicant's goals of (1) providing high quality, efficient, and cost-effective care to QMG patients; (2) operating a financially viable and sustainable facility; and (3) minimizing adverse impact to other local health care providers. The 12-bed hospital was determined to be too small to accommodate the projected patient volume, and, as a result, was not a good short-term or long-term option for the community or applicant. While the projected patient volume adequately supported the 60-bed hospital, the option was rejected because the planning area did not support the need for 60 beds and due to the potential impact a larger facility could have on area providers.

The total project cost for the 12-bed small format hospital option was estimated at approximately $41 million and the total project cost for the 60-bed small format hospital option was estimated at approximately $91.5 million.

3. **Establish a Hospital Outside Quincy.** The applicant considered several sites in and outside the Quincy area, including Missouri, for the proposed project. The other sites were not pursued as they were not the best option in relation to applicant's goals of improving care coordination, improving patient accessibility and convenience, and investing in the local Quincy community and economy. The total project cost for this option would likely be similar to, but potentially less than, the total project cost for the proposed hospital in Quincy.

4. **Construct a Small Format Hospital in Quincy, but Maintain All Beds at Area Hospitals.** The applicant considered proceeding with the 25 med-surg bed small format hospital without the redeployment of underutilized med-surg beds from area hospitals. This option would address several needs, but would not be the most efficient solution. The proposed project enhances efficiency by redistributing beds to a new facility where they are most needed, while maintaining the appropriate number of beds at those area hospitals to support their average daily census. The total project cost for this option would be the same as the cost of the proposed hospital.

The applicant selected the proposed project as it is appropriately sized to meet the needs of the community and supports the goals and objectives of the applicant, including, among others: (1) allows for the delivery of a new healthcare model that will increase accessibility to inpatient and emergency hospital services in the Quincy community and reduce overall healthcare spend; (2) improve care coordination and continuity of care through the deployment of a fully integrated delivery system; (3) enhance patient and provider satisfaction; (4) correct maldistribution of healthcare resources; (5) enhance recruitment efforts and Quincy's ability to retain top medical providers; and (6) invest in the local economy and community.

ATTACHMENT 14 – 1110.120(a) – SIZE OF PROJECT

The applicant proposes to establish a small format hospital with 25 medical-surgical beds, 3 LDRP (labor, delivery, recovery, and postpartum) rooms, 1 C-Section room, an emergency department with 8 bays, 2 observation bays, an imaging department with an x-ray, CT scan and MRI, 3 operating rooms, 1 procedure room and 13 PACU bays. The applicable State Board standard for clinical space is 37,950 gross square feet. The total gross square footage of the clinical space of the proposed hospital is 37,500 gross square feet. Accordingly, the proposed hospital is below the State Board standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Medical/Surgical (25 beds)	15,500 GSF	12,500 GSF – 16,500 GSF	-	Meets
Labor & Delivery (3 LDRP, 1 C-Section)	6,500 GSF	5,435 GSF – 6,875 GSF	-	Meets
Emergency (8 bays)	6,400 GSF	7,200 GSF	-800 GSF	Below
Diagnostic Imaging (x-ray, CT Scan, MRI)	4,500 GSF	4,900 GSF	-400 GSF	Below
Operating Room (3)	5,875 GSF	8,250 GSF	-2,375 GSF	Below
Procedure Room (1)	830 GSF	1,100 GSF	-270 GSF	Below
Phase 1 Recovery Bay (5)	660 GSF	900 GSF	-240 GSF	Below
Phase 2 Recovery Bay (8)	1,035 GSF	3,200 GSF	-2,165 GSF	Below
Lab	1,900 GSF	N/A	N/A	N/A
Pharmacy	800 GSF	N/A	N/A	N/A

ATTACHMENT 15 – 1110.120(b) – PROJECTED SERVICES UTILIZATION

Projected utilization for the first two years after project completion for each service the proposed hospital will provide is included in the table below. All proposed services are projected to reach the State Board standard by the second year after project completion.

Table 1110.120(b)
Utilization

	Dept./ Service	Historical Utilization (Patient Days)	Projected Utilization	State Standard	Met Standard?
Year 1	Medical/Surgical	N/A	3,650 patient days	7,300 patient days	
Year 2	Medical/Surgical	N/A	7,301 patient days	7,300 patient days	Yes
Year 1	Obstetrics	N/A	466 patient days	657 patient days	
Year 2	Obstetrics	N/A	931 patient days	657 patient days	Yes
Year 1	X-Ray	N/A	4,511 procedures	8,000 procedures	
Year 2	X-Ray	N/A	9,004 procedures	8,000 procedures	Yes
Year 1	Ultrasound	N/A	752 visits	3,100 visits	
Year 2	Ultrasound	N/A	1,501 visits	3,100 visits	Yes
Year 1	CT Scan	N/A	1,958 visits	7,000 visits	
Year 2	CT Scan	N/A	3,907 visits	7,000 visits	Yes
Year 1	MRI	N/A	223 procedures	2,500 procedures	
Year 2	MRI	N/A	446 procedures	2,500 procedures	Yes
Year 1	Emergency	N/A	8,045 visits	16,000 visits	
Year 2	Emergency	N/A	16,035 visits	16,000 visits	Yes
Year 1	Operating Room	N/A	2,514 hours	4,500 hours	
Year 2	Operating Room	N/A	5,019 hours	4,500 hours	Yes
Year 1	C-Section Suite	N/A	225 hours	1,500 hours	
Year 2	C-Section Suite	N/A	453 hours	1,500 hours	Yes
Year 1	Procedure Room	N/A	760 hours	1,500 hours	
Year 2	Procedure Room	N/A	1,586 hours	1,500 hours	Yes

ATTACHMENT 18 – 1110.200(b) – PLANNING AREA NEED

1. Planning Area Need

The applicant seeks to establish a hospital with 25 med-surg beds, an obstetric unit with 3 LDRP (labor, delivery, recovery, and postpartum) rooms, and a C-Section suite. Nearly all of the beds proposed for the new hospital will be relocated from other underutilized hospitals in HSA 3. Up to 8 med-surg beds will be relocated from Memorial Hospital Association (MHA) in Carthage and up to 10 med-surg beds will be relocated from Sarah D. Culbertson Memorial Hospital (SDCMH) in Rushville, Illinois. The proposed hospital will result in a minimal impact to HSA 3 and Planning Area E-05. Of note, while SDCMH falls within Planning Area E-01 under the State's designation, it is in close proximity to the border of Planning Area E-05. Slight modification to the boundary line between Planning Area E-01 and Planning Area E-05 could easily bring SDCMH within the proposed hospital's applicable Planning Area. If SDCMH were located within the borders of Planning Area E-05, only 7 med-surg beds would be added to Planning Area E-05 as a result of the applicant's prudent planning.

a. Medical-Surgical Beds

There is a projected need for additional med-surg beds in Planning Area E-05. According to Blessing Hospital's recent Certificate of Need permit application, the average daily census (ADC) at Blessing Hospital in 2017 exceeded 85% occupancy on 118 days. (Proj. No. 18-013 App. p 60). Importantly, Blessing Hospital's 2017 project will not increase beds in the Planning Area. Based on the growth rate of the four-year period (2015 -2018) of 5.5%, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020 and will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. As shown in the table below, the 2027 projected utilization (two years after QMG Hospital becomes operational) justifies an additional 57 med-surg beds in the geographic service area. This project prudently addresses, and plans for, the projected shortfall in med-surg beds.

Blessing Hospital
Medical/Surgical Utilization & Bed Need Projection
2015 – 2027 Projected

	2015	2016	2017	2018	2020*	2025*	2027*
Admissions	7,921	8,691	9,594	9,515	10,834	14,989	17,068
Inpatient Days	38,649	42,430	44,858	45,028	50,119	65,508	72,915
Average Length of Stay	4.9	4.9	4.7	4.7	4.6	4.4	4.3
Average Daily Census	105.9	115.9	122.9	123.4	137.3	179.5	199.8
Occupancy	67.0%	73.4%	77.8%	78.1%	86.9%	113.6%	126.4%
Justified Beds	125	137	145	145	162	211	235
Med-Surg Beds	178	178	178	178	178	178	178
Need/(Excess) Beds	(53)	(41)	(33)	(33)	(16)	33	57

*Projected Data based on Three Year Compound Annual Growth Rate

Source: Illinois Health Facilities and Services Review Board, Hospital Profile CY 2015 – CY 2018

Further, the med-surg unit at MHA in Carthage is underutilized and its ADC is projected to decrease further. According to CY 2017, MHA's 15 bed med-surg unit operated at 22.2% occupancy, which justifies 6 med-surg beds (operating at 60%). Therefore, 9 of the current excess beds in Planning Area E-05 are attributable to MHA's underutilized med-surg unit. MHA has committed to discontinue up to 8 of its underutilized med-surg beds so they can be redeployed to the proposed hospital and more effectively utilized. This reallocation of beds will improve access to areas of higher need and allow MHA to operate closer to the State Board's occupancy standard.

b. Obstetric Beds

The establishment of a right-sized obstetrics unit at the proposed hospital is necessary to fully deploy QMG's integrated care model and provide patients with a full spectrum of coordinated care. Quincy and the surrounding area is a growing rural community. While the primary service area for the proposed hospital is the 21-mile area surrounding the hospital, it will serve patients over 50 miles away. Currently, there are only two hospitals within 50 miles that provide obstetrics. According to the National Advisory Committee on Rural Health and Human Services more than 700 women per year die of pregnancy related complications in the United States, with two-thirds of those deaths preventable.[1] Given the decreased access to maternity services at rural hospitals, pregnancy-related mortality is over 60% higher in rural areas than urban areas.[2] As noted throughout this application, the purpose of the proposed hospital is to provide better coordinated care and to ensure that care is delivered in the most appropriate and cost-effective setting. To that end, QMG is currently exploring the establishment of a birth center adjacent to the proposed hospital to provide a cost-effective, alternative birthing option for women with uncomplicated, low-risk pregnancies. The inclusion of an obstetrics unit and C-section suite in the small format hospital would support the birth center in the event complications arise during delivery, requiring quick transport for emergency treatment. Like other departments of the hospital, the obstetrics unit will be right-sized and will result in a nominal increase in obstetric beds to HSA 3 and Planning Area E-05.

2. Service to Planning Area Residents

The planning/market area for the proposed hospital is a 21-mile radius from the proposed hospital site in Quincy, Illinois. The area is the appropriate size for a small format hospital dedicated to the community's needs. The small format hospital model is a more judicious use of the health care resources in keeping with the goal of the Illinois Health Facilities Planning Act to ensure capacity, quality, value and equity in the delivery of health care services in Illinois. Table 1110.200(b)(2)(A) below documents QMG inpatients from QMG's top 50 zip codes. As shown in the table, 61% of the projected patient volume will be residents within the GSA.

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1 National Advisory Committee on Rural Health and Human Services, Department of Health and Human Services, Maternal and Obstetric Care Challenges in Rural America, Policy Brief and Recommendations to the Secretary 1 (May 2020).

2 Id.

Table 1110.200(b)(2)(A) Top 50 Zip Codes for 2018 QMG Inpatients		
Zip	**City**	**2018 Inpatients**
52632	Keokuk	324
61455	Macomb	82
62301	Quincy	3,956
62305	Quincy	1,891
62311	Augusta	58
62312	Barry	216
62314	Baylis	54
62320	Camp Point	196
62321	Carthage	218
62324	Clayton	101
62326	Colchester	74
62338	Fowler	180
62339	Golden	60
62340	Griggsville	106
62341	Hamilton	211
62343	Hull	21
62347	Liberty	173
62349	Loraine	96
62351	Mendon	162
62353	Mount Sterling	264
62354	Nauvoo	54
62355	Nebo	64
62357	New Salem	45
62360	Payson	136
62363	Pittsfield	378
62365	Plainville	32
62366	Pleasant Hill	69
62367	Plymouth	48
62375	Timewell	52
62376	Ursa	120
62378	Versailles	71
62379	Warsaw	87
62681	Rushville	142
63401	Hannibal	358
63430	Alexandria	29
63435	Canton	438
63438	Durham	56
63440	Ewing	107
63445	Kahoka	247

Table 1110.200(b)(2)(A) Top 50 Zip Codes for 2018 QMG Inpatients		
Zip	**City**	**2018 Inpatients**
63446	Knox City	57
63447	LaBelle	114
63448	LaGrange	148
63452	Lewiston	167
63454	Maywood	58
63456	Monroe City	62
63459	New London	48
63461	Palmyra	205
63472	Wayland	46
63537	Edina	49
63555	Memphis	74
Total		**12,004**

3. Service Demand

Attached as Appendix – 1 is a physician referral letter from Quincy Medical Group documenting that the number of beds to be established at the proposed hospital is necessary to accommodate the service demand experienced in the last two years.

4. Service Accessibility

As noted above, there is a projected need for additional med-surg beds in Planning Area E-05. Blessing Hospital is the only hospital within the 21-mile GSA of the proposed hospital. According to Blessing Hospital's certificate of need application to build out shell space and add two floors to an existing building, the 2017 ADC at Blessing Hospital exceeded 85% occupancy on 118 days. (Proj. No. 18-013 App. p 60). Importantly, the Blessing Hospital project will not increase beds in Planning Area E-05. Based on the growth rate of the four-year period (2015 - 2018) of 5.5%, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020 and will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. As shown in the table in the Planning Area Need section above, the 2027 projected utilization justifies an additional 57 med-surg beds in the geographic service area. This project prudently addresses, and plans for, the projected shortfall in med-surg beds.

ATTACHMENT 18 – 1110.200(c) – UNNECESSARY DUPLICATION AND MALDISTRIBUTION

1. Unnecessary Duplication of Services

   a. The proposed hospital will be located at 3347 Quincy Mall, Quincy, Illinois. A map of the proposed hospital's geographic service area is attached at Attachment – 18-1. A list of all zip codes located, in total or in part, within 21 miles of the proposed hospital, as well as 2017 population estimates for each zip code, is provided in Table 1110.210(c)(1)(A).

Table 1110.210(c)(1)(A)
Population of Zip Codes within a
21 mile radius of Quincy Medical Group Hospital

Zip Code	City	Population
62343	Hull	881
62360	Payson	1,879
62345	Kinderhook	393
62365	Plainville	640
62312	Barry	2,395
62301	Quincy	32,219
62305	Quincy	19,606
62376	Ursa	1,133
62351	Mendon	1,833
62379	Warsaw	1,795
62348	Lima	168
62347	Liberty	2,059
62338	Fowler	1,290
62359	Paloma	231
62325	Coatsburg	507
62320	Camp Point	2,043
62349	Loraine	550
62339	Golden	827
Total		**70,449**

Source: U.S. Census Bureau, 2017 American Community Survey, American Factfinder *available at* https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (last visited Sep. 6, 2019).

   b. The only existing or approved hospital located within the 21-mile radius of the proposed hospital is Blessing Hospital, North 11th Street & Broadway Street, Quincy, Illinois 62301.

2. Maldistribution of Services

The establishment of a general acute care small format hospital will not result in a maldistribution of services. A maldistribution exists when an identified area has an excess

supply of facilities, beds, and services characterized by such factors as, but not limited to: (1) ratio of beds to population exceeds one and one-half times the State Average; (2) historical utilization for existing facilities and services is below the HFSRB's utilization standard; or (3) insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above utilization standards.

a. Historical Utilization of Existing Providers

i. Medical/Surgical

Blessing Hospital is the only hospital within the 21-mile geographic service area of the proposed hospital. According to Blessing Hospital's certificate of need application to build out shell space and add two floors to an existing building, the 2017 ADC at Blessing Hospital exceeded 85% occupancy on 118 days. (Proj. No. 18-013 App. p 60). Importantly, the Blessing Hospital project will not increase beds in Planning Area E-05. Based on the growth rate of the four-year period (2015-2018) of 5.5%, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020 and will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. As shown in the table below, the 2027 projected utilization (just two years after QMG Hospital becomes operational) justifies an additional 57 med-surg beds in the geographic service area. This project prudently addresses, and plans for, the projected shortfall in med-surg beds.

Blessing Hospital
Medical/Surgical Utilization & Bed Need Projection
2015 – 2027 Projected

	2015	2016	2017	2018	2020*	2025*	2027*
Admissions	7,921	8,691	9,594	9,515	10,834	14,989	17,068
Inpatient Days	38,649	42,430	44,858	45,028	50,119	65,508	72,915
Average Length of Stay	4.9	4.9	4.7	4.7	4.6	4.4	4.3
Average Daily Census	105.9	115.9	122.9	123.4	137.3	179.5	199.8
Occupancy	67.0%	73.4%	77.8%	78.1%	86.9%	113.6%	126.4%
Justified Beds	125	137	145	145	162	211	235
Med/Surg Beds	178	178	178	178	178	178	178
Need/(Excess) Beds	(53)	(41)	(33)	(33)	(16)	33	57

*Projected Data based on Three Year Compound Annual Growth Rate
Source: Illinois Health Facilities and Services Review Board, Hospital Profile CY 2015 – CY 2018

ii. Obstetrics

The proposed hospital's obstetrical unit with C-section suite will be right-sized, allow QMG to deploy its integrated care model and manage the full spectrum of

patients' care, address current and future needs and desires of the community, and will result in a nominal increase in obstetric beds to HSA 3 and Planning Area E-05.

b. Sufficient Population to Achieve Target Utilization

i. Medical/Surgical

The proposed hospital will include a 25 bed med-surg unit. To achieve the State Board's standard of 80% utilization within the first two years of operation, the proposed hospital needs a total of 7,301 medical/surgical inpatient days. As shown in the table below, QMG physicians anticipate referring 2,765 patients to the proposed hospital for a total of 7,301 medical/surgical inpatient days.

Category of Service	Year 2 Admissions	Average Length of Stay	Inpatient Days
Orthopedics	575	2.3	1,298
Oncology	436	3.1	1,342
General Medicine	1,103	2.7	2,938
General Surgery	541	2.7	1,449
Medical Cardiology	68	2.8	190
Neurology	42	2.0	84
Total	***2,765***	***2.6***	***7,301***

Further, Blessing Hospital is the only hospital within the 21 mile GSA of the proposed hospital. According to Blessing Hospital's certificate of need application to build out shell space and add two floors to its existing building, the 2017 ADC at Blessing Hospital exceeded 85% occupancy on 118 days. (Proj. No. 18-013 App. p 60). The Blessing Hospital project will not increase beds in Planning Area E-05, and based on the growth rate of the four-year period (2015 - 2018) of 5.5%, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020 and will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. As shown in the table on the previous page, the 2027 projected utilization (two years after QMG Hospital becomes operational) justifies an additional 57 med-surg beds in the geographic service area. This project prudently addresses, and plans for, the projected shortfall in med-surg beds.

ii. Obstetrics

The proposed hospital will include an obstetrics unit with three labor/delivery/recovery/postpartum beds and a C-Section unit. To achieve the State Board's standard of 60% utilization within the first two years of operation, the proposed hospital will need a total of 712 obstetric inpatient days. As documented in the referral letter from QMG, the obstetricians anticipate admitting 228 patients for normal delivery and 151 patients for C-section in the second year

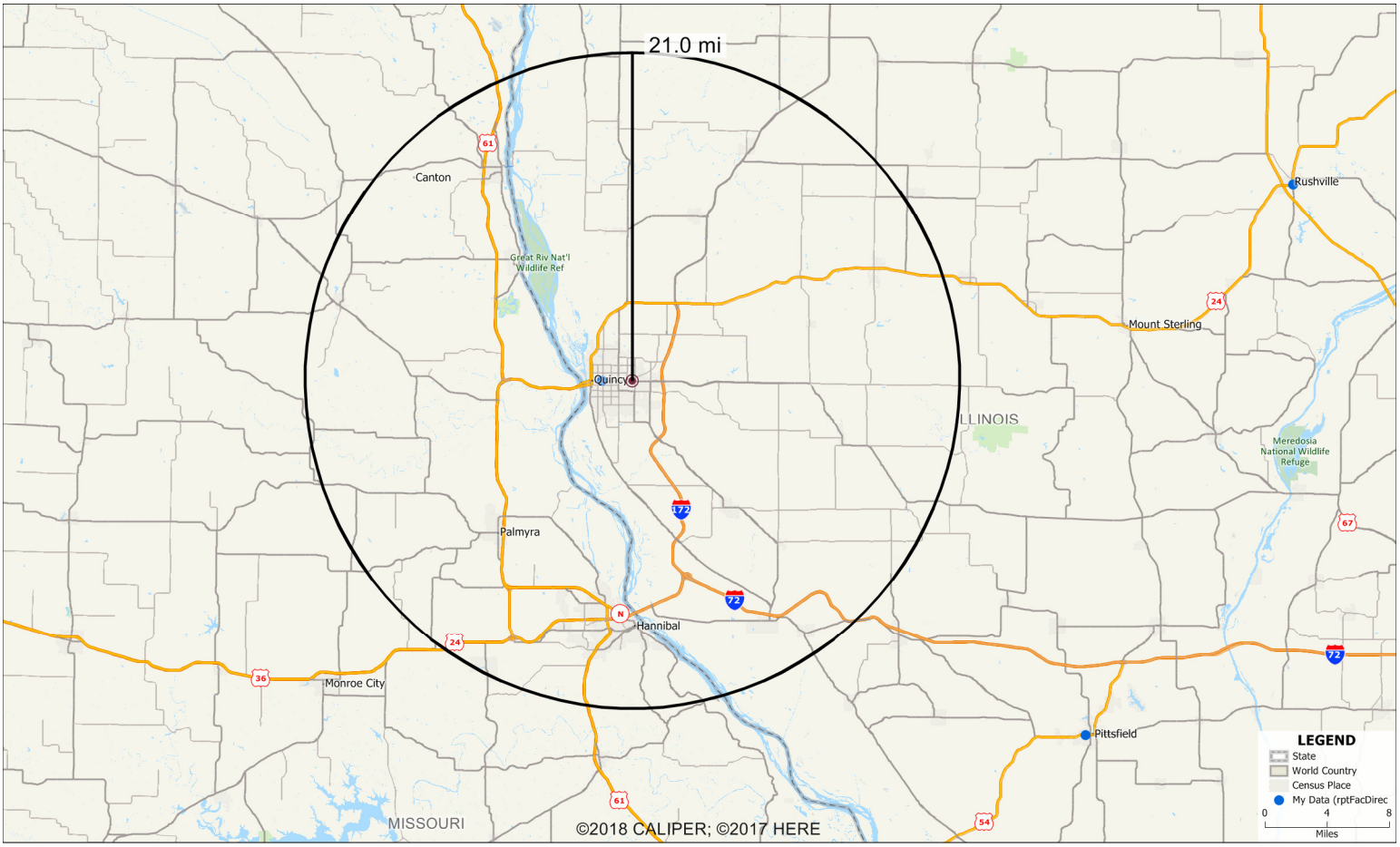
of operation. Based upon an average length of stay of 2.1 days for normal delivery and 3.0 days for a c-section, the Applicants project the proposed hospital will have 931 inpatient obstetric days by the second year of project completion.

3. Impact to Other Providers

a. Within 24 months after project completion, the proposed hospital will not lower the utilization of existing providers below the occupancy standard. Based on the growth rate of the four-year period (2015 -2018) of 5.5%, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020 and will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. Assuming the growth trend continues through 2027 (two years after QMG Hospital becomes operational), Blessing Hospital will reach 72,915 patient days, which is sufficient to justify 235 med-surg beds. As previously discussed, up to 8 med-surg beds from Memorial Hospital Association in Carthage and up to 10 med-surg beds from Sarah D. Culbertson Memorial Hospital in Rushville will be relocated to the proposed hospital. As a result, the project will only include a modest increase of med-surg beds to HSA 3. Therefore, the project will not lower the utilization of existing providers below the State Board's occupancy standard.

b. Within 24 months after project completion, the proposed hospital will not lower, to a further extent, the utilization of other area hospitals that are currently operating below the occupancy standard. As noted above, Blessing Hospital's growth rate for the four-year period (2015 -2018) is 5.5%. Applying this growth rate, Blessing Hospital is projected to exceed the State Board's 85% occupancy standard by the end of 2020. Further, Blessing Hospital will reach 113.6% utilization by 2025, when the proposed hospital is projected to become operational. As shown in the table in the Historical Utilization of Existing Providers section, the 2027 projected utilization (two years after QMG Hospital becomes operational) justifies an additional 57 med-surg beds in the geographic service area. This project prudently addresses, and plans for, the projected shortfall in med-surg beds. As previously discussed, up to 8 medical surgical beds will be relocated from Memorial Hospital in Carthage and up to 10 beds from Sarah D. Culbertson Memorial Hospital in Rushville. Therefore, the proposed project will not lower, to a further extent, the utilization of other area hospitals that are currently operating below the State Board's occupancy standard.

Hospital Geographic Service Area



ATTACHMENT 18 – 1110.200(e) - STAFFING

The proposed hospital will be staffed to meet physician, patient, and all applicable regulatory requirements, including IDPH staffing requirements. Initial staffing for the proposed hospital will include approximately 144 FTEs.

It is important to note the efficiencies gained through a small-format hospital's operations and the positive impact the efficiencies have on expense management. The small format hospital will implement a shared staffing design, whereby staff will be cross-trained to perform multiple roles to improve efficiencies, increase patient satisfaction, and reduce overall spend (e.g., a patient access representative will be cross-trained in registration, insurance verification, and scheduling; clinical staff will be trained to perform lab draws to eliminate the need for phlebotomy staff; the radiology technician will be trained as a patient care technician to assist in the emergency department when appropriate and as needed).

As noted in the application, the applicant has partnered with QMG to provide health care services at the proposed hospital. While the hospital will have an open medical staff, the applicant intends for the majority of medical providers at the proposed hospital to be QMG providers. Filling positions and recruiting staff has not been a problem for QMG. With nearly 900 employees, QMG is an employer of choice in the area for healthcare professionals. Over the past five years, employee satisfaction surveys conducted by the American Medical Group Association (AMGA) showed QMG to be in the top 5% nationally among AMGA participants.

There has not been an experienced shortage of RNs seeking employment at QMG. QMG has not found it necessary to use the services of an outside agency to recruit nurses. HR staff and QMG nursing directors have found that specialty nursing positions have the highest volume of applicants. QMG enjoys a very good retention rate, as a result of very selective hiring practices, proven procedures, and a strong culture.

The Quincy region has three colleges offering RN education and one offering a surgical technician program. In addition to the current QMG staff who seek ways to use their hospital skills and the current area surgical nurses who seek opportunities to expand their on-call and weekend responsibilities, QMG continues to work with all local colleges to provide educational experiences to their students and recruit new graduates.

There is one x-ray technician program in Quincy. QMG's imaging director maintains a list of technicians waiting for openings at QMG. QMG will employ radiology technicians and will assure appropriate staffing to meet all requirements.

Staffing practices and protocols will be in place to ensure the hospital provides the high level of quality care that the community has come to expect from QMG.

ATTACHMENT 18 – 1110.200(f) – PERFORMANCE REQUIREMENTS

The proposed hospital will be located in the Quincy IL-MO Micropolitan Statistical Area. There is no minimum unit size for a medical-surgical unit outside of a metropolitan statistical area. The applicant proposes to establish a 25-bed medical-surgical unit. Accordingly, this criterion is met.

ATTACHMENT 18 – 1110.200(g) - ASSURANCES

Attached as Attachment 18-2 is a letter certifying that the proposed hospital will achieve and maintain target utilization by the second year of operation.

QUINCY MEDICAL GROUP
Hospital

December 10, 2020

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

Re: CON – Small Format Hospital
Compliance with HFSRB's Utilization Standards

Dear Ms. Avery:

On behalf of Quincy Medical Group Hospital, I hereby certify that it is my expectation and understanding that, by the second year of operation after project completion, the small format hospital will meet or exceed the occupancy standards specified in 77 Illinois Administrative Code 1100 for each category of service involved in the proposal.

If you have any questions, please contact me at 217-222-6550, ext. 6455.

Sincerely,

Carol Brockmiller

Carol Brockmiller, CMPE
President and Chief Executive Officer
Quincy Medical Group Hospital

Subscribed and sworn to me
This 10th day of December 2020

Melissa K. Barry
Notary Public

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

ATTACHMENT 30 – 1110.270 – CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

1110.270(b) – Need Determination

Surgery

The proposed hospital will include 3 operating rooms, 1 procedure room and 1 C-section suite. The operating rooms will be primarily dedicated to inpatient surgical cases. The majority of outpatient surgical cases will be referred to a lower cost setting, including, by way of example, Quincy Medical Group's ambulatory surgery treatment center which is opening in 2021. Outpatient surgical cases performed at the hospital will be higher acuity patients where the performance of a surgical procedure in a hospital outpatient department is medically necessary. Based upon an analysis of 2018 surgical volume, approximately 75% of orthopedic cases and approximately 50% of general surgery cases will be performed at Quincy Medical Group Hospital by the second year after project completion. Other projected surgical procedure volume includes surgical cases originating from the emergency department. The applicants project at least 5% of emergency department visits will result in surgical procedures. The projected cases support utilization of the operating rooms and procedure room.

Service Line	2018 Cases	Hours per Case	Projected Cases Year 1	Projected Surgical Hours Year 1	Projected Cases Year 2	Projected Surgical Hours Year 2
Inpatient Surgery	1,116	2.6	558	1,462	1,116	2,942
ED Visit with Surgery	813	2.6	402	1,052	802	2,114
Other Surgical Procedures	4,111	1.5	507	760	1,033	1,549
C-Section	151	3.0	75	225	151	453
Total	6,191		1,542	3,499	3,102	7,058

The projected surgical volume supports the establishment of 3 operating rooms, 1 procedure room, and 1 C-section suite for the proposed hospital.

7,058 surgical hours / 1,500 surgical hours per operating/procedure room = approximately 5 operating/procedure rooms.

Emergency Services

The planned emergency department will consist of 8 emergency department bays and 2 observation bays for a total of 10 bays. The projected volume is based on capturing 8% of the emergent patients, 4% of the patients admitted to the hospital through the emergency department, and 30% of the non-emergent patients during the first two years of operation. As shown in the table below, by the second year after project completion, there will be 16,035 emergency department visits at the proposed hospital.

Emergency Department Visit	Current Year (Market)	Year 1	Year 2
Emergent	46,339	1,892	3,795
Inpatient Admission	17,195	362	733
Non Emergent	39,362	5,791	11,507
Total	**102,896**	**8,045**	**16,035**

Diagnostic Imaging

The proposed hospital will include diagnostic imaging. The imaging department will include x-ray, ultrasound, CT scanner and MRI. Imaging volumes are based on the inpatient admissions and emergency department visits and not physician referrals. As shown in the table below, there are sufficient imaging volumes to justify the equipment in the proposed hospital's imaging department.

	Procedure per Admission/ Visit	Year 1 Admissions/ Visits	Year 1 Procedures	Year 2 Admissions/ Visits	Year 2 Procedures
X-Ray - Inpatient	1.28	1,383	1,774	2,766	3,548
X-Ray - ED Visit	0.34	8,045	2,737	16,035	5,456
Total X-Ray			**4,511**		**9,004**
Ultrasound - Inpatient	0.24	1,383	334	2,766	667
Ultrasound - ED Visit	0.05	8,045	418	16,035	834
Total Ultrasound			**752**		**1,501**
CT – Inpatient	0.52	1,383	720	2,766	1,440
CT - ED Visit	0.15	8,045	1,238	16,035	2,467
Total CT			**1,958**		**3,907**
MRI - Inpatient	0.10	1,383	133	2,766	267
MRI - ED Visit	0.01	8,045	90	16,035	179
Total MRI			**223**		**446**

Laboratory

The proposed hospital will include a laboratory. Laboratory volume was projected at one test per emergency visit and an estimate of between 100,000 and 213,000 other procedures based on the volume reported by the selected like-sized hospitals. There is no State standard for pharmaceutical services.

	Lab Test per ED Visit	Year 1 ED Visits	Year 1 Lab Tests	Year 2 ED Visits	Year 2 Lab Tests
Lab Tests	0.98	8,045	7,890	16,035	15,727

Pharmacy

The proposed hospital will have a pharmacy. The outpatient pharmacy volume is based on 1.41 prescriptions per emergency department visit. There is no State standard for laboratory services.

	Prescription per ED Visit	Year 1 ED Visits	Year 1 Lab Tests	Year 2 ED Visits	Year 2 Lab Tests
Prescription	1.41	8,045	11,335	16,035	22,592

ATTACHMENT 33 – 1120.120 – AVAILABILITY OF FUNDS

Attachment 33 includes a letter of intent with Quincy-Cullinan, LLC to lease the property and a commitment letter from Bank of Springfield.

#20-044

Tom Marantz
CEO & Chairman of the Board
Main: 217-529-5555
Toll Free: 877-698-3278
Fax: 217-698-4570

August 28, 2020

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

Dear Ms. Avery:

It is my understanding that QMG Hospital, Inc., wishes to establish a 25-bed small format hospital in Quincy, Illinois. I further understand that QMG Hospital, Inc., will require a 23 million dollar working capital loan to fund start-up expenses and operating expenses in its initial year of operations. We have reviewed the financial projections provided to us and will work closely with the hospital on long-term financial planning.

Subject to final plans and the Illinois Health Facilities and Services Review Board's approval of the proposed project, Bank of Springfield is prepared to extend QMG Hospital, Inc., up to $23,000,000 in credit to finance the working capital for the hospital project. As with every loan, it must meet the Bank's underwriting standards, satisfactory due diligence to be performed by Bank of Springfield with the cooperation of QMG Hospital, Inc., and agreement on loan documentation.

The term of the loan will be 10 years and will be at a market competitive rate of interest at the time of loan commencement.

We look forward to being a part of this important project for the Quincy community.

Sincerely,

Tom Marantz
Chairman of the Board and CEO
Bank of Springfield
3400 West Wabash
Springfield, IL 62711

CULLINAN
PROPERTIES, LTD.
CHICAGO, IL | PEORIA, IL | ST. LOUIS, MO

October 29, 2020

Ms. Carol Brockmiller, President and CEO
Quincy Medical Group Hospital, Inc.
1025 Maine Street
Quincy, IL 62301

Re: LETTER OF INTENT - Small Format Hospital, Quincy, Illinois

Dear Carol:

Pursuant to our discussions, we are pleased to inform you that our affiliate, Quincy-Cullinan, LLC, is prepared to enter into a formal lease agreement with Quincy Medical Group Hospital, Inc. for the above-referenced property. This Letter of Intent outlines the terms and conditions that the parties anticipate will be incorporated into the lease agreement. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document.

A. Basic Lease Terms	
1. A. **Quincy Mall**	A. All real property now or in the future owned or leased by Landlord or its affiliates and commonly known as Quincy Mall, Quincy, Illinois ("Quincy Mall"), excluding, for the avoidance of doubt, any real property owned by third parties that are not Landlord or its Affiliates.
B. **Building/Premises:**	B. 3347 Quincy Mall, Parcel No. 23-7-0661-013-00, for which a surveyed legal description will be provided by Landlord (the "Building" or the "Premises")
2. **Tenant:** **Landlord:**	Quincy Medical Group Hospital, Inc. Quincy-Cullinan, LLC, or its designated assignee
3. **Use:**	Small Format Hospital (the "Hospital") for the care and treatment of human beings, and uses ancillary thereto. Landlord may not take any action that would, or be reasonably likely to, jeopardize Tenant's licensing and/or ability to use the Premises as a Hospital.
4. **Square Footage:**	Approximately 68,000 rentable square feet. The estimated square footage will be determined at commencement by the project's architect and shall be measured in accordance with Building Owners and Managers Association ("BOMA") standards of

	measurement at completion.
5. Lease Term:	Thirty (30) years.
6. Renewal Options	Tenant shall have four (4) successive options of five (5) years each to renew the term of the lease by providing the Landlord with nine (9) months prior written notice. The rent payable for each Renewal Option shall be at the rate of the Annual Base Rent payable in the prior term, plus Renewal Option term rental increases equal to the lesser of: (i) 2% or (ii) CPI Adjustment; or, in the event of a negative CPI Adjustment, decreases equal to the CPI Adjustment, provided that the decrease shall not exceed 2%.
7. Lease Commencement:	Upon the last to occur of all of the following: (i) receipt by Tenant of an AIA Form G704 Certificate of Substantial Completion for the Hospital and the Premises; (ii) reasonable and mutual agreement between Tenant and Landlord as to the Premises being move-in-ready for the immediate operation of Tenant's business therein together with completion of exterior parking, signage, landscaping and wayfinding; and (iii) receipt of final certificate of occupancy for the Hospital and Premises.
8. Early Occupancy:	Tenant shall be permitted to occupy the premises at least 90 days prior to the Commencement Date for purposes of installing Tenant's furniture, fixtures, and equipment.
9. Annual Base Rent:	Annual base rent not to exceed $50.39/square foot subject to actual real estate construction costs and inclusive of ground lease payments, plus annual increases after the second full year of occupancy in an amount equal to the lesser of: (i) 2% or (ii) CPI Adjustment; or, in the event of a negative CPI adjustment, annual decreases equal to the CPI Adjustment, provided that the annual decrease shall not exceed 2%.
10. Rent Commencement Date:	Upon Lease Commencement.
11. Security Deposit:	None.
12. Certificate of Need	Landlord and Tenant understand and agree that the establishment of the Hospital in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and Illinois Health Facilities & Services Review Board ("HFSRB"), and neither party can establish a Hospital on the Premises nor execute a binding lease in connection therewith unless Tenant obtains a Certificate of Need ("CON") permit. Tenant agrees to proceed using its commercially reasonable

	efforts to submit an application for a CON permit and to obtain the CON permit from the HFSRB.
13. Operating Expenses:	Tenant shall pay its proportionate share of the Estimated Building and Project operating expenses, which are currently estimated to be $5.00 per square foot per year, adjusted annually. Controllable operating expenses will be capped at 3% year over year. For purposes of determining common area expenses, the Hospital will be deemed to be 24,221 square feet of the Quincy Mall and/or surrounding shopping center. Total Operating Expenses shall exclude customary exclusions, costs of capital expenditures and reserves and shall be administered on a consistent basis from year to year with respect to the maintenance and expense items that are included in the expense amounts, including property insurance. Tenant shall have customary rights to audit Operating Expenses.
14. Real Estate Taxes:	If applicable, Tenant shall pay real estate taxes for the Hospital throughout its lease term.
15. Parking:	The Hospital will be provided parking at no additional cost to satisfy code and Tenant's reasonable requirements, whichever is greater. Parking will be shared other than emergency room parking. Parking lot maintenance repair and snow removal shall be the responsibility of Landlord. Landlord shall conduct maintenance of the parking lot on a routine basis, as mutually agreed to by Tenant and Landlord, and at all such times that meet the operating needs of a hospital.
16. Building Services:	Landlord and Tenant shall coordinate building services, which shall include, but not be limited to, HVAC (Heating, Ventilation and Air Conditioning), water, elevator service, common area maintenance, electronic building security monitoring, and routine maintenance of the mechanical systems. The costs for these Building Services shall be borne by Tenant. Routine maintenance of the roof, shell, and structure shall be the responsibility of the Landlord and all costs related to the roof, shell, and structure shall be borne by Landlord. Tenant shall have a right of self-help if Landlord does not timely or adequately

	perform such maintenance.
17. Tenant Electricity Utilities:	Electricity servicing the building shall be separately metered. In addition to electricity, the following utilities Tenant will be responsible for paying directly to the appropriate utility company without any additional surcharge: water, natural gas, trash/recycling removal, telephone, cable, data, internet and wi-fi.
18. Maintenance Obligations:	With the exception to damages caused by Landlord, Tenant shall maintain all portions of the leased Premises (excluding roof, shell, and structure), which shall include the maintenance and repairs or all electrical, plumbing, and mechanical systems, the cost for which shall be considered a part of the Property Operating Expenses, if not performed by Tenant directly. Tenant shall have the right in its sole discretion to maintain and repair any Hospital building systems, including, without limitation, any emergency generator and life safety equipment. Tenant will reasonably coordinate maintenance with Landlord to the extent the same may impact warranties for roof, shell and structure, inasmuch as the same are Landlord's responsibility.
19. Alterations:	Tenant may perform any alterations to the Hospital that it elects, without requiring the consent of Landlord, provided, however, that any alterations that change the exterior of the Hospital shall be subject to the prior written consent of Landlord, not to be unreasonably withheld, delayed, or conditioned. For any alterations requiring Landlord's approval, Landlord agrees to provide written consent, or non-consent stating the reasons for such non-consent, within 10 business days of receiving written request from Tenant. If Landlord does not respond within such 10-business day time period, Tenant may issue Landlord a notice indicating that if Landlord does not respond within 3 business days of receipt of such notice, that Landlord's consent will be deemed granted. If Landlord does not respond within such subsequent 3 business day period, then Landlord's consent shall be deemed to have been granted. Landlord shall not charge any supervisory fee, surcharges, or any other charges in connection with Tenant's alterations during the Term, unless Tenant elects to have Landlord perform such alterations in

	which case any fees will be subject to the prior agreement of the parties.
B. DESIGN AND CONSTRUCTION	
20. Vendor Selections:	A mutually agreed upon architect shall develop schematic designs for the construction of the facility, which the Parties shall review, comment upon and come to mutual agreement upon. Landlord shall thereafter cause design development documents to be diligently produced, which the Parties shall again review, comment upon and come to mutual agreement upon. The approved design development documents will be provided to a mutually agreed upon contractor(s) to develop a design interim project budget for which the Parties shall then value engineer the project, revise the design development documents and interim budget, and mutually agree upon final design development documents and a final project budget. The final budget shall be subject to a guaranteed/maximum base rental rate of $50.39/square foot subject to actual real estate construction costs and inclusive of ground lease payments and based upon a fixed price construction contract. Landlord shall cause full construction phase documents to be developed, which shall be mutually agreed upon by the Parties and shall serve as the basis for completing the Hospital.
C. RIGHTS AND OPTIONS	
21. Management of Hospital Operations:	Tenant shall have the right to select and retain, at Tenant's sole discretion, a management company or group that will manage the Hospital's Premises and operations. Further, Tenant may from time to time cause the management company or group to be removed and replaced in its reasonable discretion. Or, at Tenant's election, Tenant may self-manage the Hospital Premises and Operations.
22. Signage:	Tenant shall have the right to wayfinding signage as reasonably determined by Landlord and Tenant, exterior Hospital signage to the maximum extent permitted by law, and monument signage at each existing monument and all future monuments installed at the Quincy Mall with at least the size and prominence of that which is most favorable to any other tenant in the Quincy Mall.
23. Communication Equipment:	Tenant shall have the right to place transmission equipment on the Building or property, with the

	exact location and method of installation to be subject to prior Landlord approval. Equipment shall be screened by Tenant.
24. Due Diligence:	Tenant shall be granted ninety (90) days from the signing of the lease to satisfactorily verify the condition of the land site and terminate the lease if not deemed satisfactory to Tenant. Evaluation shall include but shall not be limited to the following: • Soil/Environmental testing • Zoning issues • Availability of all utilities to the site • Verification with local municipal authorities that Tenant may obtain construction and occupancy permits.
25. Lease:	Prepared by Landlord and subject to mutual agreement by Tenant.
D. MISCELLANEOUS	
26. Access:	Tenant shall have access to the Premises 24 hours a day, 7 days a week, 365 days a year.
27. Continuous Operations:	Waived.
28. Radius Restriction:	None
29. Right to Terminate:	Construction pricing in excess of budget or acceptability of land.
30. Subordination and Non-Disturbance:	Concurrent with the execution of the lease, Landlord will provide Tenant with a subordination and non-disturbance agreement ("SNDA") from its mortgage holder, if any. Further, a commercially reasonable SNDA will be required from any future lender as a condition to subordinating the Lease to the lien of the mortgage.
31. Hazardous Materials & Compliance with Laws and Healthcare Requirements:	Building shall be constructed in accordance with all applicable governmental regulation, codes, rules and laws, including the Americans with Disabilities Act ("ADA"). Customary healthcare compliance provisions will be incorporated into the lease and customary reciprocal hazardous material indemnities to be negotiated in the Lease.
32. Confidentiality:	The Parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter to any third parties absent written approval by the other party and instead agree to keep said terms and conditions strictly confidential, provided that each party may share the same with its agents, employees, attorneys, accountants, lenders and capital partners, all of whom will be

	bound by the same confidentiality requirements. The Parties further acknowledge and agree that this LOI will be submitted to the HFSRB by Tenant in conjunction with Tenant's CON permit application.

ALL PARTIES ACKNOWLEDGE THAT THIS LETTER OF INTENT IS NOT A BINDING AGREEMENT AND THAT IT IS INTENDED AS THE BASIS FOR THE PREPARATION OF A LEASE. THE LEASE SHALL BE SUBJECT TO LANDLORD'S AND TENANT'S APPROVAL, AND ONLY A FULLY EXECUTED LEASE SHALL CONSTITUTE A BINDING AGREEMENT.

Sincerely,

QUINCY-CULLINAN, LLC, an Illinois limited liability company,

By: QC Development, LLC, an Illinois limited liability company, its Manager

By: QCD Manager, LLC, an Illinois limited liability company, its Manager

By: CULLINAN COMPANIES, L.L.C., an Illinois limited liability company, its Manager

By: _____
Michael C. Owens, One of its Managers

AGREED AND ACCEPTED

By: Carol Brockmiller
Carol Brockmiller, President and Chief Executive Officer
Quincy Medical Group Hospital, Inc.

Date: November , 2020

ATTACHMENT 35 – 1120.130 - FINANCIAL VIABILITY

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				2027
Current Ratio				2.60
Net Margin Percentage				8.1%
Percent Debt to Total Capitalization				49%
Projected Debt Service Coverage				1.89
Days Cash on Hand				95
Cushion Ratio				4.68

ATTACHMENT 36 – 1120.140 - ECONOMIC FEASIBILITY

1120.140(a)-(b) – Reasonableness of Financing Arrangements and Conditions of Debt Financing

Attached as Attachment 36-1 is a letter attesting that the project will be funded in total or in part by borrowing and that the conditions of debt financing are reasonable.

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QUINCY MEDICAL GROUP
Hospital

December 2, 2020

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

Re: CON – Small Format Hospital – Financing

Dear Ms. Avery:

Pursuant to 77 Illinois Administrative Code § 1120.140, I hereby certify the following:

The total estimated project costs and related costs will be funded in total or in part by borrowing because 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. The loan will be at the best terms available in the market, offering the lowest net cost.

The project also involves in part the leasing of equipment and/or facilities and the expenses incurred with leasing the facility and/or equipment are less costly than constructing a new facility or purchasing new equipment.

If you have any questions, please contact me at 217-222-6550, ext. 6455.

Sincerely,

Carol Brockmiller

Carol Brockmiller, CMPE
President and Chief Executive Officer
Quincy Medical Group Hospital

Subscribed and sworn to me

This 3rd day of December, 2020

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

Melissa K. Barry

Notary Public

ATTACHMENT 36 – 1120.140 - ECONOMIC FEASIBILITY

1120.140(c) – Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department* is provided in the table below.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below) CLINICAL	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	
CLINICAL									
Medical/Surgical	$431.77		15,500	3,875			$8,365,526		$8,365,526
Labor & Delivery	$391.39		6,500	1,625			$3,180,071		$3,180,071
Emergency	$455.05		6,400	1,600			$3,640,384		$3,640,384
Diagnostic Imaging	$460.59		4,500	1,125			$2,590,823		$2,590,823
Operating Room (3)	$499.43		5,875	1,469			$3,667,794		$3,667,794
Procedure Room (1)	$499.85		830	207			$518,173		$518,173
Phase I Recovery Bay (5)	$499.44		660	165			$412,041		$412,041
Phase II Recovery Bay (8)	$499.35		1,035	259			$646,156		$646,156
Lab	$428.48		1,900	475			$1,017,636		$1,017,636
Pharmacy	$421.66		800	200			$421,663		$421,663
Contingency	$37.47		44,000	11,000			$2,060,784		$2,060,784
TOTAL CLINICAL	**$482.20**		**44,000**	**11,000**			**$26,521,051**		**$26,521,051**
NON-CLINICAL									
Outpatient Registration	$298.85		500	125			$186,779		$186,779
Pre-Admission Testing	$375.44		900	225			$422,375		$422,375
Res. Therapy/ Support	$393.36		1,000	250			$491,697		$491,697
Central Supply	$309.07		800	200			$309,067		$309,067

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below) CLINICAL	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	
Dietary	$309.07		1,700	425			$656,765		$656,765
Plant Operations	$298.18		700	175			$260,906		$260,906
Materials Management	$298.18		800	200			$298,179		$298,179
Administration & Lobby	$299.18		1,600	400			$598,367		$598,367
Skywalk	$500.00		3,000	0			$1,500,000		$1,500,000
Contingency	$20.89		11,000	2,000			$271,634		$271,634
TOTAL NON-CLINICAL	**$384.29**		**11,000**	**2,000**			**$4,995,769**		**$4,995,769**
TOTAL	**$463.48**		**55,000**	**13,000**			**$31,516,820**		**$31,516,820**
* Include the percentage (%) of space for circulation									

* Note: Construction and contingency costs are incorporated into the lease for space, and are paid out over the lifetime of the leases.

2.

Table 1120.140(c)			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Site Preparation	$1,057,692	5% x (New Construction Contracts + Contingency = 5% x ($24,460,267 + $2,060,784) = 5% x $26,521,051 = $1,326,053	Below State Standard
New Construction Contracts	$24,460,267	$419.05 per GSF = $419.05 x 55,000 GSF = $23,047,750	Above State Standard
Contingency	$2,060,784	10% x New Construction Contracts = 10% x $24,460,267 = $2,446,027	Below State Standard

Table 1120.140(c)			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Architectural/Engineering Fees	$1,945,534	5.37% - 8.07% x (New Construction Contracts + Contingency) = 5.37% - 8.07% x ($24,460,267 + $2,060,784) = 5.37% - 8.07% x $26,521,051 = $1,424,180 - $2,140,249	Meets State Standard
Consulting and Other Fees	$2,397,263	No State Standard	N/A
Net Interest Expense During Construction (project related)	$1,492,487	No State Standard	N/A
Fair Market Value of Leased Equipment	$17,125,000	No State Standard	N/A

3. Explanation of Project Costs Exceeding State Standard

   a. New Construction Contracts

The State standard construction cost per building gross square foot is $419.05, and the project estimate is $444.73. QMG enlisted the services of a consultant to assist in the construction cost estimate for the Quincy Medical Group Hospital. There are several factors that contributed to the higher cost per square foot. First, the hospital design recognizes care is shifting from inpatient to an outpatient setting. The hospital is right sized to optimize space, and as such the footprint is much smaller than other recently constructed general acute care hospitals.[1]

Although the footprint is smaller than traditional acute care hospitals, it will provide the same services of larger acute care hospitals, e.g., surgical services, emergency department, pharmacy, laboratory, imaging. Unlike larger hospitals the cost to pipe medical gases, equip rooms with negative pressure, build out the operating rooms and procedure rooms are allocated over a smaller number of clinical gross square feet, which results in a higher cost per gross square foot.

[1] See Mercy Health Hospital and Medical Center Crystal Lake (Proj. No. 17-002; HSHS St. Elizabeth's Hospital (Proj. No. 14-043); Memorial Hospital East (Proj. No. 11-017); Centegra Hospital – Huntley (Proj. No. 10-090).

While the applicant could have chosen to construct a 60-bed hospital, which would be financially viable and would allow the costs to fall within the State standard, the applicant elected the proposed hospital option based upon its goals of (1) providing high quality, efficient, and cost-effective care to QMG patients; (2) operating a financially viable and sustainable facility; and (3) minimizing adverse impact to other local health care providers. The design of the hospital not only takes these goals into account but also ensures all of the space is utilized to improve operational efficiency and contain costs.

Further, the hospital will be located adjacent to QMG's Cancer Institute and ambulatory surgical treatment center. The project will involve relocation of mall tenants, demolition of existing space, construction of the hospital on the vacated space, and integration of the hospital into the Quincy Mall. This makes the project more complex than a typical ground up construction project. While this will add cost to the overall construction budget, it allows for the redevelopment of a portion of the Quincy Mall, which will improve foot traffic, retail sales, and viability of the mall. The hospital will provide access directly into the mall in order to support economic growth for many.

ATTACHMENT 36 – 1120.140 - ECONOMIC FEASIBILITY

1120.140(d) – Projected Operating Costs

Operating Expenses	$19,783,815
Patient Days	8,229
Operating Costs per Patient Day	$2,404.16

ATTACHMENT 36 – 1120.140 - ECONOMIC FEASIBILITY

1120.140(e) – Total Effect of Project on Capital Costs

Capital Costs	$911,265
Patient Days	8,229
Capital Costs per Patient Day	$110.74

ATTACHMENT 37 – SAFETY NET IMPACT STATEMENT

Once operational, the proposed hospital will enhance access to safety net services to residents within the proposed hospital's service area. The hospital will provide exceptional care to all patients, regardless of ability to pay. Patients with limited means may also qualify for charity care.

The applicant does not believe that the establishment of the hospital will impact another provider or health care system's ability to cross-subsidize safety net services. As discussed throughout this application, there is only one hospital within the proposed hospital's GSA – Blessing Hospital. According to Blessing Hospital's certificate of need application to build out shell space and add two floors to one of its buildings, its 2017 average daily census exceeded 85% occupancy on 118 days. (Proj. No. 18-013 App. p. 60). Blessing Hospital's med-surg growth rate for the four-year period (2015-2018) was 5.5%. Continuing that trend, there will be a projected 65,508 inpatient days by 2025 (when the proposed hospital becomes operational), which is sufficient to justify 211 med-surg beds, operating at 85% occupancy. Blessing Hospital currently staffs 178 med-surg beds.[1] Accordingly, the proposed hospital will not affect Blessing Hospital's ability to cross-subsidize safety net services.

A table showing the projected charity care and Medicaid care to be provided by the applicant for the first two years after project completion is provided below.

Safety Net Information per PA 96-0031		
	Year 1	**Year 2**
Charity (# of patients)	71	142
Charity (cost In dollars)	$1,147,974	$2,346,698
	Year 1	**Year 2**
Medicaid (# of patients)	162	324
Medicaid (revenue)	$628,538	$1,281,169

[1] Illinois Health Facilities and Services Review Board, Hospital Profile CY 2018 45 (2019) *available at* https://www2.illinois.gov/sites/hfsrb/InventoriesData/FacilityProfiles/Documents/2018%20Hospital%20Profiles.pdf (last visited Dec. 16, 2019).

ATTACHMENT 38 – CHARITY CARE INFORMATION

The proposed hospital will provide exceptional health care services to residents in the community, regardless of their ability to pay. The hospital will offer a variety of financial assistance measures for patients with limited or no ability to pay.

Projected Payor Mix*	
Payor	**Percentage**
Medicare	47%
Managed Care	44%
Medicaid	5%
Other	4%

*Based on Projected Net Patient Revenue

Projected Charity Care		
	Year 1	**Year 2**
Net Patient Revenue	$27,246,996	$55,698,557
Amount of Charity Care (charges)	$1,147,974	$2,346,698
Cost of Charity Care	$1,147,974	$2,346,698

Appendix I – Physician Referral

Attached as Appendix 1 is the referral letter from Quincy Medical Group projecting 3,144 referrals for inpatient services within 12 to 24 months of project completion.

QUINCY MEDICAL GROUP

December 3, 2020

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery:

This letter conveys the commitment of Quincy Medical Group physicians to admit patients to the proposed Quincy Medical Group Hospital to be located at 3347 Quincy Mall, Quincy, Illinois 62301.

Collectively, these 76 physicians commit to referring 3,144 patients for admission to the proposed Quincy Medical Group Hospital by the second year of operation. As required, these commitments to refer do not exceed historic admissions of 10,310 in 2018 and 10,069 in 2019. These cases are documented on the attached tables and show admissions by physician for 2018 and 2019, as well as total number of patients admitted by zip code of residence in those years.

These referral counts have not been used to support another pending or approved certificate of need application. The information in this letter is true and correct to the best of my knowledge.

Sincerely,

Carol Brockmiller

Carol Brockmiller, CMPE
Chief Executive Officer
Quincy Medical Group

Subscribed and sworn to me
This 3rd day of December, 2020

Melissa K. Barry
Notary Public

OFFICIAL SEAL
MELISSA K. BARRY
NOTARY PUBLIC STATE OF ILLINOIS
My Commission Expires 01-02-23

Admissions by Specialty

Service Provider Primary Specialty	Service Provider	Projected Referrals	Blessing Hospital 2018	Blessing Hospital 2019
Cardiology	DERIAN, WISSAM F	130	276	445
	RAFI, ADAM	44		151
	OWENS, HOPE R	9	51	30
Endocrinology	HIGGINS, DUSTIN C	1	10	2
Family Medicine	GREIMAN, TIFFANY L	-	127	
	MOORE, TAYLOR J	38	99	129
	KIMBER, SCOTT R	-	14	
	WEEMS, KAREN A	6	30	22
	REYBURN, STEPHANIE	2	10	6
	REAL, LANCE	-	1	
	ALLEN, TAWNY L	-	7	
	BATRA, DIVYA	1	1	2
	SEAMAN, NATHAN P	-	4	
	VARDAROS, ISIDOROS	304	1,321	1,037
	BROWN, ASHLEY N	1	37	3
	BRINK, MATTHEW T	1		3
Gastroenterology	BOZDECH, JOHN M	60	229	206
	PASTORINI, CRISTHINE S	39	128	133
	BARBAGIOVANNI II, JOHN T	51	210	175
General Surgery	PETTY, TODD H	11	47	38
Geriatric Medicine	ANDERSON, HALLEY C	73	122	249
Internal Medicine	PATEL, PRAVINCHANDRA C	26	76	90
	KIM, LOUIS Y	33	143	114
	LEIMBACH, KURT L	20	62	68
	KNUFFMAN, JASON	-	1	
	KRUTHOFF, COURTNEY N	1	1	2
	REYBURN, ADAM M	456	1,482	1,554
Nephrology/Internal Medicine	EVANS, DAN H	172	769	587
	GHANEKAR, HRISHIKESH P	478	1,523	1,627
	TODD, HEATHER L	4	11	15
Neurology	HAKE, AUSTIN G	46	124	156
	SULLIVANT, DOUGLAS N	43	115	148
	KIMPLE, DANIEL K	37	124	126
Neurosurgery	GOLD, MARK A	20	88	67
	ARNOLD, ANITA L	11	54	39
	ANDERSON, BRIAN L	11		39
Gynecology	MERO, TANYA M	1	10	2
	KAGUMBA, ADA A	6	24	19
	DURESKA, PETER M	5	22	16
	ALEXANDRE, JEAN C	3	8	11
	MADUAKOR, OBIOMA N	4	18	13
	WAND, KATY M	9	3	31
	WOODARD, DEBORAH S	1	11	3
Obstetrics	ALEXANDRE, JEAN C	125	192	210
	DURESKA, PETER M	33	62	55
	KAGUMBA, ADA A	68	156	114
	MADUAKOR, OBIOMA N	66	165	111
	MERO, TANYA M	-	62	-
	WAND, KATY M	87	6	146
	WOODARD, DEBORAH S	-	58	-
Oncology	PASTORINI, VITOR H	91	238	310
	KODURU, KARTHIK	43	148	145
	KHOURY, CHRISTIAN	28	117	96
	ALI, MUHAMMAD AMJAD	6	95	20
	SMITH, RAYMOND P	38	122	131

	KNUFFMAN, LISA E	1	10	2
	VEIHL, DIANA M	-		1
Ophthalmology	PHILLIPS, DAVID L	1	7	5
	GEISENDORFER, ABRAM R	1	1	3
	SIECK, ERIC A	2	9	6
	DISSELER, JEAN A	-	2	
	WELLER, ROBERT W	1		3
Orthopedic Surgery	CRICKARD, GEORGE E	11	56	38
	DERHAKE, ADAM D	1	7	3
	DECKER, MARY B	10	60	34
	TERWELP, ELIZABETH J	6		20
	NAVASARTIAN, DOUGLAS J	-		1
Otolaryngology	RUTH, HARRY R	-	7	
	SHEFFIELD, ABRAHAM M	6	9	22
Pediatrics	MINNICK, LARRY C	16	63	56
	COLLINS, KATHERINE L	14	57	47
	GO, DENNIS E	24	66	83
	BRINK, LINDSAY M	11	34	39
	HEALY, SAMUEL J	11	14	38
	SCHLEPPHORST, RICHARD F	-	3	
Plastic Surgery	FYNN-THOMPSON, ERIC K	7	25	25
Podiatry	PATEL, SHWETAL B	10	35	34
Pulmonology	CHBEIR, ELIE A	126	502	429
Urology	ROSEN, STEVEN M	29	88	99
	SCHNEIDER, DANIEL E	31	98	107
Vascular Surgery	SHIELDS, DONNA S	39	180	132
	ZWICK, CHRISTIAN R	10	51	34
	SMITH, TIMOTHY S	33	112	112
Grand Total		**3,144**	**10,310**	**10,069**

Admissions by Zip Code

Zip Code	2018	2019
62301	3250	3117
62305	1455	1463
63435	292	269
62363	278	241
63401	245	270
52632	214	223
62353	226	207
63445	179	192
62312	176	197
63461	157	225
62347	158	169
62320	153	113
62351	144	121
63452	127	134
62321	126	104
62341	124	134
62360	136	128
62338	116	99
63448	102	120
62681	94	71
62376	92	91
63447	95	81
63440	84	79
62379	78	109
62324	81	73
62340	77	85
62349	61	75
61455	52	100
62366	59	65
63456	51	46
63459	51	44
63555	47	31
62311	49	55
63454	45	29
62343	53	34
62314	46	36
62339	43	37
62355	41	28
62378	38	18
63537	36	37
62367	36	57
62354	35	30
63446	34	36
62326	34	43
62375	35	17
62365	36	38
63353	32	15

Zip Code	2018	2019
61748	1	0
61858	1	0
62024	1	0
62045	1	1
62050	1	1
62052	1	1
62056	1	1
62070	2	0
62082	1	1
62088	1	4
62092	1	1
62095	1	0
62206	1	0
62221	1	0
62226	1	0
62231	1	0
62319	1	4
62334	1	6
62450	1	0
62521	1	1
62551	1	1
62610	1	0
62611	1	0
62656	1	0
62664	1	0
62690	1	0
62711	1	0
62712	1	0
62901	1	0
62917	1	0
62979	1	0
63020	1	0
63033	1	0
63034	1	0
63116	1	0
63118	1	0
63125	1	0
63136	1	0
63139	1	0
63303	1	1
63345	2	0
63362	1	0
63367	2	0
63376	1	0
63379	1	0
63390	1	0
63451	1	1

63438	31	29
62316	29	31
63472	26	15
62325	29	29
63474	25	14
62345	23	27
62306	22	24
62357	21	13
63430	22	15
63453	21	16
63471	29	32
62356	24	39
62370	19	19
63334	23	16
63457	19	13
62346	18	17
62373	16	13
62313	16	12
62380	15	24
61450	14	17
61604	14	4
63465	15	10
63441	13	13
63463	14	21
63473	13	19
63548	13	2
52639	12	5
61422	12	9
62362	13	17
52627	11	27
62323	11	15
62330	11	16
63434	11	10
62359	10	15
62361	17	12
62665	11	21
63458	10	10
63469	10	12
62618	9	15
62650	10	5
63468	9	13
61469	7	0
62352	9	7
62694	7	4
63382	7	7
63436	7	9
63501	8	8
63563	7	5
61701	6	6
62344	15	4

63460	1	1
63534	1	0
63546	1	0
63561	1	2
63781	1	0
64151	1	0
64506	1	0
64631	1	0
65020	1	0
65202	1	1
65243	1	0
65261	1	0
65263	1	0
65441	1	0
65536	1	1
65721	1	0
65742	1	0
65810	1	0
66209	1	0
66434	1	0
66502	1	0
66534	1	0
68767	1	0
73099	1	0
75189	1	0
76049	1	0
76179	1	0
77056	1	0
77316	1	0
77327	1	0
77399	1	0
77546	1	0
78418	1	1
80517	1	0
80927	1	0
83330	1	0
84032	1	0
85118	1	0
85194	1	0
85383	1	0
87571	1	0
89052	1	0
91709	1	0
95070	1	0
97045	1	0
98042	1	0
98370	1	0
98409	1	0
10025	0	1
12564	0	1

62358	6	3
63432	6	14
52625	5	1
52656	5	0
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61736	1	0
62047	0	1
62691	1	0
63042	1	0
65608	1	0
94070	1	0
Grand Total	10,310	10,069

#20-044

POLSINELLI

150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

December 10, 2020

Tracey L. Klein
312.873.3613
312.819.1910 Fax
tklein@polsinelli.com

VIA FEDERAL EXPRESS – OVERNIGHT DELIVERY

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

Re: Application for Permit – Quincy Medical Group Hospital
Request for Public Hearing

Dear Ms. Avery:

On behalf of Quincy Medical Group Hospital, please find enclosed an original and 1 copy of an Application for Permit to establish a small format hospital in Quincy, Illinois, and a check in the amount of $2,500 for the application processing fee.

We respectfully request consideration of the project at the May 2021 Board meeting. We also respectfully request that the matter be scheduled for a public hearing.

Thank you for your time and consideration of this application. If you have any questions or require any additional information to complete your review, please feel free to contact me.

Sincerely,

Tracey L. Klein

Tracey L. Klein

Enclosures

cc: Carol Brockmiller, Quincy Medical Group Hospital and Quincy Medical Group
Anne Cooper, Polsinelli